



Department for
Business & Trade



Department
for Environment,
Food & Rural Affairs

Steven Maijoor, Chair of DPOC – by email
Andreas Barckow, Chair of IASB – by email

cc: Pauline Wallace, Chair of UKEB
Paul Lee, Incoming chair of UKEB
Richard Sexton, Trustee, IFRS Foundation

23 July 2025

Dear Mr Maijoor and Dr Berckow

Key issue for IFRS Foundation Due Process Oversight Committee

1. We are writing on behalf of the UK Government as Government Departments responsible for overseeing the resilience and effectiveness of key regulated sectors of the UK economy. The UK is a long-standing supporter of the IFRS accounting standards and the benefits that consistent comparable reporting provides to capital markets around the world including in the UK.
2. In the UK, the endorsement and adoption of International Accountings Standards has been delegated through regulation to the UK Endorsement Board (UKEB), and we understand that they have been discussing the proposed IFRS 20 standard with you.
3. We wish to emphasise that the UK values our good relationship with the IFRS Foundation, and we are proud that it is headquartered in London. This letter in no way impacts on that relationship or our commitment to the ongoing use of IFRS reporting within the UK. However, we are deeply concerned by the potential impact of the current proposed rate regulated standard on some of the UK's most critical sectors, and their competitiveness to international investors.
4. The introduction of the direct (no direct) concept within the standard is expected to result in significant unrecognised assets and liabilities in the accounts of UK utilities. We expect those unrecognised assets and liabilities to substantially increase in the near future, as utilities develop infrastructure to meet net-zero goals and invest in renewable energy infrastructure. As a result, we anticipate that the proposed standard will create a significant lack of comparability with international counterparts, will place critical parts of the UK's infrastructure at a disadvantage globally when raising capital, and may not result in accounts that present a true and fair view.
5. **We ask the DPOC to direct the IASB to re-expose the proposed standard.** We would also request that you ask the IASB to carry out a robust impact assessment exercise to understand the true economic impact of these changes on companies that will be unable to present their true assets and liabilities to investors using the standard.

6. Assessing the detail of this standard will remain the responsibility of the UK Endorsement Board but given the potential impact on critical sectors of the UK economy we felt compelled as the affected Government Departments to set out our concerns.
7. We look forward to hearing your response in due course.

Yours sincerely

Chris Carr
Director, Company Law & Governance
Department for Business and Trade

David Hallam
Director, Floods and Water
Department for Environment, Food & Rural Affairs