

**United Kingdom**

**Deloitte  
& Touche**

## **Deloitte welcomes DTI's decision on accounting standards but cautions against further burdens on business**

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Today's announcement from the DTI that allows UK companies to decide between International Accounting Standards (IAS) and UK GAAP post 2005 for group subsidiaries was welcomed by Deloitte & Touche but with a caution that UK GAAP changes over the next few years should be left to a minimum so that the benefits for companies afforded by this decision are not endangered.

The DTI announcement allows UK listed companies to focus on converting group financial statements to IAS, leaving individual companies to continue with their local GAAP. It is expected that, possibly at the request of the Inland Revenue, there will be a stipulation that all single companies within a group must use the same GAAP.

According to Ian Krieger, partner at Deloitte & Touche, "This is good news for UK companies. Groups that wish to move entirely to IAS in 2005 and benefit from using only one GAAP will be able to do so. However, with so much regulatory change in the pipeline, UK companies will be stretched in both time and resources available to them. Therefore there is advantage in groups rolling forward their individual company accounts under a well-established and known framework, i.e. UK GAAP and focusing on IAS only in the consolidated accounts."

"Companies will have to consider the tax and distributable profits' consequences when deciding whether to retain UK GAAP or adopt IAS. For example, how will the Inland Revenue deal with those companies using IAS for their accounts?"

Ian Krieger suggested that, "the Accounting Standards Board should not issue new pronouncements that would increase the gap between UK and IAS GAAPs. This has been its policy and we hope that this approach will continue.

"If the ASB continues with its convergence agenda for 2003 to 2005 then there would be more work for companies in using UK GAAP and the advantages of staying within UK GAAP would be significantly reduced," Mr Krieger added.

### **Notes to Editors**

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