

## Financial Reporting Review Panel

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### Financial Reporting Review Panel Publishes Preliminary Report on Implementation of IFRS

FRRP PN 98

04 December 2006

The Financial Reporting Review Panel today published its report on its preliminary findings in respect of IFRS implementation by UK listed companies in their annual accounts. In February 2006 the Panel published its report on a review of 2005 interim accounts prepared under IFRS ([Press Notice 91](#)).

#### Related Documents



[Preliminary Report on Implementation of IFRS](#)

The Panel's review of companies' annual accounts prepared under IFRS is continuing but it has identified a number of recurring issues which are highlighted in this report in order to draw them to the attention of companies planning the preparation of their next IFRS annual accounts.



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Company responses to the Panel's enquiries have generally been well considered and made within a reasonable time-frame. Many had been reviewed by the company's audit committee.

IFRS accounts are often said to be too long and too complicated. The Panel has found that there is a tendency to use "boiler-plate" descriptions for disclosure of accounting policies whether or not the matters described actually apply to the company concerned. More focused and thoughtful treatment would reduce length and increase understanding of the complexities which are inevitable in sophisticated commercial operations.

Commenting on the results, Bill Knight, Chairman of the Panel, said:

"The move from UK GAAP to IFRS has been a major challenge for UK companies and the Panel's review has found a good level of compliance in the first year of implementation. As everyone becomes more familiar with the new requirements it is likely that there will be further changes and improvements, and the Panel has made a number of suggestions in that direction.

The Panel appreciates and applauds the hard work that has gone into the production of these accounts".

#### Notes to Editors

1. The Financial Reporting Review Panel (FRRP) is part of the Financial Reporting Council (FRC), whose mission is to promote confidence in corporate reporting and governance. The FRC has six operating bodies; the Accounting Standards Board, the Auditing Practices Board, the Board for Actuarial Standards, the Financial Reporting Review Panel, the Professional Oversight Board and the Accountancy Investigation and Discipline Board.
2. The role of the Panel is to examine the annual accounts of public and large private companies to see whether they comply with the requirements of the Companies Act 1985 ('the Act'), including applicable accounting standards. Following implementation of the Accounting Regulation (EC) No. 1606/2002, this may mean compliance with UK or International Financial Reporting Standards.
3. Where breaches of the Act are discovered the Panel seeks to take corrective action that is proportionate to the nature and effect of the defects, taking account of market and user needs. Where a company's accounts are defective in a material respect the Panel will, wherever possible, try to secure their revision by voluntary means, but if this approach fails the Panel is empowered to make an application to the court under section 245B of the Companies Act 1985 for an order for revision. To date no court applications have been made.
4. The Chairman of the Panel is Bill Knight and the Deputy Chairman Ian Brindle. There are currently 25 other Panel members drawn from a broad spectrum of commerce and the professions. Individual cases are normally dealt with by specially constituted Groups of 5 or more members.
5. All Press enquiries should be directed to: Carol Page on tel: 020 7492 2460 or email: [c.page@frc-frrp.org.uk](mailto:c.page@frc-frrp.org.uk)