Summary of the UK Endorsement Board (UKEB) Preparer Advisory Group (PAG) meeting held on 12 October 2026

No.	Agenda Item
	Welcome
1.	Influencing: IASB'S Post-implementation Review (PIR) of IFRS 9—Hedge Accounting
2.	Endorsement: Recent developments in the assessment of implementation costs
3.	Research: Digital assets and liabilities descriptive research
4.	UKEB Forward look
5.	Horizon scanning
6.	Inter-meeting feedback
7.	UKEB Specific project: IFRS Foundation Trustees' Constitution Exposure Draft
8.	A.O.B.

Present	
Name	**Designation**
Paul Lee	Chair, UKEB and acting PAG Chair
Seema Jamil-O'Neill	Managing Director, UKEB
Andy Boorman	PAG member – attended virtually
Gary Fenton	PAG member – attended virtually
Gillian Starkie	PAG member
Ian Melling	PAG member
Luke Kelly	PAG member
Michelle O'Mara	PAG member
Oliver Hexter	PAG member
Peter Leadbetter	PAG member– attended virtually

Present	
Name	**Designation**
Stephen Morris	PAG member
Stuart Wills	PAG member
Toby Odell	PAG member – attended virtually

Apologies PAG members: Owen Glaysher, PAG Chair

Apologies PAG observer: Riya Tanna (Official observer – The 100 Group).

Also present were relevant UKEB Secretariat team members.

Two guest presenters from the University of Bristol, Adriana Korcxak (also a member of the UKEB Academic Advisory Group) and Chiara Bottausci, attended for the agenda item on Digital Assets and Liabilities Descriptive Research, which forms part of the UKEB's current research programme.

Welcome

1. The Chair welcomed the Preparer Advisory Group (PAG) members, including the two new members: Andy Boorman and Gillian Starkie, and noted the apologies received.

2. The Chair thanked Peter Leadbetter who was attending his final meeting as PAG member and also noted the reappointment of Michelle O'Mara for a further three-year term as a PAG member.

Influencing: IASB'S Post-implementation Review of IFRS 9 Hedge Accounting (PIR)

3. The Secretariat provided background on the IASB's PIR, and the anticipated timetable for the UKEB draft comment letter. The IASB Request for Information was published on 28 September 2026.

IFRS 9 hedge accounting requirements

4. PAG members agreed there are no fatal flaws with the hedge accounting requirements of IFRS 9.

5. The Secretariat sought PAG members' views on several topics highlighted in IASB staff papers, where stakeholders considered that the IFRS 9 hedge accounting requirements were not working as intended. These topics included cost of hedging for foreign exchange contracts, and the ability to use deal contingent derivatives as hedging instruments.

6. Members provided a variety of feedback in relation to the cost of hedging for foreign exchange contracts, noting:

   a) The complexity of the requirements, which either prevented them applying hedge accounting, or led to operational complexity.

   b) They considered that there could be advantages from simplification in this area.

   c) A question as to whether users found the separate presentation of a cost of hedging reserve useful.

7. Members expressed mixed views on the ability to apply hedge accounting for business combinations. Some members noted the challenges around meeting the 'highly probable' threshold, but others noted that this provided important guardrails where there is a risk of transactions being rejected on regulatory grounds.

Hedge accounting disclosure requirements in IFRS 7

8. Members provided detailed feedback on the hedge accounting disclosure requirements within IFRS 7 *Financial Instruments: Disclosures.* The following are key messages from the discussion:

   a) The disclosure requirements lead to lengthy and boiler plate information in the notes to the accounts. This differs from the information that investors have indicated they find most useful in practice, which is instead often provided through investor presentations.

   b) The disclosure requirements are disproportionate. The disclosures should be simplified for entities that have simple hedge arrangements.

   c) Hedge accounting disclosures that tell a coherent story, focusing on key information that provides useful information to investors. This may include the nature of hedging being undertaken, gross values of hedging instruments, and the net income statement impact. However, it can be difficult to exclude irrelevant disclosures on hedge activities because of challenges from auditors and regulators who are looking for completeness of the required disclosures in the standard rather than their relevance to the entity.

9. Members expressed mixed views on using the frameworks set out by the previous IASB disclosure initiatives as a potential basis for developing solutions to some of the problems identified with the IFRS 7 hedge accounting disclosure requirements. One member said this approach could encourage entities to focus on disclosing material information about hedge accounting, instead of applying the requirements like a checklist. In contrast, another member expressed reservations that this approach would lead to more disclosure objectives rather than specific disclosures, resulting in entities having to disclose more information.

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Endorsement: Recent developments in the assessment of implementation costs

10. The Secretariat provided PAG members with a brief overview of the proposed improvements in cost questionnaires sent to preparers of IFRS financial statements when conducting costs and benefits assessments, for example as part of its UK Long-Term Public Good (LTPG) assessment.

11. The Secretariat is testing the amended approach in two projects, the UKEB PIR of IFRS 17 *Insurance Contracts* and the endorsement of IFRS 20 *Regulatory Assets and Regulatory Liabilities*.

12. PAG members generally supported the amendments and provided the following recommendations:

    a) A member mentioned that ex-ante assessments of implementation costs should be conducted at the influencing stage of a project.

    b) Members suggested that cost questionnaires should:

        i. differentiate between a centrally planned implementation projects (i.e. at a group level), and locally planned projects (i.e. at a subsidiary level), as ongoing costs could vary significantly.

        ii. include ongoing cost of compliance questions, specifically citing large expected ongoing compliance costs of reporting right-of-use assets under IFRS 16 *Leases*.

        iii. not overly disaggregate ongoing implementation costs questions, because for example smaller companies may find it challenging to disaggregate estimates.

    c) Members indicated that isolating expected opportunity costs, especially for relatively bigger companies, could be a challenging task for preparers.

Research: Digital assets and liabilities descriptive research

13. The Secretariat and Adriana Korczak (University of Bristol) outlined the UKEB's current research on digital assets and liabilities. The discussion highlighted research from the University of Bristol that examined the prevalence, nature and accounting for cryptocurrency holdings in Europe.

14. Members discussed the broader implications of digital assets and related business models, including:

    a) Challenges when considering risk management or hedging-related uses of cryptoassets given the absence of contractual rights means they fall outside the scope of IFRS 9.

b) The accounting boundaries between assets, contracts and service-based arrangements.

c) That existing accounting requirements were not designed with digital assets in mind and may not fully reflect developments in modern digital business models.

15. Members emphasised the importance of understanding investors' information needs, including the purpose of holdings, measurement approaches, risk exposures and valuation uncertainty.

16. The discussion supported further research in this area and highlighted the potential benefits of greater consistency and transparency in reporting.

UKEB Forward look

17. The Secretariat updated PAG members on key upcoming projects and recent developments including:

UKEB Post-implementation review: IFRS 17 *Insurance Contracts*

18. The Secretariat thanked PAG members for their initial feedback which helped inform the recently published Request for Information (RfI).

19. The Secretariat also invited PAG members to respond to the RfI.

Influencing: Presentation of Taxes or Other Charges that Are Not Tax Expense or Tax Income Applying IAS 12 *Income Taxes* (IFRS 18)

20. PAG members discussed the IASB's proposals to require entities to classify, in the income taxes category of the statement of profit or loss, tax charges imposed by a government as a direct substitute for income taxes.

21. Members considered:

a) the tension between the proposed use of "direct substitute" and the economic substance of certain taxes;

b) the adverse impact on comparability that will result from different classification of zakat across jurisdictions;

c) the timing of the proposed amendment with respect to the effective date of IFRS 18 *Presentation and Disclosure in Financial Statements*; and

d) the potential for manipulation of operating profit.

22. A PAG member noted that, applying the proposed amendments, information would be less understandable to users, as users would need to understand differences in tax legislation across jurisdictions in order to understand their presentation.

Endorsement: Amendments to the Fair Value Option (IAS 28)

23. The Secretariat invited PAG members to respond to the UKEB's consultation on its Draft Endorsement Criteria Assessment of *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)*.

24. A PAG member commented that entities in the insurance sector would support the adoption of the Amendments in the UK.

Governance: UKEB Revised Due Process Handbook

25. The Secretariat informed members of the publication of the revised UKEB Due Process Handbook and noted that the consultation is open for 90 days, closing on 10 January 2027.

26. Members were advised that the proposed amendments are intended to simplify and streamline the Handbook, focusing on core due process requirements while removing detailed operational procedures.

27. The consultation focuses on the clarity and transparency of the revised draft and also seeks feedback on enhancements to the policy relating to significant changes in accounting practice.

28. Members were encouraged to provide comments and observations during the consultation period.

Horizon scanning

29. The Chair invited PAG members to discuss any current or emerging matters that were not covered as part of the UKEB Forward look. No matters were raised.

Inter-meeting feedback

30. The Chair thanked PAG members for providing feedback during earlier meetings which supported several recent publications.

UKEB Specific project: IFRS Foundation Trustees' Constitution ED

31. The Secretariat informed members of the IFRS Foundation Trustees' consultation on proposed amendments to the IFRS Foundation Constitution, which is open for comment until 16 November 2026.

32. Members were advised that the Trustees consider that the proposals are intended to support a streamlined governance structure, which will include: reducing the size of the IASB and ISSB, updating geographical representation and voting requirements, and clarifying governance, accountability and reporting arrangements within the IFRS Foundation.

33. The UKEB's draft comment letter recommends retaining a minimum IASB membership of at least 12 members, preserving stronger geographical

representation and voting safeguards, and enhancing governance, transparency and accountability within the IFRS Foundation.

34. PAG Members broadly supported the UKEB's proposed response, particularly the importance of maintaining the skills and geographical representation on the board and the need to achieve consensus in standard-setting decisions.

35. Members were encouraged to provide comments and observations to inform the UKEB's final response to the consultation as well as sharing it with their networks.

A.O.B.

36. The next PAG meeting will take place on 1 March 2027.

37. There being no other business, the meeting closed.

END OF MEETING