

# Will your accounts bear scrutiny?

## The Financial Reporting Review Panel's 2008/09 review program.

The Financial Reporting Review Panel ("FRRP") is the regulatory body tasked with ensuring that the published financial information of public and large private companies is properly drawn up in accordance with relevant law and accounting standards. Its remit excludes companies qualifying as small or medium sized under the provisions of the Companies Acts. The FRRP may examine the accounts of any other company, although it normally only considers the accounts of listed and large private companies. Selections are made on the basis of assessed risk or in response to complaints.

The FRRP has recently announced the focus of the review work which it will carry out in the year ended 31 March 2009. The significant points are:

- Reduced focus on FTSE 350 companies and greater attention to the financial statements of smaller listed companies, AIM companies and large private companies;
- Business sectors prioritized as being at greatest risk in the current business environment are banking, retail, travel and leisure, commercial property and housebuilding.

In addition, following a recent change in the FRRP's remit, it may now make enquiries into directors' reports. It will no doubt be interested in the business review information which must now be given in the directors' reports of larger companies.

This should be an added incentive for companies in the target groups to ensure that their accounting policies and presentation are up to date.

**Companies which now prepare their group accounts under International Financial Reporting Standards ("IFRS") should ensure that the more extensive disclosure requirements of IFRS are met. Companies still reporting under UK GAAP should pay particular attention to the following areas, whose treatment by some companies has attracted FRRP enquiry in the past:**

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| <ul style="list-style-type: none"> <li>• Presentation in cash flow statements;</li> <li>• Presentation of results of continuing operations, discontinued operations and acquisitions;</li> <li>• Consolidation issues, including acquisition accounting, goodwill, and the treatment of joint ventures and associates;</li> </ul> | <ul style="list-style-type: none"> <li>• Disclosures regarding provisions;</li> <li>• Pension scheme disclosures;</li> <li>• Disclosure of accounting policies, especially those relating to income recognition;</li> <li>• Deferred tax assets;</li> </ul> |
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