



CCAB Press Release

Date: 2 August 2016

Consultation: Draft Statement of Recommended Practice – Accounting by Limited Liability Partnerships (LLPs SORP)

CCAB has today published an updated draft of its LLPs SORP for comment. The underlying purpose of the SORP is to deal with issues that are specific to LLPs and ensure that, as far as possible, LLPs present financial statements that are comparable with those of other entities.

Amendments were made to the LLP Regulations in May 2016 to introduce changes to the financial reporting framework for LLPs similar to those that have been recently been introduced for companies, including raising the size thresholds which determine when an LLP or group qualifies as small and the creation of a new micro-entities regime for very small LLPs. These changes are effective for financial years beginning on or after 1 January 2016.

As consequence of these changes, the Financial Reporting Council made a number of important changes to UK accounting standards in July 2015. These changes resulted in:

- the withdrawal of the *Financial Reporting Standard for Smaller Entities*;
- amendments being made to FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* to add a new section outlining presentation and disclosure requirements for small entities; and
- the publication of FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime*, a new standard available to entities choosing to apply the micro-entities regime.

While these changes do not fundamentally alter the financial reporting regime for LLPs, they allow LLPs – particularly small LLPs – to benefit from a less burdensome financial reporting regime and ensure that the legislative requirements for LLPs are aligned with those for limited companies.

The draft SORP has been updated to reflect the new LLP Regulations and the above changes to UK accounting standards. Other minor clarifications have also been proposed where appropriate.

Andrew Vials, Chairman of the CCAB SORP LLPs Steering Group, commented: “The SORP has long established accounting practices for LLPs and ensures accountability and comparability. It now needs updating to bring it into line with recent changes to the LLP Regulations and UK accounting standards. While the proposed revisions are unlikely to affect existing practice for larger LLPs, they will have a potentially significant impact on small and micro-

LLPs. We therefore encourage constituents to consider the exposure draft carefully and look forward to hearing their views on it.”

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Notes for editors

1. The combined membership of the five CCAB bodies - ICAEW, ACCA, ICAS, CIPFA and Chartered Accountants Ireland - amounts to over 260,000 professional accountants in the UK and the Republic of Ireland (380,000 worldwide), according to statistics from the FRC. These significant numbers enable CCAB to speak with authority for the UK accountancy profession.
2. A copy of the draft SORP *Accounting by Limited Liability Partnerships* is available online at: <http://www.ccab.org.uk/documents/DraftSORP01082016.pdf>
3. The deadline for comments is 1 November 2016 and they can be submitted to Sharon Grant, CCAB Manager, sharon.grant@ccab.org.uk.
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