

# Intangibles research project – survey update

## Executive Summary

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|--|-------------|
| <b>Project Type</b>  | Research    |
| <b>Project Scope</b>   | Significant |
| <b>Purpose of the paper</b>  |             |
| This paper provides an update to the Board on progress made by the Secretariat on the intangibles survey research.   |             |
| <b>Summary of the Issue</b>  |             |
| <p>On Monday 25 September 2023 the Secretariat began distributing the survey to gather users' views on the accounting for intangible assets. The survey has been publicised through a number of channels, including direct emails, LinkedIn, media, and through various distributions lists.</p> <p>At the time of writing (11 October 2023) the Secretariat have received 26 complete responses, as well as 5 partial responses. The survey's planned closing date is 22 October 2023.</p> <p>In the unlikely event that no further responses are received, this number is enough to provide a reliable and insightful assessment of users' views on Intangibles.</p> |             |
| <b>Question for the Board</b>  |             |
| Does the Board have any suggestions on other channels or outreach we should utilise to encourage additional responses?   |             |
| <b>Recommendation</b>  |             |
| N/A  |             |
| <b>Appendices</b>  |             |
| N/A  |             |

## Background

1. In early 2022, the UKEB decided to undertake a multi-output, proactive research project that would contribute to the international debate on intangible items. The research will focus on how the accounting for, and reporting of, intangible items could be improved to provide investors with more useful general purpose financial statements to help them make better informed decisions.
2. The initial phase of the research is focused on understanding stakeholders' views (particularly investors) of the accounting for, as well as the current state of the reporting of, intangibles in the UK. This involves three reports:
  - a) A qualitative report focused on stakeholder views about the accounting for intangible assets, supported by economic analysis and a review of key literature. This report was published in March 2023.
  - b) A quantitative report examining the prevalence and economic relevance of intangible items for UK reporters, including an analysis of current practices among UK listed companies using IFRS Accounting Standards. This report is currently being drafted.
  - c) An investor focussed report based on outreach with users (largely a survey, though other outreach through interviews and roundtables could be performed). This report is the focus of the current paper.
3. The UKEB's qualitative report on intangibles, published in March 2023, discusses the importance of intangibles from an economic perspective and sets out stakeholders' views on possible ways in which the accounting for intangibles could be improved.
4. Investors are a key stakeholder group and primary users of financial statement information. Investors interviewed for the qualitative research primarily commented on disclosure in the notes to the financial statements, wanting to better understand companies' investment in intangibles and their performance. Investors appear not to put significant weight on the recognition of intangibles on the balance sheet, not convinced that it will produce reliable information. Instead, they showed a preference for detailed disclosures of expenditure on such items to allow them to make their own assessment of the potential value creation.
5. The user survey provides an opportunity to explore further the views of their stakeholders.

## Survey research update

6. In September the Board were provided with an update on the development of the questionnaire for the intangibles survey research project<sup>1</sup>. This month the Secretariat are providing the Board with an update on distribution of the survey and the responses received.

## Survey Launch

7. The survey was launched on Monday 25 September 2023. The questionnaire was originally planned to be open for three weeks, but the deadline has subsequently been extended to four weeks to allow more responses.
8. The survey has been advertised through a number of channels including:
  - a) UKEB News Alerts;
  - b) UKEB and individual LinkedIn Posts;
  - c) Numerous direct emails to individual investors/investment management companies;
  - d) Distribution lists of relevant industry and professional associations which feature users of financial statements among their members. These were:
    - i. The Investment Association;
    - ii. The Corporate Reporting User Forum;
    - iii. The Association of British Insurers;
    - iv. The British Venture Capital Association;
    - v. The CFA Society of the UK.
  - e) Other individuals and organisations, including an influential blogger in the accounting field, and academics have passed on links to their contacts.
9. The survey received coverage in Accountancy Daily<sup>2</sup> and Financial Management.<sup>3</sup> Another article by a mainstream news outlet is expected to be published around 13 October 2023.

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<sup>1</sup> Appendix F: [6 Items for Noting](#)

<sup>2</sup> [UKEB survey on accounting for intangibles launched | Accountancy Daily](#)

<sup>3</sup> <https://www.fm-magazine.com/news/2023/sep/iasb-amends-sme-standard-uk-new-zealand-sign-audit-agreement.html>

10. A preliminary assessment of the breadth of the asset management industry in the UK indicates that the survey distribution covered the majority of the industry.

## Responses

11. As of 11 October 2023 the Secretariat had 26 complete responses, and five partial responses to the survey that could be used for subsequent analyses as they covered at least the first half of the questionnaire. It is worth noting that Partial responses could be completed at a later date. Given the focus of the survey, we believe the number of responses received to date is sufficient to provide a reliable and insightful assessment of users' views on Intangibles.
12. It is possible that the cut-off date could be extended if it seems that additional responses could be gathered.

### Question to Board

1. Does the Board have any suggestions on other channels or outreach we should utilise to encourage additional responses?

## Sharing with other National Standard Setters

13. We have shared the final version of the questionnaire with four national standard setters. We understand they are interested in undertaking similar outreach in their own jurisdictions using the questionnaire the Secretariat has drafted. This will provide an opportunity to compare and contrast views from different jurisdictions.

## Next steps

14. The Secretariat will analyse the data upon receiving responses. Report drafting will follow. A draft report is anticipated for Q1 2024.