UK Endorsement Board

IAS 1 *Presentation of Financial Statements* Narrow-scope Amendments 2020 and 2022: Project Initiation Plan

Executive Summary

Project Type	Endorsement and Adoption
Project Scope	Narrow-scope
Purpose of the paper	
This paper provides the Board with a draft Project Initiation Plan (PIP) for the project to consider for adoption for use in the UK two narrow-scope amendments to IAS 1 *Presentation of Financial Statements* issued by the IASB: a) Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* (the 2020 Amendments) issued in January 2020; and b) Amendments to IAS 1 *Non-current Liabilities with Covenants* (the 2022 Amendments) issued in October 2022.	
Summary of the Issue	
The IASB has set an effective date for both the 2020 and 2022 Amendments of 1 January 2024. The draft PIP sets out the proposed approach and timeline for the project to assess both the Amendments against the statutory adoption criteria. The project plan envisages UKEB's endorsement and adoption of both Amendments will complete during Q3 2023, allowing sufficient time for UK entities to be able to use them in time for the IASB's effective date.	
Decisions for the Board	
The Board is asked whether it approves the draft PIP.	
Recommendation	
The Secretariat recommends that the Board approves the draft PIP.	
Appendices	
Appendix A [Draft] Project Initiation Plan Appendix B Combined text of the 2020 and 2022 Amendments	

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Appendix A: Project Initiation Plan

Project Type	Endorsement and adoption
Project Scope	Narrow-scope

Purpose

A1. This paper sets out the plan to assess whether to adopt[1] two narrow-scope amendments[2] to IAS 1 *Presentation of Financial Statements* issued by the IASB:

a) Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*[3] (the 2020 Amendments) issued in January 2020; and

b) Amendments to IAS 1 *Non-current Liabilities with Covenants*[4] (the 2022 Amendments) issued in October 2022.

A2. The Amendments have an effective date of 1 January 2024, with earlier application permitted by the IASB.

A3. The Board was not formed when the 2020 Amendments were developed but it actively influenced the development of the 2022 Amendments. This influencing included submitting a Final Comment Letter[5] in March 2022 in response to the IASB's Exposure Draft ED/2021/9 – *Non-current Liabilities with Covenants*[6].

A4. The UKEB's statutory functions mean that it must consider the Amendments against the statutory adoption criteria before their formal adoption for use in the UK. Given the 2022 Amendments modify the 2020 Amendments and the IASB transition requirements effectively require concurrent adoption of both sets of amendments, the Secretariat proposes that the amendments are considered on a joint basis.

1 The UK's statutory requirements for adoption of international accounting standards are set out in The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 no. 685 (the Regulations, or SI 2019/685)

2 There was also an interim amendment to the 2020 Amendments (Classification of Liabilities as Current or Non-current—Deferral of Effective Date (Amendment to IAS 1) (ifrs.org)) that changed the application date from 1 January 2022 to 1 January 2023. This was wholly superseded by the 2022 Amendments and therefore adoption would be superfluous.

3 Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (ifrs.org)

4 IASB-IAS2022-1 – Final Amendment: Non-current Liabilities with Covenants - Amendment to IAS 1 (ifrs.org)

5 Final Comment Letter - Non-Current Liabilities with Covenants (Proposed Amendments to IAS 1).pdf

6 Exposure Draft: Non-current Liabilities with Covenants (ifrs.org)

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A5. The Board's aim would be to ensure adoption is completed in good time to permit UK entities to use the amendments on the IASB mandated effective date of 1 January 2024.

Background

A6. In January 2020, the IASB issued narrow scope amendments to IAS 1 *Classification of Liabilities as Current or Non-current*. The amendments were focussed on clarifying one of the criteria in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

A7. In 2021, stakeholder concerns about one of the paragraphs introduced in the 2020 Amendments led to the IASB publishing further amendments to IAS 1 *Non-current Liabilities with Covenants* (the 2022 Amendments) in October 2022.

A8. The background to both the 2020 and 2022 Amendments was previously discussed by the Board in November 2022 (UKEB meeting, Agenda Paper 7[7])

Joint assessment and adoption

A9. The Secretariat proposes that the 2020 and 2022 Amendments should be assessed and, if appropriate, adopted on a joint basis. That is, the assessment will be set out in a single [Draft] Endorsement Criteria Assessment (DECA) that assesses the two sets of amendments together as a package.

A10. This approach is consistent with the intention of the IASB. The 2022 Amendments are intended to improve the application of the 2020 Amendments and include amendments that supersede previously issued requirements (although unlike in other jurisdictions they were not adopted for use in the UK at the time). The IASB's effective date requirements reinforce this view, making it clear that the 2020 Amendments should only be applied in conjunction with the 2022 Amendments.

A11. To aid this joint adoption, the IASB provided a combined text of the two sets of amendments as an appendix to the 2022 Amendments. This text is reproduced in Appendix B to this paper.

A12. In the statutory UK context, joint adoption is consistent with the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/685). Regulation 7 outlines

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[7] November 2022 Paper 7: IAS 1 Presentation of Financial Statements - Narrow Scope Amendments 2020 and 2022

the basis upon which an International Accounting Standard[8] can be adopted. Though it is framed in the singular, Section 6(c) of the Interpretation Act 1978[9] states that words in the singular include the plural and words in the plural include the singular unless the contrary intention appears.

A13. Given the nature of the amendments, and the apparent intention of the IASB, the Secretariat believes that joint assessment and, if appropriate, joint adoption of the 2020 and 2022 Amendments as a package[10], reflecting the operation of the final Standard after amendment, provides the most relevant approach to assessing the endorsement criteria in Section 7 of SI 2019/685.

Description of the 2020 and 2022 Amendments to IAS 1

A14. A brief description of the 2020 and 2022 Amendments to IAS 1 is shown in the table below.

[8] For the purpose of this Regulation, 'international accounting standards' shall mean International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and related Interpretations (SIC-IFRIC interpretations), **subsequent amendments to those standards** and related interpretations, future standards and related interpretations issued or adopted by the International Accounting Standards Board (IASB). (Regulation 3, emphasis added)

[9] Interpretation Act 1978 (legislation.gov.uk)

[10] This is also consistent with the approach taken by EFRAG to assessing these amendments.

2020 and 2022 Amendments to IAS 1	
Issued for public comment	Exposure Draft ED/2015/1 *Classification of Liabilities* (proposed amends to IAS 1)—issued for public comment in February 2015 (comment period ended 10 June 2015). [11] Exposure Draft ED/2021/9 *Non-current Liabilities with Covenants* (proposed amends to IAS 1)—issued for public comment in November 2021(comment period ended 21 March 2022). [12]
Title and issue date of final amendments	*Classification of Liabilities as Current or Non-current* (Amendments to IAS 1) issued January 2020.[13] *Non-current Liabilities with Covenants* (Amendments to IAS 1) issued October 2022.[14]
Origin	See Background in paragraphs A11 – A13 above and November 2022 UKEB Meeting, Agenda Paper 7[15] paragraphs 7 – 17 for further detail.
What has changed?	When considered together the 2020 and 2022 Amendments to IAS 1: • Amend paragraph 69(d) to make clear that for a liability to be classified as non-current the entity must “have the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period”. • Add paragraphs 72A – B and amend paragraphs 73 – 75 to clarify the meaning of the “right to defer settlement for at least twelve months”, especially when a loan has covenants that must be complied with in the next 12 months. • Add paragraph 75A to make clear that classification is unaffected by management’s intention to settle earlier. • Amend paragraph 76 to clarify how certain related events should be accounted for in accordance with IAS 10 *Events after the Reporting Period*. • Add paragraph 76ZA which requires additional disclosures “when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period”. Disclosures include information on the covenants, and facts and circumstances that indicate an entity may have difficulty complying with the covenants. • Add paragraphs 76A – B to clarify the meaning of settlement, including in circumstances where settlement is achieved through the transfer of an entity’s own shares. There are no consequential amendments to any other IFRS Accounting Standards.

2020 and 2022 Amendments to IAS 1	
Transition requirements	The amendments to paragraph 139U (transition and effective date of the 2020 amendments) are effective immediately, with the remaining 2020 and 2022 Amendments to IAS 1 effective for annual periods beginning on or after 1 January 2024, with early application permitted, as long as both amendments are applied at the same time. If an entity applies the Amendments for an earlier period, it shall disclose that fact. The Amendments should be applied retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

Project plan

A15. The project plan is guided by the following factors.

The Amendments are narrow in scope

A16. The Amendments are focussed on clarifying the classification of liabilities as non-current.

A17. While this issue is relevant to most companies in the UK, the Secretariat does not believe that the clarifications are likely to lead to significant changes in the classification of liabilities for UK companies.

A18. The disclosure requirements may potentially be more impactful as they require more detailed disclosure than has previously been provided. However, materiality continues to apply as an overarching principle that circumscribes the extent of the requirements.

The Amendments will be assessed on a joint basis

A19. A joint approach as outlined above is both reflective of the intent of the Amendments and allows for a proportionate approach to the project and stakeholder outreach.

A20. Development of a single DECA will be more efficient and allow for more effective outreach with stakeholders who can consider, and provide feedback on, a single assessment that addresses the impact of both Amendments which have the same mandated effective date.

[11] Exposure Draft: Classification of Liabilities—Proposed Amendments to IAS 1 (ifrs.org)
[12] Exposure Draft: Non-current Liabilities with Covenants (ifrs.org)
[13] Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (ifrs.org)
[14] IASB-IAS2022-1 – Final Amendment: Non-current Liabilities with Covenants - Amendment to IAS 1 (ifrs.org)
[15] November 2022 Paper 7: IAS 1 Presentation of Financial Statements - Narrow Scope Amendments 2020 and 2022

The Amendments have been subject to public consultation

A21. The 2020 Amendments were exposed for public comment as Exposure Draft *Classification of Liabilities* in 2015 (the 2015 ED), before the creation of the UKEB.

A22. The IASB received a substantial amount of feedback[16] to the 2015 ED. 87 comment letters were received, 14 of which were from stakeholders based in the UK, including the large accounting firms, accounting professional bodies, the FRC and the Corporate Reporting Users Forum (CRUF) (UK) and two preparers[17].

A23. Stakeholders raised a range of matters regarding the proposals and the feedback led to significant revisions over the next 5 years. The final amendments were published in 2020 and were substantially different from those in the 2015 ED.

A24. The 2022 Amendments were considered by the UKEB and subject to consultation with UK stakeholders[18]. As discussed with the Board in November 2022, many of the concerns and recommendations from the UKEB's final comment letter were addressed during the finalisation of the 2022 Amendments[19].

A25. Both the 2020 and 2022 Amendments have been discussed with the UKEB's Preparers Advisory Group (PAG) and the Accounting Firms & Institutes Advisory Group (AFIAG). While the PAG raised some preliminary questions about the application of the of 2022 Amendments neither group identified significant concerns about the Amendments, and the AFIAG believed they represented a significant improvement to IAS 1.

Project milestones

A26. A proportionate approach is proposed, incorporating the mandatory milestones listed in paragraph 6.11 of the UKEB's Due Process Handbook (Handbook)[20]. The table below provides a brief description of the work we have done and/or that we intend to do as part of this project.

16 IFRS - Exposure Draft and comment letters: Classification of Liabilities (Proposed Amendments to IAS 1)
17 The Linde Group and British Telecommunications (BT)
18 Feedback Statement - Non-Current Liabilities with Covenants (Proposed Amendments to IAS 1).pdf (kc-usercontent.com)
19 See Appendix B of November 2022 Paper 7: IAS 1 Presentation of Financial Statements - Narrow Scope Amendments 2020 and 2022
20 Due Process Handbook (kc-usercontent.com)

Milestone/activity	Brief description	Status
Project initiation activities		
Technical project added to UKEB technical work plan (mandatory) [Handbook 4.30 (d)]	Added to UKEB technical work plan.[21]	Completed.
Education session (optional) [Handbook 4.10]	The Board had an education session on the Exposure Draft of the 2022 Amendments in December 2021. The Board has reviewed subsequent updates on the IASB's redeliberations, most recently at the November 2022 Board meeting.[22]	Completed at November 2022 Board meeting.
Project Initiation Plan (mandatory) [Handbook 6.11]	This paper.	-
Desk-based research [Handbook 6.17]	The Secretariat has reviewed: • The IASB's work on the Amendments (mainly staff papers, ED feedback) • The Basis for Conclusions • Comment letters on the ED received by the IASB from UK stakeholders including the UKEB • Previous work done by the UKEB (comment letters on our DCL, discussions with IASB) • Relevant material produced by other parties, including accounting firms[23].	Completed.

21 The project had also been included in earlier workplans in anticipation of publication of the 2022 Amendments.
22 November 2022 Paper 7: IAS 1 Presentation of Financial Statements - Narrow Scope Amendments 2020 and 2022
23 For example BDO Bulletin - Non-Current Liabilities with Covenants and Deloitte Need to Know - amendments to IAS 1

Other mandatory milestones		
Issue of a DECA (mandatory) [Handbook 6.23–6.26]	The Secretariat will develop a draft Endorsement Criteria Assessment (DECA) to assess whether the Amendments meet the UK's statutory requirements for adoption.	To be completed. We expect to bring the DECA for discussion to the February 2023 meeting.
Minimum outreach activities (mandatory) [Handbook 6.18 - 6.22]	Publish DECA for stakeholder comment on the UKEB website. The Secretariat also intend to reach out directly to UK stakeholders who have previously provided feedback to the IASB and/or UKEB. We will also discuss the DECA with the UKEB Advisory groups, as appropriate.	To be completed. DECA publication for comment expected in March 2023.
Consultation period for the DECA [Handbook 6.28]	The DECA will be issued for comment for 90 days.	To be completed. DECA comment period expected to be March 2023 – June 2023.
Project closure [Handbook 6.30]	The project closure process for endorsement projects will comprise the following mandatory steps. • Preparation of an 'adoption package' by the Secretariat comprising: the final Endorsement Criteria Assessment (ECA), Feedback Statement, the Adoption Statement and a Due Process Compliance Statement for the project; and • Voting on the adoption of the Amendments.	To be completed. We expect to bring the ECA etc. for discussion to the July 2023 meeting. The final Due Process Compliance Statement is expected to be brought for noting to the September 2023 meeting.

Resources allocated

A27. On the basis of this project plan, we consider that a project team consisting of one Project Director supported by a Project Manager should be sufficient to ensure the project timelines are achievable.

A28. In addition, we plan to obtain input from the economics team to develop the contents of the economic impact assessment.

Setting-up an ad-hoc advisory group is not necessary

A29. Given the narrow-scope nature of the Amendments and initial feedback, it is not considered necessary to set up a separate, ad-hoc advisory group specific for this project.

Project timeline

A30. The proposed high-level project timeline is as follows:

Date	Milestones
19 January 2023	Presentation of Project Initiation Plan (PIP) for approval
23 February 2023	Presentation of Draft Endorsement Criteria Assessment (DECA) for approval
DECA consultation period (90 days): 8 March – 6 June 2023	
22 June 2023	Board review of comments received on the DECA
13 July 2023	Consideration of Adoption Package Board members provide a tentative vote
21 September 2023	Due Process Compliance Statement for noting

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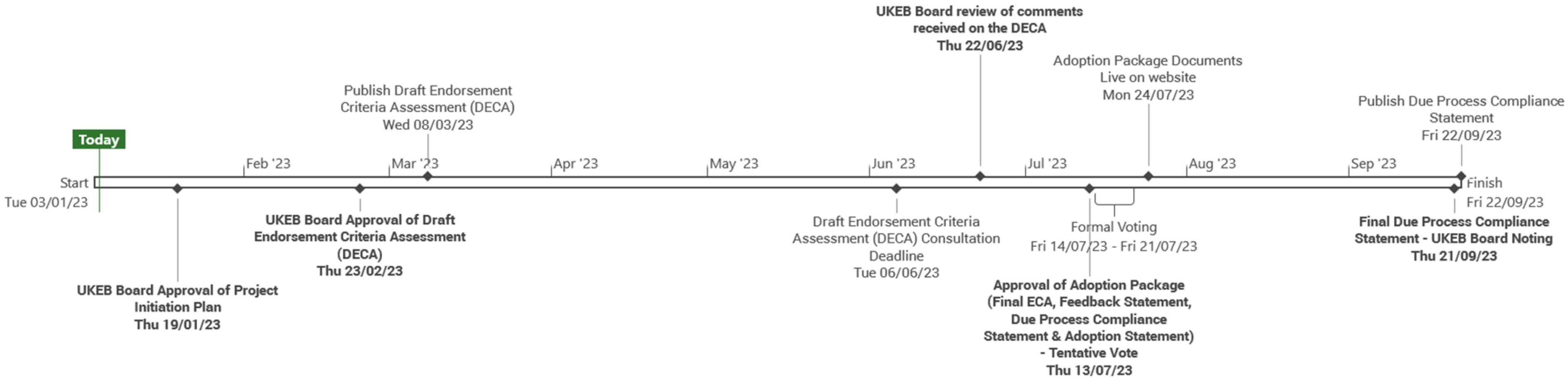

Appendix B Combined text of the 2020 and 2022 Amendments

B1 The following text (which is presented in the original formatting) replicates the Appendix published by the IASB in the Amendments to IAS 1 *Non-current Liabilities with Covenants*[1].

B2 This text combines the 2020 and 2022 Amendments and reflects the outcome of joint adoption of the two sets of Amendments.

Structure and content

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Statement of financial position

...

Current/non-current distinction

60 **An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position in accordance with paragraphs 66–76B except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, an entity shall present all assets and liabilities in order of liquidity.**

...

Current liabilities

69 **An entity shall classify a liability as current when:**

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have the ~~an unconditional~~ right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period ~~(see paragraph 73). Terms of a liability that could, at the option of the~~

1 IASB-IAS2022-1 – Final Amendment: Non-current Liabilities with Covenants - Amendment to IAS 1 (ifrs.org)

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~~**counterparty, result in its settlement by the issue of equity instruments do not affect its classification**~~**.**

An entity shall classify all other liabilities as non-current.

Normal operating cycle (paragraph 69(a))

70 Some current liabilities, such as trade payables and some accruals for employee and other operating costs, are part of the working capital used in the entity's normal operating cycle. An entity classifies such operating items as current liabilities even if they are due to be settled more than twelve months after the reporting period. The same normal operating cycle applies to the classification of an entity's assets and liabilities. When the entity's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

Held primarily for the purpose of trading (paragraph 69(b)) or due to be settled within twelve months (paragraph 69(c))

71 Other current liabilities are not settled as part of the normal operating cycle, but are due for settlement within twelve months after the reporting period or held primarily for the purpose of trading. Examples are some financial liabilities that meet the definition of held for trading in IFRS 9, bank overdrafts, and the current portion of non-current financial liabilities, dividends payable, income taxes and other non-trade payables. Financial liabilities that provide financing on a long-term basis (ie are not part of the working capital used in the entity's normal operating cycle) and are not due for settlement within twelve months after the reporting period are non-current liabilities, subject to paragraphs 72A–75 ~~74 and 75~~.

72 An entity classifies its financial liabilities as current when they are due to be settled within twelve months after the reporting period, even if:

(a) the original term was for a period longer than twelve months, and

(b) an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorised for issue.

Right to defer settlement for at least twelve months (paragraph 69(d))

72A An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and, as illustrated in paragraphs 72B–75, must exist at the end of the reporting period.

72B An entity's right to defer settlement of a liability arising from a loan arrangement for at least twelve months after the reporting period may be subject to the entity complying with conditions specified in that loan arrangement (hereafter referred to as 'covenants'). For the purposes of applying paragraph 69(d), such covenants:

(a) affect whether that right exists at the end of the reporting period—as illustrated in paragraphs 74–75—if an entity is required to comply with the covenant on or before the end of the reporting period. Such a covenant affects whether the right exists at the end of the reporting period even if compliance with the covenant is assessed only after the reporting period (for example, a covenant based on the entity's financial position at the end of the reporting period but assessed for compliance only after the reporting period).

(b) do not affect whether that right exists at the end of the reporting period if an entity is required to comply with the covenant only after the reporting period (for example, a covenant based on the entity's financial position six months after the end of the reporting period).

73 If an entity ~~expects, and~~ has the right, at the end of the reporting period ~~discretion~~, to ~~refinance or~~ roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. If the entity has no such right ~~However, when refinancing or rolling over the obligation is not at the discretion of the entity (for example, there is no arrangement for refinancing)~~, the entity does not consider the potential to refinance the obligation and classifies the obligation as current.

74 When an entity breaches a covenant ~~provision~~ of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. An entity classifies the liability as current because, at the end of the reporting period, it does not have the ~~an unconditional~~ right to defer its settlement for at least twelve months after that date.

75 However, an entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.

75A Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. If a liability meets the criteria in paragraph 69 for classification as non-current, it is classified as non-current even if management intends or expects the entity to settle the liability within twelve months after the reporting period, or even if the entity settles the liability between the end of the reporting period and the date the financial statements are authorised for issue. However, in either of those circumstances, the entity may need to disclose information about the timing of settlement to enable users of its financial statements to understand the impact of the liability on the entity's financial position (see paragraphs 17(c) and 76(d)).

76 If ~~In respect of loans classified as current liabilities, if~~ the following events occur between the end of the reporting period and the date the financial statements are authorised for issue, those events are disclosed as non-adjusting events in accordance with IAS 10 *Events after the Reporting Period*:

(a) refinancing on a long-term basis of a liability classified as current (see paragraph 72);

(b) rectification of a breach of a long-term loan arrangement classified as current (see paragraph 74); ~~and~~

(c) the granting by the lender of a period of grace to rectify a breach of a long-term loan arrangement classified as current (see paragraph 75); and ~~ending at least twelve months after the reporting period.~~

(d) settlement of a liability classified as non-current (see paragraph 75A).

76ZA **In applying paragraphs 69–75, an entity might classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period (see paragraph 72B(b)). In such situations, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, including:**

(a) **information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of related liabilities.**

(b) **facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants—for example, the entity having acted during or after the reporting period to avoid or mitigate a potential breach. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants if they were to be assessed for compliance based on the entity's circumstances at the end of the reporting period.**

Settlement (paragraphs 69(a), 69(c) and 69(d))

76A **For the purpose of classifying a liability as current or non-current, settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of:**

(a) **cash or other economic resources—for example, goods or services; or**

(b) **the entity's own equity instruments, unless paragraph 76B applies.**

76B **Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if, applying IAS 32 *Financial Instruments: Presentation*, the entity classifies the option as an equity instrument, recognising it separately from the liability as an equity component of a compound financial instrument.**

...

Transition and effective date

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139D [Deleted]

...

139U *Classification of Liabilities as Current or Non-current*, issued in January 2020 amended paragraphs 69, 73, 74 and 76 and added paragraphs 72A, 75A, 76A and 76B. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2024 retrospectively in accordance with IAS 8. Earlier application is permitted. If an entity applies those amendments for an earlier period after the issue of *Non-current Liabilities with Covenants* (see paragraph 139W), it shall also apply *Non-current Liabilities with Covenants* for that period. If an entity applies *Classification of Liabilities as Current or Non-current* for an earlier period, it shall disclose that fact.

...

139W *Non-current Liabilities with Covenants*, issued in October 2022, amended paragraphs 60, 71, 72A, 74 and 139U and added paragraphs 72B and 76ZA. An entity shall apply:

(a) the amendment to paragraph 139U immediately on issue of *Non-current Liabilities with Covenants*.

(b) all other amendments for annual reporting periods beginning on or after 1 January 2024 retrospectively in accordance with IAS 8. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall also apply *Classification of Liabilities as Current or Non-current* for that period. If an entity applies *Non-current Liabilities with Covenants* for an earlier period, it shall disclose that fact