Financial reporting standards and amendments to financial reporting standards

Effective for periods beginning on or after:	Pronouncement	Brief summary of requirements
1 January 2015 (can be adopted early)	FRS 100 *Application of Financial Reporting Requirements* FRS 101 *Reduced Disclosure Framework*	These new standards were issued as part of the FRC's fundamental reform of existing accounting standards. The standards will be applicable to all companies and entities in the UK and Republic of Ireland, other than listed groups. FRS 100 covers the financial reporting standards relevant to entities. Those entities currently required to adopt EU adopted IFRS will continue to do so, any entity eligible to use the FRSSE may choose to do so (for periods beginning on or before 31 December 2015) and other entities will be required to apply FRS 102 unless they choose to adopt EU adopted IFRS or FRS 105 if they qualify as a micro-entity. FRS 101 introduces a reduced disclosure framework. The framework permits certain entities (mainly subsidiaries) to apply the measurement and recognition requirements of EU-adopted IFRS with reduced disclosures. The FRC has subsequently issued amendments to FRS 101 and its appendices to reflect amendments made to EU-adopted IFRS. There have also been a number of editorial amendments to clarify the legal requirements applicable to entities applying FRS 101 that hold financial instruments at fair value. The FRC intends to review FRS 101 annually to ensure that the reduced disclosure framework remains effective as EU-adopted IFRS develops.

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1 January 2015 (can be adopted early)	FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*	This standard was issued in March 2013 (most recent version dated September 2015) and replaces all current SSAPs, FRSs and UITFs with a single FRS which will apply to all entities that are not required nor elect to apply EU adopted IFRS, FRS 101's reduced disclosure framework or the FRSSE, including public benefit entities, retirement benefit plans and financial institutions. It brings UK GAAP closer to EU adopted IFRSs. Key differences include: • A new regime for financial instruments, including bring all derivatives on balance sheet at fair value • New requirements for defined benefit pension plans, including bringing group plan deficits onto the balance sheet of at least one individual entity • Investment properties to be carried at fair value with revaluation gains and losses recognised in profit and loss where fair value can be measured reliably without undue cost or effort • More intangible assets to be recognised separately from goodwill when there is a business combination • Additional deferred tax to be recognised, for example on business combinations and on revaluations of property, plant and equipment and investment properties • The presumption that the useful life of goodwill and intangible assets shall not exceed ten years when no reliable estimate can be made • Merger accounting only permitted for group restructurings and certain business combinations involving some public benefit entities. A number of amendments have been absorbed into the standard including: • An update to the hedge accounting requirements of FRS 102 which allows entities to use hedge accounting where the hedging instrument, hedged item and hedge relationship meet certain broad conditions, which should allow for a wider range of hedging relationships. It permits these relationships to be discontinued at any point, and sets out the accounting treatment for their on-going use and their discontinuation • Amended the conditions which need to be met in order for a debt instrument to be classified as basic and therefore typically measured at amortised cost which allows a wider range to be classified as basic • Amended the accounting for pension schemes to require deficit payments to be recognised when the net pension scheme assets and liabilities are not recognised (but unlike IFRS does not require deficit payments to be recognised when the net pension scheme assets and liabilities are

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Effective for periods beginning on or after:	Pronouncement	Brief summary of requirements
		recognised) and clarify the treatment of a restriction on a net pension scheme surplus is through other comprehensive income not profit or loss • Amendments for small entities, see additional information below The standard completes a fundamental modernisation of UK and Irish accounting standards.
1 January 2015 (can be adopted early)	FRS 103 *Insurance Contracts*	FRS 103 applies to those entities applying FRS 102 that have insurance contracts, life and general insurers including mutuals and non-listed subsidiaries of listed entities. The standard is drawn from the existing FRS 27 Life Assurance and the ABI's Statement of Recommended Practice and there is little change in accounting by entities within their scope. Other entities which are not regulated insurance businesses but which have contracts meeting the definition of insurance contracts will need to apply certain aspects of FRS 103. This standard was originally issued in March 2014 and the most recent version is dated February 2017 (see below for the amendments).
1 January 2015 (can be adopted early) but expires as explained	The Financial Reporting Standard for Smaller Entities (FRSSE) (effective January 2015)	A limited number of amendments have been made to the FRSSE to take into account the revised reporting framework introduced with the issue of FRS 100 and FRS 102 and to ensure the standard is fully compliant with company law. Specific changes relate to: • Related parties - the definition of related parties has been replaced with that contained in FRS 102; • Useful life of goodwill and intangibles - capitalised goodwill and intangibles may no longer have an indefinite life and must be amortised over their useful life; and • Consideration of impairment - in respect of tangible and intangible fixed assets it will be necessary to consider the existence of indicators of possible impairment at each balance sheet date. On 16 July 2015 FRC issued changes and new requirements for micro-entities and small entities, As a result the *Financial Reporting Standard for Smaller Entities* (FRSSE) is withdrawn for the accounting period starting on or after 1 January 2016. If an entity early adopts the small entity regulations for a period beginning on or after 1 January 2015 (SI 2015/980 referred to below) then the FRSSE is not permitted to be used.

Nexia Smith & Williamson

Financial reporting standards and amendments to financial reporting standards

Effective for periods beginning on or after:	Pronouncement	Brief summary of requirements
1 January 2015 (can be adopted early)	FRS 104 *Interim Financial Reporting*	FRS 104 replaces the ASB Statement Half-yearly reports & Preliminary announcements guidance. FRS 104 is relevant to interim financial reports prepared by entities that apply FRS 102 to prepare the annual financial statements and aims to promote the publication of informative and understandable interim financial reports. FRS 104 does not extend the requirement to prepare interim accounts and is voluntary except for entities applying the DTR framework.
1 January 2016 (early adoption for accounting period began on or after 1 January 2015 is permitted)	Amendments to FRS 100, FRS 101 and FRS 102	On 16 July 2015 FRC issued a suite of amendments to FRS 100, FRS 101 and FRS 102. These changes are largely in response to the implementation of the new EU Accounting Directive and also relate to the annual review of FRS 101 and address an implementation issue in relation to FRS 102. These amendments also reflected the responses to FRED 57, FRED 58, FRED 59, FRED 60 and FRED 61. These changes mainly include: • A new section 1A *Small Entities* of FRS 102; and • Other changes necessary for continued compliance with company law and introduction of FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime* • FRS 101 allows qualifying entities within groups where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view to apply the recognition and measurement requirements of EU-adopted IFRS whilst reducing disclosure requirements • The amendments to FRS 102 relating to share-based payment transactions with cash alternatives are intended to more closely align FRS 102 with the equivalent requirements in FRS 20 (IFRS 2) Share-based Payment and IFRS 2 Share-based Payment and make compliance with FRS 102 less onerous through: a. Not requiring a change in accounting following transition to FRS 102; and b. Fewer share-based payment transactions requiring ongoing remeasurement at fair value. In September, FRC issued the latest version of FRS 100, FRS101 and FRS 102 incorporating all amendments up to July 2015.

Financial reporting standards and amendments to financial reporting standards

Effective for periods beginning on or after:	Pronouncement	Brief summary of requirements
1 January 2016 (can be adopted early)	FRS 105: The Financial Reporting Standard applicable to the Micro-entities Regime	On 16 July 2015 FRC issued a new standard FRS 105 for those qualified as Micro-entities as defined in section 384A of the Companies Act 2006 and choose to apply Micro-entities regime. The key characters of FRS 105 are: • Accounts prepared under FRS 105 are deemed to show a true and fair view; • Only a Format 2 profit and loss account and a Format 1 or Format 2 balance sheet is permitted; • Only disclosure in respect of advances, credit and guarantees granted to the directors and financial commitments, guarantees and contingencies need be shown **at the foot of the balance sheet**. No other disclosures are needed; • No revaluations of assets is permitted; • No accounting policy choices exist in FRS 105 and hence more transactions may be recognised in profit or loss rather than deferred in the balance sheet; and • No deferred tax needs to be accounted for.
1 January 2016 (can be adopted early subject to early adoption of legislation changes)	Amendments to FRS 105 for LLPs and qualifying partnerships	Previously FRS 105 was only available to companies; however the FRC issued amendments in May 2016 to include LLPs and qualifying partnerships following changes in legislation (see below). LLPs and qualifying partnerships can early adopt FRS 105 from 1 January 2015, providing they also early adopt the changes in legislation under SI 2016/575.
Accounting periods ending on or after 1 January 2016	Amendments to FRS 103 for Solvency II Directive	In May 2016 the FRC issued amendments to FRS 103 to update terminology and definitions used for changes in the regulatory framework, affecting some entities with long term insurance business, following the implementation of the Solvency II Directive (the replacement for the PRA realistic capital regime and Prudential sourcebook for Insurers (INSPRU)). These changes are effective for periods ending on or after 1 January 2016. In February 2017, the FRC issued a revised edition of FRS 103 incorporating these amendments.

Financial reporting standards and amendments to financial reporting standards

Effective for periods beginning on or after:	Pronouncement	Brief summary of requirements
1 January 2016	Amendments to FRS 101 – 2015/16 cycle	In July 2016 the FRC issued limited amendments to FRS 101 as a result of the 2015/16 annual review and provide additional disclosure exemptions. These amendments cover the following: • Additional exemptions from some disclosures of IFRS 15 *Revenue from contracts with customers* – these exemptions are available from the date IFRS 15 is applied. • Clarification regarding the order of notes in FRS101 accounts as required by the Companies Act 2006 • Companies, which are not insurance or banking companies, are able to account for investments in subsidiaries, joint ventures and associates using the equity method of accounting per IAS 27 in their individual financial statements – these amendments are permitted for accounting periods beginning on or after 1 January 2016 (early adoption is permitted subject to early adoption of legislation changes)
1 January 2016	Amendments to FRS 101 and FRS 102 – Notification of shareholders	In December 2016 the FRC issued amendments to both FRS 101 and FRS 102 to remove the requirement for a qualifying entity to notify its shareholders in writing that it intends to take advantage of certain disclosure exemptions in FRS 101 and under the reduced disclosure framework in FRS 102. This amendment cannot be early adopted.
1 January 2016	Amendment to FRS 102 - Directors' loans – optional interim relief for small entities	In May 2017 the FRC issued an optional amendment permitting small entities only to initially measure a loan from a director who is a natural person and a shareholder in the small entity (or a close member of the family of that person) at transaction price. FRS 102 initially required small entities to initially measure such loans at present value, with the discount rate being a market rate of interest for a similar debt instrument. This amendment cannot be applied directly, or by analogy, to any other transaction, event or condition. This amendment is effective immediately with retrospective application available.
1 January 2016	Amendments to FRS 101 – 2016/17 cycle	In July 2017, the FRC issued amendments to FRS 101 providing certain disclosure exemptions in relation to IFRS 16 Leases. The exemptions are available from when IFRS 16 is first applied.
1 January 2017 (can be adopted early)	Amendments to FRS 102 - Fair value hierarchy disclosures	On 8 March 2016 amendments were issued relevant only to financial institutions and retirement benefit plans to align the disclosure of fair value hierarchy with IFRS 13 requirements. It is planned to review the FRS102 hierarchy (11.27) during the first triennial review.

Other requirements, Guidance and Discussion Papers

Status	Pronouncement	Brief summary of requirements
N/A	Triennial review of UK and Ireland accounting standards – Approach to changes in IFRS	On 27 September 2016 the FRC issued a consultation document setting out the initial proposals for updating FRS 102 for changes in IFRS. As part of the triennial review process, the FRC is considering a wide range of potential sources of improvements and clarifications and this consultation document is considering whether and to what extent FRS 102 should be updated for recent changes to IFRS. In 2017, the FRC announced they would be consulting on proposals for detailed amendments to its standards through two separate Financial Reporting Exposure Drafts (FREDs), both of which were expected to include proposals arising from changes in IFRS. The first FRED (FRED 67) was published in March and proposes amendments to be effective from 1 January 2019 – see below for details. The second FRED was due to be published towards the end of the third quarter of 2017 and proposed significant amendments to be made to FRS 102 as a result of changes in IFRS. However, on 30 June 2017, the FRC announced that they were deferring the decision on updating FRS 102 for major changes in IFRS and confirmed that they will not be issuing a triennial review phase 2 exposure draft in 2017.
Comments due by 30 June 2017, proposed effective for 1 January 2019	FRED 67: Draft Amendments to FRS 102 - Triennial Review 2017	On 23 March 2017 proposed amendments to FRS 102 were issued by the FRC arising from the triennial review, and take into account stakeholder feedback on the implementation of FRS 102. The principal amendments proposed are simplifications designed to make it more cost-effective to apply and easier to use FRS 102. The principal amendments proposed include: • Simplifying the accounting for directors' loans by small entities by no longer requiring a market rate of interest to be estimated (this has been already actioned as noted above); • Requiring fewer intangible assets to be separated from goodwill in a business combination; and • Permitting investment property rented to another group entity to be measured based on cost (rather than fair value). In addition, amendments proposed to the classification of financial instruments will allow more of them to be measured based on cost (rather than fair value) and fewer entities will be classified as financial institutions which are required to provide enhanced disclosures about financial instruments.

Nexia Smith & Williamson

Other requirements, Guidance and Discussion Papers

Effective for periods beginning on or after:	Pronouncement	Brief summary of requirements
n/a, register required to be kept from 6 April 2016 and filed at Companies House (updated 26 June 2017)	Register of Persons of Significant Control (PSC)	The PSC register is part of the Small Business, Enterprise and Employment Act 2015 and requires all UK companies (other than publicly traded companies) and limited liability partnerships (LLPs) to identify and record relevant persons who ultimately have significant control of the company/LLP. In short a PSC holds either 25% of the shares/voting rights/surplus assets of an LLP on winding up, or has the right to, or actually does exercise significant influence, all directly or indirectly Please see the following guidance on the intranet for further details: http://intranet/smii/s00cont.asp?shid=5902
Financial periods on or after 1 January 2016	Government legislation on accounting requirements for small entities	The statutory instrument, *The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015* (SI 2015/980) covers implementation of the EU Accounting Directive in respect of companies and 'qualifying partnerships'. The statutory instrument, *The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016* (SI 2016/575) issued in May 2016, covers the implementation of the EU Accounting Directive for LLPs. The regulations change many aspects of small entity accounting including: • The small and medium entity size limits; • The number of mandatory notes in small entity financial statements; • Give entities in the same group as a public company which is not a traded company access to the small or medium-sized entities regimes; and • The requirements in respect of abbreviated accounts. Early adoption, with one exception covering audit exemptions, is permitted for financial years commencing on or after 1 January 2015.
Not applicable	Annual review of corporate reporting	In October 2016, the FRC published a report on their assessment of corporate reporting in the UK based on its Corporate Reporting Review team's monitoring work on case opened in the year to 31 March 2016, and more recently performed thematic reviews. The report gives an overview of the current state of corporate reporting in the UK. The report aims to help stakeholders improve the quality of their reporting. Although this focusses on IFRS reporters, there are useful comments on new UK GAAP. The full report can be found here.

Other requirements, Guidance and Discussion Papers

Effective for periods beginning on or after:	Pronouncement	Brief summary of requirements
Financial periods beginning on or after 17 June 2016	Audit Reports	Revisions to the ISAs (UK) in June 2016 affect the auditor's duties and the wording of auditor's reports on the financial statements of companies. On 18 October 2016, the FRC published a Compendium of illustrative auditor's reports on United Kingdom private sector financial statements for periods commencing on or after 17 June 2016. The Compendium contains examples of auditor's reports illustrating the reporting requirements of the recently revised International Standards on Auditing (UK) (ISAs (UK)) effective for audits of financial statements for periods commencing on or after 17 June 2016. The new Compendium of audit reports can be found here: https://www.frc.org.uk/Our-Work/Publications/Audit-and-Assurance-Team/Bulletin-Compendium-of-illustrative-auditor's-rep.pdf For periods beginning before 17 June 2016, there will be no change to the current audit reports and guidance for these can be found in the FRC's Bulletin 2010/2 and Bulletin 4 available here.
Not applicable	Corporate Reporting Thematic Review: Tax disclosures	In October 2016, the FRC issued a thematic review undertaken by its Corporate Reporting Review function on certain aspects of tax reporting in company annual reports and accounts. The aim of the review is to identify examples of good practice reporting and also identify areas where improvements can be made. Specifically, there is scope for companies to articulate better how they account for tax uncertainties. The FRC commented that the introduction of new IFRS requirements in this area, which are expected shortly, presents an opportunity for companies to consider their approach. Although the review was targeted specifically at FTSE 350 companies, it provides practical guidance for directors to consider when preparing their financial statements. Further details available here.

Other requirements, Guidance and Discussion Papers

Effective for periods beginning on or after:	Pronouncement	Brief summary of requirements
Not applicable	FRC Financial Reporting Lab project report: Digital Future – A framework for future digital reporting	In May 2017, the FRC's Financial Reporting Lab published a report considering the optimal way for companies to use digital media to communicate with investors and other stakeholders and sought to understand which mediums investors found the most useful and why. The report shows that, while many of the mediums used for reporting under-delivered, PDF encapsulated a series of beneficial features and attributes. The report concludes that if new mediums and technologies are to be successful they should focus on providing benefits that match or exceed those that investors currently receive. This report is the first in a series of output on the Digital Future which are due to be released throughout 2017. The full report can be found here: https://www.frc.org.uk/Our-Work/Publications/Financial-Reporting-Lab/Lab-Project-Report-Digital-Future-A-framework-f.pdf
Not applicable	TECH 02/17BL ICAEW guidance on realised and distributable profits under the Companies Act 2006	In April 2017, the Institute of Chartered Accountants in England and Wales (ICAEW) and the Institute of Chartered Accountants of Scotland (ICAS) issued this Technical Release to provide guidance on realised and distributable profits under the Companies Act 2006 and all relevant statutory instruments made under the Act. The purpose of the Technical Release is to identify, interpret and apply the principles relating to the determination of realised profits and losses for the purposes of making distributions under the Act. The full guidance is available here.
Not applicable	UK Corporate Governance reform: evolution rather than revolution	In August 2017, the UK Government Department for Business, Energy and Industrial Strategy published a response paper setting out its proposed UK corporate governance reforms. The paper sets out twelve key actions for reform and is in response to their green paper consultation. The actions focus on executive pay; strengthening the employee, customer and supplier voice; and corporate governance in large, privately-held businesses. The full response paper can be found here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/640631/corporate-governance-reform-government-response.pdf. The FRC welcomed the paper and has announced that they are undertaking on a fundamental review of the UK Corporate Governance Code and the Government's feedback will help to inform the development of their consultation later this year.

Other requirements, Guidance and Discussion Papers

Effective for periods beginning on or after:	Pronouncement	Brief summary of requirements
1 January 2017	FRC consultation on amendments to its Guidance on the Strategic Report	In August 2017, the FRC published a consultation document detailing proposed amendments to their *Guidance on the Strategic Report* (which was first issued in 2014) to take account of the new regulations for non-financial reporting that are effective for financial periods beginning on or after 1 January 2017. The FRC is encouraging companies to provide better information on how companies have fulfilled this duty to improve accountability to shareholders and other stakeholders. The proposals reflect the enhanced disclosures that certain large companies are required to make in respect of the environment, employees, social matters, respect for human rights and anti-corruption and anti-bribery matters. The guidance also encourages all companies to disclose information on how boards have considered broader stakeholders when taking decisions to promote the long term success of the company. The exposure draft can be found here: https://www.frc.org.uk/consultation-list/2017/consultation-on-guidance-on-the-strategic-report and is open for comments until 24 October 2017.