

Financial reporting standards and amendments to financial reporting standards

Effective for periods beginning on or after:	Pronouncement	Brief summary of requirements
1 January 2017 (can be adopted early)	Amendments to FRS 102 - Fair value hierarchy disclosures	<p>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.</p> <p>There were some minor amendments to the fair value hierarchy made during the first triennial review as explained below.</p>
1 January 2019 (can be adopted early)	Amendments to FRS 102 - Triennial Review 2017	<p>In December 2017 the FRC published amendments to FRS 102 arising from the triennial review and taking into account stakeholder feedback on the implementation of FRS 102 through FRED 67 and FRED 68. The principal amendments proposed are simplifications designed to make it more cost-effective to apply and easier to use FRS 102.</p> <p>The most significant changes to FRS 102 are:</p> <ul style="list-style-type: none"> • Simplification of the measurement of directors' loans to small entities, following the interim relief granted earlier in 2017; • Expansion of the circumstances in which a financial instrument may be measured at amortised cost, rather than fair value; • Amendments to the rules on separate measurement of intangible assets in a business combination meaning fewer intangible assets will need to be separated from goodwill; • Relaxation of the rules on investment property which will permit investment property rented to another group entity to be measured by reference to cost, rather than fair value; • Simplification of the definition of a financial institution; • Relief from recognising tax payable when a trading subsidiary expects to make a distribution of a gift aid payment to its charitable parent; • Requirement to disclose a net debt reconciliation; and • Amendments to incorporate the new small entities regimes in the Republic of Ireland. <p>The FRC has issued March 2018 editions of all UK and Ireland accounting standards. These editions reflect the triennial review amendments issued in December 2017, and other amendments made since the previous editions were issued. They can be found here: https://www.frc.org.uk/news/march-2018/march-2018-editions-of-accounting-standards-reflec</p>

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N/A	Amendments to the Basis for Conclusions FRS 101 Reduced Disclosure Framework	<p>In May 2018 the FRC published an amendment to the basis for conclusions of FRS 101 to state that there would be no changes to FRS 101 as a result of the 2017/18 review.</p> <p>The FRC concluded that a more detailed assessment of IFRS 17 Insurance Contracts was necessary and this would be deferred until a clearer picture of the progress of endorsement is known. They can be found here:</p> <p>https://www.frc.org.uk/news/may-2018/publication-of-amendments-to-frs-101-and-feedback</p>

UK GAAP UPDATE
SUMMARY OF NEW AND REVISED STANDARDS,
INTERPRETATIONS AND EXPOSURE DRAFTS
AS AT 31 AUGUST 2018

Exposure drafts issued by the Financial Reporting Council

Status	Pronouncement	Brief summary of requirements
None		

Other requirements, Guidance and Discussion Papers

Effective for periods beginning on or after:	Pronouncement	Brief summary of requirements
Not applicable	Annual review of corporate reporting	<p>In October 2017, 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 2017, and more recently performed thematic reviews. The report gives an overview of the current state of corporate reporting in the UK.</p> <p>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.</p> <p>The full report can be found here: https://www.frc.org.uk/document-library/corporate-reporting-review/2017/annual-review-of-corporate-reporting.</p>
Not applicable	<p>FRC Financial Reporting Lab and ESMA projects on digital reporting:</p> <ul style="list-style-type: none"> • Digital Future - A framework for future digital reporting • A call for collective action to promote digital corporate reporting 	<p>In December 2017, the FRC’s Financial Reporting Lab concluded that XBRL (eXtensible Business Reporting Language) is an important technology in the path to digitisation of company reporting.</p> <p>Also in December 2017 the European Securities and Markets Authority (ESMA) published a feedback statement setting out the digital format which issuers in the European Union (EU) must use to report their company information from 1 January 2020. It concludes that Inline XBRL is the most suitable technology to meet the EU requirement for issuers to report their annual financial reports in a single electronic format because it enables both machine and human readability in one document.</p> <p>While ESMA does not regulate the AIM market it is likely that this regulation will filter down in time.</p> <p>The FRC Lab report is available here: https://frc.org.uk/document-library/financial-reporting-lab/2017/xbrl-deep-dive-digital-future-of-corporate-repor</p> <p>The ESMA feedback statement is here: https://www.esma.europa.eu/sites/default/files/library/2016-1668_esma_feedback_statement_on_the_rts_on_esef_0.pdf</p>

Other requirements, Guidance and Discussion Papers

Effective for periods beginning on or after:	Pronouncement	Brief summary of requirements
Not applicable	UK Corporate Governance reform: evolution rather than revolution	<p>In July 2018, the UK Government Department for Business, Energy and Industrial Strategy published The Companies (Miscellaneous Reporting) Regulations 2018 which amends and adds new reporting requirements for large companies, those with over 250 employees and those in very large global groups for periods beginning 1 January 2019. The regulation sets out disclosures which can be summarised into 6 categories; section 172(1) statement, UK employee engagement, engagement with suppliers, customers & others, corporate governance statement, CEO pay ratio remuneration disclosures and additional directors' remuneration disclosures. The new legislation can be found here: http://www.legislation.gov.uk/ukxi/2018/860/pdfs/ukxi_20180860_en.pdf</p> <p>In July 2018, the FRC issued Revised Guidance on the Strategic Report which includes extra emphasis on non-financial reporting areas such as those required by the Miscellaneous Reporting legislation. A copy of the revised guidance can be found here: https://www.frc.org.uk/news/july-2018/revised-guidance-on-the-strategic-report</p> <p>In July 2018, the FRC released the 2018 UK Corporate Governance Code. The new code aims to reflect the changing business environment and help UK companies achieve the highest levels of governance. The Code is shorter and sharper and builds on the findings from the FRC's Culture Report published in 2016. See the code here: https://www.frc.org.uk/news/july-2018/a-uk-corporate-governance-code-that-is-fit-for-the In June 2018, the FRC published a consultation on the Wates Corporate Governance Principles for Large Private Companies*. The consultation proposes large private companies follow six principles to inform and develop their corporate governance practices and adopt them on an 'apply and explain' basis. This is the first publication from the Coalition Group the government set up in January 2018.</p> <p>See the consultation documents here: https://www.frc.org.uk/news/june-2018/consultation-on-the-wates-corporate-governance-pri</p> <p>*For this purpose "large" is proposed to refer to companies with either more than 2,000 employees or turnover over £200m and total assets over £2bn for periods beginning 1 January 2019.</p>

Other requirements, Guidance and Discussion Papers

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Not applicable	FRC shares better practice examples from thematic reviews	<p>In November 2017, the FRC published three thematic reports to help companies improve the quality of their corporate reporting in difficult areas. The reports detail findings from the 2016/17 thematic reviews. The three areas covered are:</p> <ul style="list-style-type: none"> • Judgements and Estimates • Pension Disclosures • Alternative Performance Measures <p>The bullets above are links to the respective reports.</p>
Not applicable	FRC Financial Reporting Lab project report: Risk and viability reporting	<p>In November 2017, the FRC’s Financial Reporting Lab published a report of their findings on risk and viability reporting. They found that since the financial crisis, companies have made improvements to their risk reporting allowing better engagement with investors on how they are managing their risks. According to the report, companies also found the process of developing their viability statement to be helpful in better analysing their risk appetite.</p> <p>The FRC believes there is still room for improvement in disclosures to provide investors with better information on the company’s longevity and relevance in the market.</p> <p>The report can be found here: https://frc.org.uk/document-library/financial-reporting-lab/2017/risk-and-viability-reporting</p>

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