

Summary of UKEB Preparer Advisory Group (PAG) meeting held on 3 March 2025

No.	Agenda Item
	Welcome
1.	Influencing: Post-implementation review of IFRS 16 <i>Leases</i>
2.	Research: Statement of Cash flows and Related Matters
3.	Endorsement: Contracts Referencing Nature-dependent Electricity
4.	IASB Fourth Agenda Consultation
5.	Inter-meeting feedback
6.	Horizon scanning
7.	A.O.B.

Present	
Name	Designation
Giles Mullins	PAG Chair
Owen Glaysher (virtual attendance)	Board member, UKEB
Pauline Wallace	Chair, UKEB
Seema Jamil-O'Neill	Technical Director, UKEB
Ben Binnington	PAG member
Chris Buckley	PAG member
Ian Melling (virtual attendance)	PAG member
Jo Clube (virtual attendance)	PAG member
Luke Kelly (virtual attendance)	PAG member
Michelle O'Mara (virtual attendance)	PAG member
Oliver Hexter	PAG member
Peter Leadbetter	PAG member
Stephen Morris	PAG member
Toby Odell	PAG member

Relevant UKEB Secretariat team members were also present.

Apologies: UKEB Board member, Owen Glaysher, left after agenda item 3.

Welcome

1. The Chair welcomed the Preparer Advisory Group (PAG) members.

Influencing: Post-implementation review of IFRS 16 *Leases*

2. The members were asked whether they had any views on:
 - a) the IASB's existing prioritisation criteria and thresholds for action on a post-implementation review (PIR),
 - b) the proposed amendments to its due process handbook,
 - c) the main technical issues with IFRS 16 identified so far; and
 - d) whether there are any other issues members are aware of.
3. PAG members made the following points:
 - a) PIRs are sometimes carried out too long after a standard is issued, often after companies have embedded systems, workarounds and supplementary reports. There is then less appetite for change from a PIR. It was suggested that field testing before a standard is issued would provide more immediate feedback. The Secretariat noted that it is a challenge for the IASB to find a balance between allowing practice to settle after issuing a standard and carrying out a PIR.
 - b) The implementation and ongoing application of IFRS 16 has been costly for some entities.
 - c) Depending on the industry, many companies still need to consider underlying operating and finance leases to adjust EBITDA, or to be able to make comparisons to US GAAP. This has created a need for entities to report supplementary non-GAAP measures.
 - d) The level of judgement involved can make it challenging to apply IFRS 16 and can affect comparability with peers in the same industry, particularly in the following areas:
 - i. Determining whether a contract is, or contains, a lease;
 - ii. Determining the lease term; and
 - iii. Determining the discount rate.

4. The Secretariat thanked members for their contributions and advised that the IASB is expected to issue a Request for Information in Q2 of 2025.

Research: Statement of Cash flows and Related Matters

5. The UKEB Secretariat introduced the topic, outlining the high-level feedback gathered from investors on possible enhancements to the statement of cash flows and related matters. Members were asked for their comments.
6. PAG members made the following points:
 - a) Preparers are keen to understand the cash flow information users actually want and would not support additional disclosure requirements if that information is not useful.
 - b) Where more disclosure would be useful, it is important that it is only required to be disclosed where relevant to the company.
 - c) Amendments requiring substantive changes to the format of the statement of cash flow could be costly to implement, as it would require fundamental system changes.
 - d) Additional commentary related to the statement of cash flows could provide useful information for users of financial statements.
 - e) Requiring a statement of net debt, given that many UK entities already provide this information, could be a useful additional disclosure to the statement of cash flows. Clarity on definition of net debt and approach (guidance/illustrative examples) would be helpful.
7. It was also noted that the statement of cash flow is of limited value for banks and insurance companies. Fundamental changes to the requirements applicable to such financial institutions would introduce additional cost with little real benefit to users.
8. The Secretariat thanked PAG members for their contributions and advised that the third of the UKEB research papers would be presented to the Board in March 2025.

Endorsement: Contracts Referencing Nature-dependent Electricity

9. The UKEB Secretariat provided an overview of the Amendments, published by the IASB in December 2024. PAG members were asked several questions, including whether the Amendments were likely to change existing practice, and whether there are expected to be any material costs or benefits arising from the Amendments.
10. The majority of PAG members did not have contracts in scope of the Amendments.
11. PAG members made the following points regarding the 'own use' Amendments:

- a) One member considered that the disclosures required for contracts meeting the 'own-use' exception, in accordance with the Amendments, would be onerous and costly to provide, especially considering that these disclosures are not required for any other 'own-use' contracts. They queried whether the information provided by the disclosures would be useful to users of the financial statements.
 - b) Members considered it very inflexible that if an entity failed the 'own-use' or 'net purchaser' assessment in a single reporting period, then the contract would be in scope of IFRS 9 for the remainder of its duration.
 - c) It was acknowledged that the clarity provided by the 'own-use' Amendments might assist in conversations with auditors about the accounting for contracts in scope.
12. One member stated that they were already applying hedge accounting, and as such did not anticipate significant incremental cost with applying the hedge accounting Amendments.
 13. The Secretariat thanked PAG members for their contributions and advised that the UKEB Draft Endorsement Criteria Assessment (DECA) on the IASB's Amendments to IFRS 9 and IFRS 7, was expected to be published in the following week and remain open for stakeholder feedback until early June 2025.

IASB Fourth Agenda Consultation

14. The UKEB Secretariat informed PAG members that the IASB has begun considering its approach for a Fourth Agenda Consultation. A Request for Information (Rfi) is anticipated to be issued by the IASB during Q4, 2025. The Rfi is intended to provide the IASB with stakeholder feedback on its strategic direction, criteria for assessing priorities, and key financial reporting topics to be considered in the 2027 to 2031 IASB workplan.
15. The Secretariat provided an overview of the approach taken by the IASB to its Third Agenda Consultation, the UKEB's response, and progress made by the IASB during the 2022 to 2026 workplan period.
16. PAG members were asked for their views on emerging economic trends which could impact accounting standards over the next 5-10 years. Some key themes to emerge from PAG members included:
 - a) Reporting burden, including sustainability.
 - b) Discount rates across standards.
 - c) Cryptocurrencies.
 - d) Concern not to over-emphasise short-term trends.

17. PAG members also indicated that not all trends necessarily required a financial reporting standard-setting response.
18. The Secretariat confirmed that there would be further opportunities for PAG members to contribute to the UKEB response to the Fourth Agenda Consultation later in 2025.

Inter-meeting feedback

19. The UKEB Secretariat thanked PAG members for providing feedback during earlier meetings, and after the previous meeting in October 2024, which supported the recent publication of the following documents:

Influencing projects

- a) [Exposure Draft IASB/ED/2024/5 Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures](#) – **UKEB Final Comment Letter** (published 28 November 2024);
- b) [Exposure Draft: IASB/ED/2024/6 Climate-related and Other Uncertainties in the Financial Statements - Proposed illustrative examples](#) – **UKEB Final Comment Letter** (published 3 December 2024);
- c) [Exposure Draft IASB/ED/2024/7 Equity Method of Accounting – IAS 28 Investments in Associates and Joint Ventures \(revised 202x\)](#) – **UKEB Final Comment Letter** (published 16 December 2024); and
- d) [Exposure Draft IASB/ED/2024/8 Provisions - Targeted Improvements proposing amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets](#) – **UKEB Draft Comment Letter** (published 20 December 2024, consultation closed 10 February 2024). **UKEB Final Comment Letter** expected to be published soon after 27 February 2025 Board meeting (published 13 March 2025).

Endorsement projects

- a) [Annual Improvements to IFRS Accounting Standards – Volume 11](#) – **UKEB Endorsement Criteria Assessment** (published 13 February 2025);
- b) [Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments](#) – **UKEB Draft Endorsement Criteria Assessment** (published 26 September 2024, consultation period closed 10 January 2025); and
- c) [Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependant Electricity](#) – **UKEB Draft Endorsement Criteria Assessment** expected to be published for consultation soon after 27 February 2025 Board meeting (published 10 March 2025).

Horizon Scanning

20. The Chair invited PAG members to discuss any current or emerging concerns. Members had no items to raise.

A.O.B.

21. PAG members were advised that it was the current PAG Chair's last meeting, since his tenure on the Board was ending on 14 March 2025. PAG members were advised that Board member, Owen Glaysher, will be taking over as the new PAG Chair effective the same date.
22. The UKEB Chair thanked the outgoing inaugural PAG Chair.
23. There being no other business, the meeting closed.