

E-NEWS

12 November 2019

Welcome to eNews, haysmacintyre's regular "e-news alert" for corporates and private individuals.

LEASING DISCUSSIONS TO BE EXPANDED

The Financial Reporting Council (FRC) has [told companies applying IFRS 16, Leases](#), to provide more information on its effects after reviewing the interim reports of 20 companies. The FRC felt that a number of companies did not sufficiently explain the impact of IFRS 16 and said improvements could be made in communicating key judgements, explaining the transition choices and better explaining the difference between the IAS 17 operating lease commitments and the IFRS 16 lease liability. The FRC found the best disclosures were tailored to the company and has provided examples of good practice in its report.

LAW FIRMS IN THE LAUNDRY SPOTLIGHT

The Solicitor Regulation Authority (SRA) has [announced its priority risks for 2019/20](#) with money laundering issues being their number one priority. Earlier this year the SRA requested the risk assessment on the 2017 Money Laundering Regulations from 400 law firms. Although all replied, 10% of the firms provided a document other than a firm risk assessment and 64% were using templates which inadequately addressed the firms' specific risks and circumstances. The SRA was also concerned that 38% of those returned had only recently been prepared but was unsure whether this was because they had been recently created or updated.



BUSINESS RATES ARE BROKEN

The [Treasury Committee has published a report](#) on the impact of business rates on business. The report found business rates have outpaced inflation, are a growing proportion of the taxes paid by businesses and unfairly penalise the high street compared to the online sector. The various reliefs available were also seen as indicative of a broken system. The Committee is calling on the Government to assess alternatives to the current system before the 2020 Spring Statement. The [British Property Federation](#) has welcomed the report and wants the next Government to put business rates onto a more sustainable trajectory.



AUDITORS CHALLENGED TO UP THEIR GAME

The FRC has stated in its [Developments in Audit 2019](#) report that audit quality still needs to improve, especially when challenging management and in routine procedures, such as revenue recognition. The Audit Quality Review inspections also found auditors struggling to challenge management adequately, especially in more judgemental areas such as long term contracts, goodwill impairment and the valuation of financial instruments. The FRC is looking for auditors to offer a robust, specific and independent challenge.



UTT SUPPORTS FTT IN BBC REPORTER'S IR 35 CASE

The Upper Tier Tribunal (UTT) has [published its decision relating to Christa Ackroyd's](#) appeal against the First Tier Tribunal's (FTT) finding in her IR35 case which decided that she should not be treated as self-employed. The UTT found that the FTT had not erred in law in reaching its decision; under a hypothetical contract, the BBC maintained sufficient control over the work she did, through Christa Ackroyd Media Limited, for an employment relationship to be present. Please contact [Nick Bustin](#) if you require assistance with your employment tax affairs.

REVISED UK STEWARDSHIP CODE ISSUED

The FRC have [issued the Stewardship Code 2020](#) (Code) to replace the 2012 edition of the Code. The new Code is effective from 1 January 2020 and provides a framework for those investing on behalf of savers and pensioners. The Code consists of twelve principles for asset managers and owners and six principles for service providers which are supported by reporting expectations indicating the information that should be publicly reported in order to become a signatory. Organisations wanting to be a Code signatory will need to produce an annual report explaining how they have applied it.

DELAY IN LOAN CHARGE REVIEW

The review of the loan charge on disguised remuneration schemes, commissioned by the Chancellor, has fallen victim to the General election with the Financial Secretary to the Treasury asking for it not to be published until after the election. MPs on the all-party parliamentary group have demanded that HMRC delays the date (31 January 2020) on which interest and penalties will arise if the charge is not paid. To date, HMRC has not acquiesced to their demand and has said taxpayers should include the loan charge in their 2018/19 tax return. Please contact [Katharine Arthur](#) if you require assistance.



AND FINALLY.....BORIS' DOUBLE FAULT

The former Wimbledon champion, Boris Becker, has had his [bankruptcy order extended until October 2031](#) after the Official Receiver investigated transactions totalling over £4.5 million. Becker was found not to have fully co-operated with the trustee and the extension was imposed to prevent him causing further harm to his creditors. bankruptcy restrictions are usually lifted after a year.

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Winner: Audit Team of the Year



Top 15 auditor to quoted companies in Adviser Ranking Listing



An eprivateclient top accountancy firm 2019