



UKEB ENDORSEMENT BOARD - DRAFT REGULATORY STRATEGY 2023/24

Issued 25 January 2023

ICAEW welcomes the opportunity to comment on the UK Endorsement Board's Regulatory Strategy 2023/24 published in January 2023, a copy of which is available from this [link](#).

We are supportive of the UK Endorsement Board (UKEB) and its overall approach to delivering against its statutory functions. We do, however, have some comments on its proposed strategy and workplan, which are set out below.

For questions on this response please contact the Financial Reporting Faculty at frf@icaew.com quoting REP 4/23.

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ANSWERS TO SPECIFIC QUESTIONS

Question 1 – Do you have any comments on the UKEB’s workplan, as set out in the (draft) 2023/24 Regulatory Strategy? Please provide your rationale and supporting comments.

1. We are supportive of the UK Endorsement Board (UKEB) and its overall approach to delivering against its statutory functions. We do, however, have some comments of detail on the proposed strategy and workplan, which are discussed below.

Adoption projects and other IASB-related projects

2. The section of the UKEB’s workplan dealing with adoption projects and other IASB-related projects appears comprehensive and includes a large number of projects. We are pleased to note that there is now a column providing an indication of the expected workload for each project as this will enable readers to understand which projects are seen as priorities over the next twelve months. The absence of any indication of priorities was something that we commented on last year and we are pleased to note that this has been taken on board when preparing this year’s workplan.
3. We note that the IASB’s maintenance project on *International Tax Reform – Pillar Two Model Rules* is not included in the UKEB’s draft workplan, presumably because it was initiated too close to the draft regulatory strategy being published. This importance of issuing timely relief on this matter means that this project is being accelerated, with the IASB aiming to finalise any amendments in the second quarter of 2023. We therefore encourage the UKEB to prioritise this project to ensure that the proposed amendments to IAS 12 *Income Taxes* are endorsed and adopted for use in the UK on a timely basis.
4. We have set out in the appendix to this letter some additional points of detail noted when reviewing this part of the workplan.

ISSB workplan

5. We are pleased to note that the UKEB will be undertaking some projects in relation to the sustainability standards that are currently being developed by the ISSB. We agree that at this stage, the UKEB should only look at how these sustainability standards interact with the accounting standards issued by the IASB.
6. At some point in the future, it may be appropriate for the UKEB’s remit to be extended so that they are granted the power to endorse not only IFRS Accounting Standard but also IFRS Sustainability Standards for use in the UK.

UKEB research projects

7. We note that a significant research project on intangible assets is included in the UKEB’s draft workplan and that this project is already underway. We understand that the phase 1 of this project will focus on understanding the reporting landscape for intangible assets in the UK and gathering investor views while phase 2 would potentially extend this research into developing more comprehensive proposals to address those findings.
8. It is helpful that the UKEB has structured its project in a way that will provide a UK perspective on the issue. We are also pleased to note that the UKEB is looking to collaborate with other National Standard Setters including EFRAG and the Australian Accounting Standards Board during phase 2 of this project. Careful thought will, however, need to be given to this latter part of the project in order to ensure that the work undertaken adds something genuinely new to the conversation given that many academics, standard-setters and other organisations around the world have already undertaken or are currently undertaking extensive research on this topic.

Question 2 – Do you have any other comments on the UKEB's (draft) 2023/24 Regulatory Strategy?

9. We raised a number of points on the UKEB's strategic objectives and how it measures success in our response to last year's consultation on the 2022/23 Regulatory Strategy. Many of these points remain relevant to this year's draft strategy. In particular, we draw the UKEB's attention to the comments we made in relation to thought leadership, research and collaborating with others. Please refer to **last year's representation letter** for more information.
10. We also reiterate the point we made last year in relation to carve-outs from or amendments to standards as issued by the IASB. We believe that these should be kept to an absolute minimum and only made where doing so is considered to be clearly conducive to the long term public good in the UK.

APPENDIX – POINTS OF DETAIL ON THE PARTS OF THE WORKPLAN DEALING WITH ADOPTION AND OTHER IASB-RELATED PROJECTS

Adoption projects

This section includes:

- three projects where the next step on the current IASB workplan¹ is the issuance of a new or revised IFRS Accounting Standard
- two projects which have already completed by the IASB and are awaiting adoption by the UKEB
- one project where an exposure draft has recently been issued
- one project where an exposure draft is expected in March 2023

It might be helpful for readers if the UKEB's workplan indicated which stage these various projects are at.

Some of these projects are asterisked to indicate that they have been 'confirmed per the IFRS Foundation Workplan', but all of them have either been completed or are at an advanced stage.

Influencing projects – IASB Standard-Setting

This section includes some – but not all – of the standard-setting projects on the IASB workplan.

We appreciate that the IASB's projects on Management Commentary and the IFRS for SMEs have been excluded as they will not be applicable in the UK. It may, however, be helpful to explain this.

The IASB's projects on Business Combinations – Disclosures, Goodwill and Impairment and Disclosure Initiative – Targeted Standards-level Review of Disclosures are excluded from this part of the UKEB's workplan, presumably as they were only moved from research to standard setting in December.

The projects on Primary Financial Statements and Rate-regulated Activities are flagged up as moving to adoption projects when the IASB publishes its final standard. This is also true of the project on Disclosure Initiative – Subsidiaries Without Public Accountability: Disclosures.

Influencing projects – IASB Research / Post-Implementation Reviews

This section includes a project on Goodwill and Impairment. This is a standard-setting project rather than a research project or a post-implementation review so it appears to be miscategorised.

The projects relating to the Post-Implementation Review of IFRS 15 and Business Combinations Under Common Control are not asterisked, indicating that they are not currently 'confirmed per the IFRS Foundation Workplan' but this is not the case.

Influencing projects – IASB Maintenance Projects

This section includes the IASB's projects on Supplier Finance Arrangements and Lack of Exchangeability. To be consistent with elsewhere in the UKEB's workplan, we think that these two projects should be flagged up as moving to adoption projects when the IASB publishes its final standard.

¹ Based on the IASB Workplan as at 13 December 2022