

New UK GAAP

The biggest change in a generation?

A new UK financial reporting framework will be effective from 1 January 2015. We have developed this guide to help support you through the transition...



Advise

Support

Grow

Ready for change?

A new UK financial reporting framework will be effective from 1 January 2015. These changes are possibly the most far reaching in a generation, with the aim of bringing coherence and clarity to UK financial reporting and will affect **all limited companies in the UK**.

Act now - It is important that you act now to allow time to consider your options. For companies who have recently had their year ends, and those with year ends approaching, 2014 balances will need to be reviewed and 2015 comparatives will need to be restated.

The Financial Reporting Council has issued three new standards that will impact companies in the UK.

- **FRS 100** - Application of Financial Reporting Requirements
- **FRS 101** - Reduced Disclosure Framework
- **FRS 102** - The Financial Reporting Standard applicable in the UK and Republic of Ireland

The Financial Reporting Standard for Smaller Entities (**FRSSE**) will be revised to incorporate the impact of **FRS 102**.

Together with International Financial Reporting Standards (**IFRS**) these make up the new financial reporting framework for use in the UK.

- **Biggest change to financial reporting framework in a generation**
- **Will affect all limited companies in the UK**
- **Mandatory compliance**
- **Statutory accounts will be affected**
- **Additional iXBRL tagging may be required**

Why the change?

In recent times UK GAAP had become increasingly outdated. This included not recognising certain transactions, such as derivatives, that are relevant to the financial position of many companies.

Key reasons for changing the financial reporting framework include:

- To improve consistency with international accounting standards
- To reflect up-to-date thinking & developments in how entities operate
- To promote efficiency within groups.

The new FRS's are the outcome of consultations that took place between 2002-2012 to bring clarity and a clear framework to financial reporting.

Our guide

In this guide, we summarise the key accounting changes and highlight some important practical and commercial considerations. We also take a look at your options and our services which are designed to assist you with the transition from old UK GAAP to FRS102.

If you have any questions regarding your transition to the new UK GAAP please contact our team. We will be happy to discuss your options and advise how we could be of assistance.



Your options

FRS102 is not the only option for UK companies. IFRS and FRSSE are also available for those companies meeting that criteria.

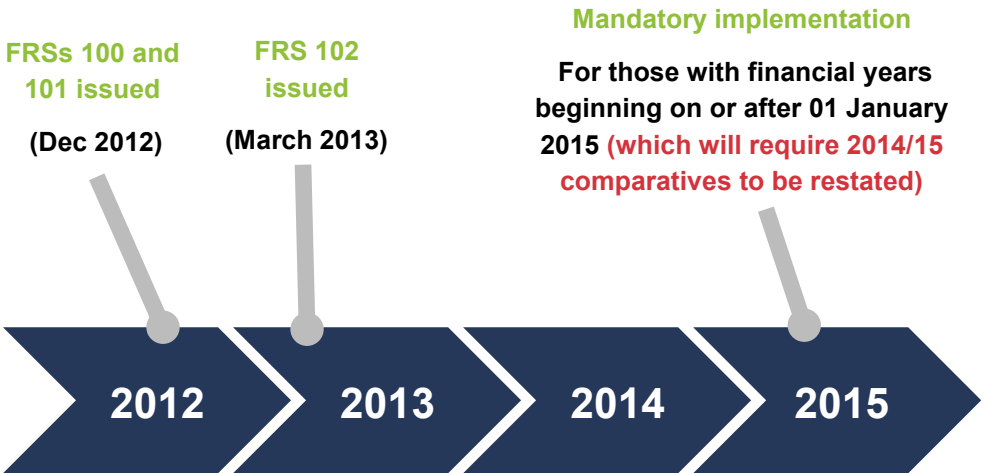
For all other UK companies, of which there are many, FRS 102 will be mandatory.



Your options	Applicable to...	Optional for...
Full IFRS	Full listed groups consolidated financial statements.	Voluntary for any entity.
FRS 101: Reduced Disclosure Framework		Parent / subsidiaries of listed groups. Other entities who have voluntarily adopted IFRS.
FRS 102	Non-listed, large & medium groups and large & medium individual companies.	Voluntary for all, except IFRS.
FRS 102: Reduced Disclosure Framework		Parent / subsidiaries of non-listed large & medium groups.
FRSSE	For small companies.	

When do you need to be ready?

The mandatory date for FRS 100-102 is for accounting periods beginning on or after 01 January 2015, with early adoption permitted if you require it.





Example

For a company or group with a 31 March year end the date of implementation would be as follows:



ACT NOW: Early planning is vital. In this example, 2015 comparatives will need to be restated. Therefore you should consider your options now.

Other considerations

There are also other considerations that could affect your decision making. These include:

- **Charities SORP** is being revised in accordance with FRS 102 (not yet released)
- **Other SORPS** i.e Pensions, LLP's, Housing Associations to follow FRS 102 in due course
- **FRSSE (effective 2008)** to be revised to FRSSE (effective 2015) to incorporate impact of FRS 102
- **Long term future** of FRSSE not yet known; awaiting outcome of European Commission's proposals on micro entities.



Key accounting differences - FRS 102

Below are some of the key accounting differences between old UK GAAP and FRS 102:

- **Financial instruments** - including foreign currency contracts and interest rates swaps. Derivatives are required to be recognised at fair value.
- **Investment properties** - recognised at fair value, with change in value recognised in the income statement, rather than through reserves.
- **Goodwill** - presumptive useful life of five years, unless a reliable estimate of useful life can be determined.
- **Intangible assets** - these should be separately recognised in a business combination.
- **Employee benefits** - requirement to accrue for short-term employee benefits (holiday pay).
- **Taxation** - deferred tax must be provided on revaluations: overall consideration of tax on impact of conversion.



How can we help?

Managing the change of the new accounting framework in-house will have an impact on your training requirements and ultimately, your time. It does however, provide an opportunity to assess which reporting framework is most appropriate to you.

At Rouse Partners we have the technical expertise to assist you through this change by:

- Advising you of the accounting changes relevant to you
- Assisting you with accounting policies
- Advising on the practical implications on areas such as bank covenants, taxation or distributable reserves
- Formatting your financial statements, including comparative information
- Working with you to manage the whole transition process - starting now.

For further information please contact

Bindi Palmer

Audit & Assurance Partner

t: +44 (0)1494 731882

m: +44 (0)79 7391 0945

e: bindi.palmer@rousepartners.co.uk



Sue Drummond

Audit & Assurance Partner

t: +44 (0)1494 683739

m: +44 (0)78 8195 2079

e: sue.drummond@rousepartners.co.uk



Why choose us?

We are a proactive Buckinghamshire based firm of accountants, auditors and tax advisors with the technical expertise to assist you through this change.

We can either work alongside your current accountant, advisor or in-house accounts team, or provide a full outsourced accounting function.

What makes us different?

- **Proactive UK GAAP advisors** - We are knowledgeable and up-to-date on the new UK GAAP and are able to assist and advise on your most appropriate options.
- **Top 3 for client service** - We were ranked in the top 3 from 250 accountancy firms nationwide in the AccountingWEB Practice Excellence Awards, based on customer satisfaction, innovation and service levels.
- **Personal service** - Whilst many of our Partners have 'Big 4' experience, we match this with the approachability and Partner led service of a mid-sized firm.
- **Global solutions** - We are members of the Praxity alliance, which means you can benefit from access to the largest alliance of accounting firms worldwide. We are also members of the UK Trade & Investment (UKTI) Advisory Network. This is a network carefully selected based on their experience, capability and commitment to supporting investors and companies setting up in the UK, and UK companies doing business overseas.

We are full and active members of:





Rouse Partners LLP
55 Station Road
Beaconsfield
Buckinghamshire
HP9 1QL

t: 01494 675321
e: info@rousepartners.co.uk
www.rousepartners.co.uk

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