



News release

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Grant Thornton says “yes, but not yet,” to proposed replacement of UK accounting standards

In response to the Accounting Standard Board’s (ASB’s) consultation on the future of UK accounting standards Grant Thornton, leading business and financial adviser, welcomes the ASB’s proposal to replace UK GAAP with the IFRS for SMEs.

However, Grant Thornton cautions that requiring change from 1 January 2012 would not give most businesses sufficient time to prepare.

Grant Thornton also suggest that delaying the implementation date will allow the Not-for-Profit sector time to develop fit for purpose accounting standards and guidance.

The ASB have a long term ambition to replace UK accounting standards with internationally recognised accounting standards. The ASB’s current consultation on the future of UK GAAP, closing on 1 February 2010, would achieve that aim by adopting IFRS for SMEs into UK GAAP. Almost all UK businesses that currently use UK GAAP will be affected in some way by the proposals.

The immediate attraction of a set of internationally recognised accounting standards is the improved cross-border comparability and understandability of financial reports, theoretically leading to increased access to finance. The short-term disadvantage will be the cost of systems changes and training.

Brian Shearer, National Director of Financial Reporting said : “The impact of a complete change to the accounting framework will extend beyond the preparation of the financial statements. Many businesses remain unconcerned but management will need time to consider how IFRS for SMEs affects such elements of their business as

tax bills, bank covenants and bonus arrangements in addition to the one-off cost of conversion.”

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Notes to editors:

*The Grant Thornton Technology Watch Index is a market capitalisation-weighted index representing 142 UK-listed technology sector companies outside of the FTSE 100 and is based on data provided by Thomson Reuters Datastream.

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