

# Feedback Statement

## UKEB Regulatory Strategy 2024/25

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March 2024

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# Foreword



The UK Endorsement Board is pleased to present a summary of the comments received from stakeholders regarding our draft 2024/25 Regulatory Strategy.

On behalf of the Board, I thank all respondents for their considered feedback.

We expect 2024/25 to be another very busy year and we will need to give careful consideration to the prioritisation of our resources.

**Pauline Wallace**

**UKEB Chair**

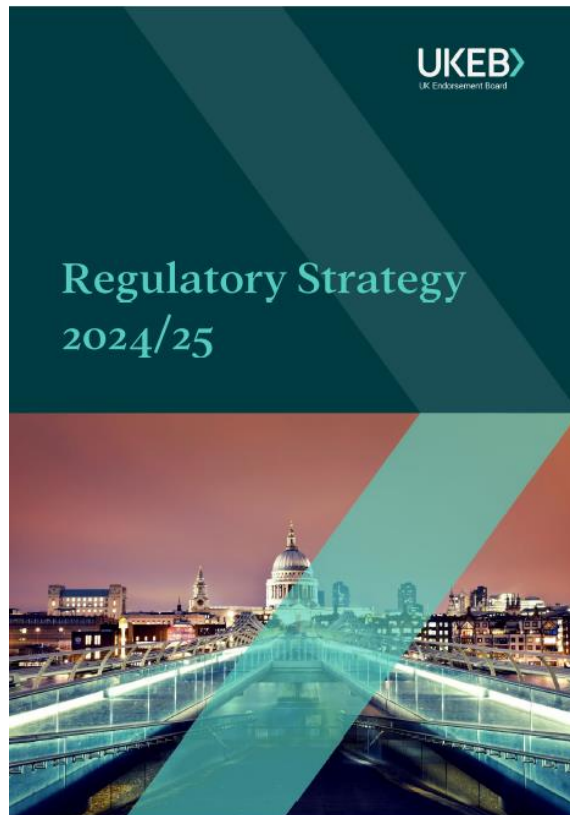
# Our purpose

The UK Endorsement Board (UKEB) is the UK's National Standard Setter for IFRS, responsible for the endorsement and adoption of IFRS for use in the UK. We also lead the UK's engagement with the IFRS Foundation on the development of new standards, amendments and interpretations.

Statutory functions:

- Participate in, and contribute to, the development of a single set of international financial reporting standards; and
- Adopt international accounting standards when they meet the criteria in Statutory Instrument 2019/685 'The International Accounting Standard and European Public Limited-Liability Company (Amendments etc.) (EU Exit) Regulations 2019'.

# Feedback statement objective



This feedback statement summarises the comments received from respondents during the UKEB's public consultation of the (Draft) 2024/25 Regulatory Strategy and explains the UKEB's position in response to those comments.

# Background

The (Draft) 2024/25 Regulatory Strategy was published for public consultation on 15 December 2023 and was open for comment for six weeks, closing on 26 January 2024.

During the consultation period, the UKEB promoted awareness of the draft Strategy and Invitation to Comment through various channels including: the UKEB website, subscriber news alerts, and LinkedIn.

The Board received five comment letters from the following respondents:

- Ernst & Young (Auditors and Accounting Firms);
- PwC (Auditors and Accounting Firms);
- ICAEW (Professional Accountancy Bodies);
- Mr S Hansen (Member of the Public);
- The British Standards Institute (UK national standards body).

Comments letters were published on the UKEB website, and all feedback was considered when finalising the Strategy.

# Summary

Respondents commended the UKEB on its achievements in delivering to its Work Plan during 2023/24 and indicated broad support for the UKEB's proposed 2024/25 Regulatory Strategy, both in terms of the overarching strategic objectives and the workplan.

Stakeholders considered the provision of a detailed Work Plan to be helpful and understood the need for some projects to be deferred in the face of resource constraints.

Stakeholders also recommended that the UKEB should remain flexible to address other climate-related and connectivity projects that might be added to the IASB's work plan and suggested that a stronger emphasis on integrating climate considerations into financial reporting would be beneficial.

As the year progresses, the UKEB will continue to assess its project prioritisation, its stakeholder engagement activities, and its approach to monitoring and measuring the Board's effectiveness in meeting its statutory objectives.

Specific areas of feedback and the UKEB's responses are set out on the following pages.

# Consultation feedback and UKEB response

	Stakeholder Comment	UKEB Response
1	<p>The <i>Subsidiaries without Public Accountability: Disclosures</i> project (the Subsidiaries project) should be elevated from 'moderate' to 'significant' workload. In addition, the timing and urgency of the project should be considered as many UK companies may wish to early adopt.</p>	<p>In the UKEB Expected Work Plan, the designation as 'significant' or 'moderate' relates to the expected workload for the Board and Secretariat during the financial year 2024/25. The UKEB's plan is to focus for much of the remainder of this year on the IASB's expected 'catch-up' exposure draft (<i>Updating the Subsidiaries without Public Accountability: Disclosures Standard</i>). It then intends to assess the Subsidiaries standard issued by the IASB for endorsement, as amended by the updates from the catch-up exposure draft. Therefore, the bulk of the endorsement work is expected to be carried out in financial year 2025/26. In addition, while the issues raised by stakeholders in relation to the adoption of the standard in the UK are important matters that will need to be considered by the UKEB, they will not necessarily demand significant additional Secretariat resource. For these reasons, the UKEB decided to retain the 'moderate' designation.</p> <p>Endorsement commencing to the above timeline is still expected to deliver a final decision on adoption ahead of the expected effective date of the IASB's final standard.</p>



# Consultation feedback and UKEB response

	Stakeholder Comment	UKEB Response
2	<p>Given resource constraints faced by the UKEB, stakeholders generally accept the need to prioritise and to defer projects.</p> <p>Nevertheless, stakeholder recommendations included conducting some limited ongoing monitoring activity regarding IFRS 17 <i>Insurance Contracts</i> and designating the <i>Equity Method</i> project as 'moderate' workload (rather than 'limited') due to the number and nature of the IASB's tentative decisions.</p> <p>In contrast, another stakeholder commented that the workload for several projects has been overestimated. In particular, for certain endorsement projects given the influencing work previously conducted. The stakeholder also commented that the workload for several 'moderate' influencing projects had been overestimated, including FICE, Business combinations and Provisions).</p>	<p>The UKEB Work Plan is based on its current understanding of the IASB's work plan and the UKEB's expected available resource. The UKEB will continue to monitor the timing of IASB projects and will flex its Work Plan, as appropriate.</p> <p>The UKEB has retained the limited scope nature of the <i>Equity Method</i> project as previous stakeholder engagement indicates that this project is unlikely to be a high priority in the UK.</p> <p>The UKEB does not agree that carrying out a significant amount of work during the influencing phase of a project necessarily means that the adoption phase of that project will be limited scope, due to the nature and scope of work required to address the statutory adoption criteria. The UKEB, therefore, decided not to reduce the expected workload for its adoption projects.</p> <p>Further, the UKEB notes that several of the projects designated as 'moderate' workload address complex issues in respect of some fundamental aspects of accounting (for example, the Provisions and FICE projects). These projects are also of significant interest to UK stakeholders. The UKEB, therefore, decided to retain the 'moderate' scope of these projects.</p>

# Consultation feedback and UKEB response

	Stakeholder Comment	UKEB Response
3	One stakeholder expressed the view that the IFRS Foundation Due Process Handbook project is outside the UKEB's remit.	The work carried out by the IASB, in accordance with its due process, has an impact on its engagement with UK and other stakeholders during its standard-setting process. In addition, a number of UKEB processes are dependent on the IASB's adherence to its due process.. Therefore, any proposed changes to the IASB's due process is relevant to the work carried out by the UKEB. For this reason, the IFRS Foundation's Due Process Handbook project is relevant to and within the UKEB's remit.
4	<p>Stakeholders encouraged the continuation of the research project on intangibles, close monitoring of the IASB's work in relation to climate-related commitments and consideration of how the financial reporting landscape could support innovation. One stakeholder suggested the UKEB consider actively influencing the <i>Statement of Cash Flows and Related Matters</i> project, given the increase in regulatory scrutiny and number of issues that arise in relation to this matter.</p> <p>Some stakeholders generally considered that it was inappropriate for the UKEB to take on additional research projects, given resource constraints.</p>	<p>The UKEB plans to continue its pro-active research project on intangibles.</p> <p>Other new research projects will only be commenced if the need arises, and resources are available.</p> <p>Therefore, no changes are, therefore, proposed to the Work Plan in relation to research projects.</p>

# Consultation feedback and UKEB response

	Stakeholder Comment	UKEB Response
5	Stakeholders recommended that the UKEB remain flexible to address climate-related and connectivity projects and suggested that a stronger emphasis on integrating climate considerations into financial reporting would be beneficial.	The UKEB will continue to carry out work on climate-related and connectivity projects subject to resource capacity, and to the extent they are within the UKEB' remit.
6	One stakeholder queried the size of the UKEB budget, expressing a view that it was large when compared with EFRAG's budget.	The UKEB has a statutory responsibility for the influencing the development, and endorsing and adopting IFRS Accounting Standards for use in the UK. In the EU these functions are undertaken by three separate bodies – EFRAG, the European Commission and the European Parliament. In addition, UKEB funding model differs to that for EFRAG's – which receive a Commission grant, as well as funding from other European bodies and significant resource from other stakeholders as donations 'in kind'. As a result, the UKEB does not consider that its budget is directly comparable with that of EFRAG

# Disclaimer

This feedback statement has been produced in order to set out the UKEB response to stakeholder comments received on the (Draft) 2024/25 Regulatory Strategy and should not be relied upon for any other purpose.

The views expressed in this feedback statement are those of the UKEB at the point of publication.

Any sentiment or opinion expressed within this feedback statement will not necessarily bind the conclusions, decisions, endorsement or adoption of any new or amended IFRS accounting standards by the UKEB.

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