

NEW FRS – THE FUTURE OF UK GAAP

Introduction

The FRC has revised financial reporting standards for the UK and ROI. The revision fundamentally reforms financial reporting, replacing almost all extant standards with three Financial Reporting Standards:

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

How we can help you

We can complete an impact assessment for you:

- we will understand your business;
- provide detailed advice on changes in accounting policies and the impact on the financial statements;
- consider transition options available to you; and
- advise on financial statement disclosure implications and systems and training requirements.

We will support you through the transition process.

The background to each standard is included below.

FRS 102

FRS 102 is a single financial reporting standard that applies to the financial statements of entities that are not applying EU-adopted IFRS, FRS 101 or the FRSSSE. This standard sets out the accounting policies and practices that are to be applied going forward.

FRS 100

FRS 100 sets out the financial reporting requirements for UK and ROI entities. Financial statements (whether consolidated financial statements or individual financial statements) that are within the scope of FRS 100 must be prepared in accordance with the following requirements:

- If the financial statements are those of an entity that is eligible to apply the FRSSSE, they may be prepared in accordance with that standard.
- If the financial statements are those of an entity that is not eligible to apply the FRSSSE or of an entity that is eligible to apply the FRSSSE but chooses not to do so, they must be prepared in accordance with FRS 102, EU-adopted IFRS or, if the financial statements are the individual financial statements of a qualifying entity, FRS 101.

FRS 101

FRS 101 sets out a reduced disclosure framework which addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

FRSSSE

The FRSSSE sets out the financial reporting requirements for smaller entities as defined by company law and entities which are not companies but would otherwise meet the criteria of a small company.

SORPs

If an entity's financial statements are prepared in accordance with the FRSSSE or FRS 102, SORPs will apply in the circumstances set out in those standards. SORPs will be retained or updated as appropriate.

Effective Date

The effective date for the new standards is accounting period beginning on or after 1 January 2015.

Please contact Paula Galloway, Head of Audit on 0141 271 2872 if you require advice on the new FRS.