

Project Initiation Plan: Digital Assets and Liabilities Descriptive Research

Purpose

1. The International Accounting Standards Board (IASB) has added a project on cryptoassets to its research pipeline, noting it as one of the modern asset classes that highlight limitations in the existing accounting requirements.
2. The UKEB's previous research has highlighted the need for accounting requirements that remain relevant to emerging forms of intangible assets, including digital assets.
3. To support future engagement with the IASB and wider international standard-setting discussions, the UKEB will commission targeted research into the prevalence, nature and reporting of digital assets and liabilities among UK listed companies.
4. This paper sets out a plan for an outsourced research project that will strengthen the UKEB's evidence base on intangibles and support future engagement with the IASB's developing work on intangible assets and cryptoassets.

Background

5. The UKEB has undertaken extensive research into intangible assets, including qualitative stakeholder interviews, surveys of users of financial statements and quantitative analysis of UK listed company reporting. That work has informed both the IASB and discussions with international accounting standard setters regarding the future development of accounting requirements for intangible assets.
6. Digital assets represent a particularly important area for further investigation because:
 - a) they are currently within the scope of IAS 38 Intangible Assets in many circumstances;
 - b) they have emerged since IAS 38 was developed and have proved a particular challenge for existing accounting requirements;
 - c) stakeholder interest in accounting for digital assets and liabilities continues to increase;

- d) the IASB has specifically identified newer forms of intangible assets, including cryptocurrency, as relevant to its work on modernising requirements relating to intangible assets.
- 7. This project will support the UKEB's strategic objective of proactively contributing evidence and thought leadership to international accounting standard-setting.
- 8. The research will:
 - a) strengthen the UKEB evidence base on intangible assets;
 - b) support future engagement with the IASB's Intangible Assets project;
 - c) enhance understanding of UK reporting practices;
 - d) identify areas where accounting challenges may exist in practice; and
 - e) position the UKEB to respond quickly to future IASB consultations or research activities.

Project Plan

Proportionality Assessment

Significance and Size

IASB Project Scope

- 9. The IASB has added cryptoassets to its research pipeline and has identified it as an area that may provide useful evidence when considering whether existing accounting requirements remain fit for purpose for newer forms of intangible assets. The proposed UKEB research is intended to provide an evidence base on the prevalence, nature and reporting of digital assets and liabilities within the UK listed environment. The project is not intended to develop accounting solutions or recommendations, but rather to gather evidence that may inform future UKEB and IASB discussions on intangible assets and related reporting issues.

Entities Affected by the Proposals

- 10. The research will focus on UK listed companies preparing financial statements in accordance with IFRS Accounting Standards. While digital asset and liability holdings are currently expected to be concentrated within a relatively small subset of listed entities, the research will seek to understand both direct holdings and broader exposure to digital asset and liability-related activities.

Complexity

11. The project is expected to be of moderate complexity. Although digital asset and liability holdings are not widespread across the UK listed market, identifying relevant entities and analysing accounting treatments may require detailed review of financial statements and disclosures. In addition, stakeholder outreach will be required to understand the commercial rationale for holding digital assets and liabilities and any practical challenges arising from current accounting requirements.

Expected Timeline / Urgency

12. There is no indication of any need for urgent resolution or accelerated timeline in the UK. However, undertaking this work during 2026/27 would enable the UKEB to build an evidence base at an early stage of the IASB's project and to engage proactively in future international discussions.

Expected Interest / Sensitivity

13. Stakeholder interest in digital assets and liabilities has increased over recent years, particularly as companies explore new business models and investment opportunities involving digital assets. However, there is only limited evidence of UK stakeholder concern regarding the accounting requirements for digital assets and liabilities.

Feedback on the Proposals from Desk-based Research / Initial Outreach

14. Previous UKEB research on intangible assets identified a need for accounting requirements that remain relevant for newer forms of intangible assets and highlighted stakeholder concerns regarding the ability of current financial reporting requirements to reflect modern business activities. The IASB's initial work on its Intangible Assets project identified cryptoassets as a specific area of stakeholder concern.

Connectivity

15. As part of the development of the PIP, we have considered potential overlaps between IASB Accounting Standards and ISSB Sustainability Disclosure Standards. We do not consider there to be any significant connectivity implications for the project. The proposed research is focused on financial reporting for digital assets and liabilities, including their prevalence, accounting treatment and disclosure in financial statements. While some entities may discuss digital asset strategies within broader sustainability or governance reporting, these matters are not expected to form a substantive part of the research scope.

Recommended UKEB Project Scope

16. Based on the proportionality assessment above we recommend a 'Limited' project scope, and the approach described in this document reflects this.
17. The primary objective is to develop a robust evidence base regarding digital assets and liabilities in the UK listed environment.

Questions to be addressed by the research

18. Prevalence

- a) How common are digital assets and liabilities holdings and related activities among UK listed entities?
- b) Which sectors are most significantly exposed to digital assets and liabilities?

19. Nature of Holdings

- a) What types of digital assets and liabilities are held?
- b) For what business purposes are digital assets and liabilities held (investment, treasury management, customer facilitation, trading, operational use, etc.)?

20. Financial Reporting

- a) How are digital assets and liabilities recognised and measured?
- b) Which accounting policy choices are being applied?
- c) What disclosures are currently provided?
- d) Are reporting practices consistent across entities?

21. Market Developments

- a) What are preparers' motivations for holding digital assets and liabilities?
- b) What future developments do preparers and market participants anticipate?

Major elements of the research.

22. Desk-Based Research

23. A literature review covering:
 - a) IFRS Accounting Standards relevant to digital assets and liabilities;

- b) previous accounting and academic research;
- c) regulatory publications and guidance;
- d) investor, auditor, and user perspectives;
- e) emerging international developments.

24. Deliverable: A concise review of existing evidence and identification of key research themes.

25. Financial Statement Analysis

26. A sample of UK listed company annual reports would be analysed to identify:

- a) prevalence of digital assets and liabilities holdings;
- b) recognised amounts;
- c) accounting policies adopted;
- d) disclosures provided;
- e) sectoral trends;
- f) changes over time where relevant.

27. The research should seek to identify both entities with direct digital assets and liabilities holdings and those with material exposure arising through related activities.

28. Deliverable: A quantitative analysis including summary statistics, sectoral observations and examples of reporting approaches.

29. Stakeholder Engagement

30. A limited number of targeted interviews with preparers and market participants would be conducted.

31. The objective would be to understand:

- a) business motivations;
- b) reporting challenges;
- c) user information needs;
- d) perceived strengths and weaknesses of existing accounting requirements.

32. **Deliverable:** A report including a summary of key themes and observations from this research.
33. There is currently no intention to undertake research collectively with other national standards setters for this project.
34. The project will be considered successful if it:
- a) provides a credible evidence base on digital assets and liabilities in the UK listed environment;
 - b) identifies current reporting practices and emerging trends;
 - c) informs future UKEB work on intangible assets;
 - d) supports future engagement with the IASB and international standard setters; and
 - e) produces findings that can be used in future consultation responses, research activities and thought leadership publications.

Project - Key Activities

Table 1:	
Key activities	Due Process Handbook
Identification of issues for research (July 2026 UKEB Meeting Agenda Paper 7)	7.15 Mandatory
Creation of a Project Initiation Plan (this document)	7.16–7.21 Mandatory
Desk-based research to support the proportionality assessment including: Previous UKEB research	7.22 Optional
Outreach activities As described above, the UKEB would undertake a limited number of targeted interviews with preparers and market participants. In addition there would be engagement with UKEB Advisory Groups.	7.23–7.24 Optional

Key activities	Due Process Handbook
Publication of a research paper: The research paper would be published on the UKEB website. An announcement of the publication of the paper would be made via the UKEB News Alert publication and LinkedIn posts.	7.25 Mandatory

Resources Allocated

35. The UKEB currently has limited Secretariat capacity available to undertake a research exercise of this nature while continuing to support ongoing technical projects and stakeholder engagement activities.
36. Outsourcing is therefore proposed because:
 - a) the project requires dedicated research capacity;
 - b) the work is largely self-contained and suitable for external delivery; and
 - c) academic researchers can provide specialist expertise in accounting research methodologies.
37. The preferred approach is to commission a UK academic institution or individual academic researchers with expertise in:
 - a) financial reporting;
 - b) capital markets research;
 - c) financial statement analysis;
 - d) intangible assets and emerging reporting issues.
38. The work would be overseen by an SPD and the Technical Director. The required resources and funds are allowed for in the 2026/27 UKEB plan and budget.

Setting up an Ad-hoc Advisory Body

39. The UKEB will not require a separate ad-hoc advisory body for this project. Existing UKEB advisory and working groups have the necessary skills and expertise to support this project and will be consulted, as outlined in the project plan

Project Timeline

40. The proposed high-level project timeline is shown below. This provides a best estimate based on information known at this time. If necessary, a revised PIP will be presented to the Board, to reflect any major changes, as the project progresses.

Table 2:	
July 2026	Project Initiation Plan for board approval
Q3 2026	Procurement and appointment of researchers
Q4 2026	Data collection and analysis
Feb 2027	Draft Report
March 2027	Final Report