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This Profile provides information about the application of IFRS Standards in the United Kingdom. IFRS Standards are developed and issued in the public interest by the International Accounting Standards Board (the Board). The Board is the standard-setting body of the IFRS® Foundation, an independent, private sector, not-for-profit organisation.

This Profile has been prepared by the IFRS Foundation based on information from various sources. The starting point was the answers provided by standard-setting and other relevant bodies in response to surveys that the Foundation conducted on the application of IFRS Standards around the world. The Foundation drafted the profile and invited the respondents to the survey and others (including regulators and international audit firms) to review the drafts, and their comments are reflected.

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### RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Financial Reporting Council (FRC)
Role of the organisation	The FRC is empowered by law to set UK accounting standards. The accounting standards set by the FRC are also applicable in the Republic of Ireland. The FRC is committed to work with the European Financial Reporting Advisory Group (EFRAG) to promote high quality standards and the implementation of IFRS Standards in Europe. The FRC aims to influence the international debate and standard setters (including the IASB Board) to promote high quality global standards.
Website	<a href="http://www.frc.org.uk">www.frc.org.uk</a>
Email contact	<a href="mailto:a.appleton@frc.org.uk">a.appleton@frc.org.uk</a>

### COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes. Refer to the IAS Regulation adopted by the European Union in 2002: <a href="http://ec.europa.eu/internal_market/accounting/legal_framework/ias_regulation_en.htm">http://ec.europa.eu/internal_market/accounting/legal_framework/ias_regulation_en.htm</a>
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Has the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards?

Yes.

Refer to the IAS Regulation adopted by the European Union in 2002: [http://ec.europa.eu/internal\\_market/accounting/legal\\_framework/ias\\_regulation\\_en.htm](http://ec.europa.eu/internal_market/accounting/legal_framework/ias_regulation_en.htm)

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What is the jurisdiction's status of adoption?

The United Kingdom has already adopted IFRS Standards for the consolidated financial statements of all companies whose securities trade in a regulated market.

Additional comments provided on the adoption status?

As a member state of the European Union, the United Kingdom is subject to IAS Regulation adopted by the European Union in 2002.

The EU IAS Regulation requires application of IFRS adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market starting in 2005. In the United Kingdom, this would include the London Stock Exchange Main Market. The EU IAS Regulation gives member states the option to require or permit IFRS as adopted by the EU in separate company financial statements (statutory accounts) of such companies and/or in the financial statements of companies whose securities do not trade in a regulated securities market. See the Profile for the European Union for more detailed information about the EU IAS Regulation.

In the United Kingdom, the following are regulated markets:

- BATS Europe Regulated Market
- BATS Europe Regulated Market 2
- CME Europe
- Gibraltar Stock Exchange
- Intercontinental Exchange - ICE Futures Europe
- ICE Futures Europe – Financial Products Division
- ICE Futures Europe – Equity Products Division
- ICE Futures Europe – Agricultural Products Division
- ISDX Main Board
- Euronext London
- The London Metal Exchange
- London Stock Exchange Derivatives Market
- London Stock Exchange Regulated Market

Issuers on the AIM (a UK market for trading securities that is not a 'regulated market') that are incorporated in the UK or elsewhere in the European Economic Area (EEA) and that are parent companies have been required by the AIM Rules to apply IFRS Standards as adopted by the EU since financial years commencing on or after 1 January 2007.

The United Kingdom has used the option under the IAS Regulation to permit optional application of IFRS Standards as adopted by the EU for all companies whose securities do not trade in a regulated market.

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If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Standards in the jurisdiction.

Not applicable.

## EXTENT OF IFRS APPLICATION

### *For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Standards REQUIRED or PERMITTED?

In accordance with the EU Accounting Regulation, IFRS Standards as adopted by the EU are required for the consolidated financial statements of all European companies whose debt or equity securities trade in a regulated market in the United Kingdom.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	The principal securities exchange in the United Kingdom (London Stock Exchange Main Market) is a regulated market to which the EU IAS Regulation applies. The United Kingdom has other public securities markets that are not regulated markets. Domestic companies whose securities do not trade in a regulated market are permitted to use IFRS Standards as adopted by the EU. However, issuers on the AIM (a UK market for trading securities that is not a 'regulated market') that are incorporated in the European Economic Area (EEA) and that are parent companies have been required by the AIM Rules to apply IFRS Standards as adopted by the EU since financial years commencing on or after 1 January 2007.
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Are IFRS Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Yes.
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For instance, are IFRS Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	Permitted. Separate company financial statements may comply with either IFRS Standards as adopted by the EU or with UK GAAP as adopted by the Financial Reporting Council (FRC).
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For instance, are IFRS Standards required or permitted for companies whose securities do not trade in a public market?	Permitted.
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If the jurisdiction currently does NOT require or permit the use of IFRS Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Standards for such companies in the future?	Not applicable.
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***For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:***

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Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Standards in their consolidated financial statements?	Yes.
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If YES, are IFRS Standards REQUIRED or PERMITTED in such cases?	Required for some and permitted for others. Foreign companies whose securities trade in a regulated market in the UK (and generally in the EU) are required to report under IFRS Standards as adopted by the EU for their consolidated financial statements unless the European Commission has deemed their accounting standards to be equivalent to IFRS Standards, in which case they may use their local standards.  <a href="http://ec.europa.eu/internal_market/accounting/legal_framework/equivalence_mechanism_en.htm">http://ec.europa.eu/internal_market/accounting/legal_framework/equivalence_mechanism_en.htm</a>
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Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
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## IFRS ENDORSEMENT

Which IFRS Standards are required or permitted for domestic companies?	IFRS Standards as adopted by the European Union, which are IFRS Standards as issued by the IASB Board with some limited modifications such as the temporary 'carve-out' from IAS 39. However, the resulting financial statements of the majority of companies would still be in full compliance with IFRS Standards.
The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:	IFRS Standards as adopted by the European Union.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Standards and the jurisdiction's GAAP)?	Yes. It is possible for an entity to assert compliance with IFRS Standards as adopted by the EU and, additionally, to assert compliance with IFRS Standards, provided compliance with IFRS Standards as adopted by the EU would also result in compliance with IFRS Standards as issued by the IASB Board.
Are IFRS Standards incorporated into law or regulations?	Yes.
If yes, how does that process work?	The process is described in the Profile of the European Union.
If no, how do IFRS Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS (including Interpretations) in place?	Yes.
If yes, what is the process?	The process is described in the Profile of the European Union.
If no, how do new or amended IFRS become a requirement in the jurisdiction?	Not applicable.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Standards and/or made any modifications to any IFRS Standards?	Yes.
If yes, what are the changes?	Details are in the Profile of the European Union.
Other comments regarding the use of IFRS Standards in the jurisdiction?	None.

## TRANSLATION OF IFRS STANDARDS

Are IFRS Standards translated into the local language?	Not applicable. English is the local language.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Standards?	Not applicable.

## APPLICATION OF THE IFRS FOR SMEs STANDARD

Has the jurisdiction adopted the IFRS for SMEs Standard for at least some SMEs?	<p>The UK has adopted the IFRS for SMEs Standard as FRS102 <i>The Financial Reporting Standard applicable in the UK and Republic of Ireland</i> -- but with significant modifications described below.</p> <p>With effect from 1 January 2015, the Financial Reporting Council implemented revised financial reporting standards in the UK and Ireland. There are 5 new possible financial reporting frameworks:</p> <p><b>FRS 101 Reduced Disclosure Framework.</b> This is IFRS Standards as adopted by the EU but with reduced disclosures and is intended for entities whose subsidiaries and ultimate parents have adopted IFRS Standards.</p> <p><b>FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.</b> The main Standard applicable in the UK and Republic of Ireland. FRS 102 replaces all of the old Financial Reporting Standards and Statements of Standard Accounting Practice. FRS 102 is based on the IFRS for SMEs Standard, but with significant modifications described below.</p> <p><b>FRS 103 Insurance Contracts</b> sets out the accounting and reporting requirements for entities issuing insurance contracts or holding reinsurance contracts.</p> <p><b>FRS 104 Interim Financial Reporting.</b> FRS 104 is intended for use in preparing interim financial reports by (a) those entities that apply FRS 102 and (b) those entities applying FRS 101 Reduced Disclosure Framework. FRS104 is based on IAS 34 <i>Interim Financial Reporting</i>, with certain modifications.</p> <p><b>FRS 105 The Financial Reporting Standard applicable to the Micro-entities Regime.</b> Micro entities are defined in The UK Companies Act 2006. FRS 105 replaced the <i>Financial Reporting Standard for Smaller Entities</i> (FRSSE).</p> <p>The FRC also published FRS 100 <i>Application of Financial Reporting Requirements</i>. 100 FRS 100 sets out the overall framework for financial reporting in the UK and Ireland, explaining:</p> <ul style="list-style-type: none"><li>• which standards apply to which types of entity;</li><li>• when an entity can apply the reduced disclosure framework;</li><li>• when an entity should follow a Statement of Recommended Practice (SORP); and</li><li>• transition arrangements.</li></ul>
If no, is the adoption of the IFRS for SMEs Standard under consideration?	Not applicable.
Did the jurisdiction make any modifications to the IFRS for SMEs Standard?	Yes.

If the jurisdiction has made any modifications, what are those modifications?	<p>In adopting FRS 102, the following modifications were made to the IFRS for SMEs Standard, among others:</p> <ul style="list-style-type: none"> <li>• Added an option to Section 17 to revalue property, plant and equipment and, similarly, to Section 18 to revalue certain intangible assets.</li> <li>• Added an option to Section 18 to capitalise development costs when specified criteria are met.</li> <li>• Changed the presumption in Section 18 of a ten-year useful life for amortisable intangible assets, including goodwill, when a reliable estimate cannot be made to amortisation over not more than five years.</li> <li>• Added an option in Section to capitalise borrowing costs on qualifying assets.</li> <li>• Require merger accounting (pooling) for combinations of entities under common control.</li> <li>• Non-cash distributions to owners do not have to be measured at fair value.</li> <li>• Added an accrual accounting option for government grants.</li> <li>• Require a timing difference approach to deferred income taxes, rather than a temporary difference approach.</li> <li>• Permit the historical cost model for all biological assets.</li> <li>• Made numerous other changes to permit accounting treatments that exist in FRSs at the transition date that align with IFRS Standard as adopted by the EU.</li> </ul>
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Which SMEs use the IFRS for SMEs Standard in the jurisdiction, and are they required or permitted to do so?	FRS 102 is available to all entities not required to apply IFRS Standard as adopted by the EU.
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For those SMEs that are not required to use the IFRS for SMEs Standard, what other accounting framework do they use?	See above.
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Other comments regarding use of the IFRS for SMEs Standard?	None.
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