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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in United Kingdom. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Department for Business and Trade
	UK Endorsement Board
	Financial Reporting Council

Role of the organisation	The Department for Business and Trade (DBT) is the lead UK government department for company law. It has responsibility for the Companies Act 2006 which sets out the reporting requirements for UK-registered companies, dependent on their size and legal status. The 2006 Act requires consolidated accounts (financial statements) of parent companies with securities admitted to trading in a UK-regulated market to be prepared in accordance with UK-adopted international accounting standards, and allows a company's individual accounts and consolidated accounts of non-listed parent companies to be prepared in accordance with UK-adopted international accounting standards.
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The Secretary of State for Business and Trade is empowered by law to adopt new or amended IFRS Accounting Standards for use within the UK as UK-adopted international accounting standards.

Following Parliamentary approval in 2021, the UK Endorsement Board (UKEB) is the body designated by the Secretary of State, in exercise of legal powers, to adopt new or amended IFRS Accounting Standards issued by the IASB for use within the UK. The UKEB is also responsible for influencing international debate on accounting standards and working with global standard-setters (including the IASB) to promote high-quality global standards.

The Financial Reporting Council (FRC) is empowered by law to set UK accounting standards (UK GAAP), for use by entities in the UK that do not apply UK-adopted international accounting standards.

The FRC has been delegated powers under the Companies Act 2006 to monitor the accounts of UK-registered companies and companies with transferable securities admitted to trading on a UK-regulated market. This includes monitoring accounts produced under both UK-adopted international accounting standards and UK GAAP.

Website	www.gov.uk/government/organisations/department-for-business-and-trade www.endorsement-board.uk www.frc.org.uk
Email contact	Daniel Makevic: Daniel.Makevic@businessandtrade.gov.uk Catherine Crowsley: UKEndorsementBoard@endorsement-board.uk Jenny Carter: ukfrs@frc.org.uk

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	Yes.
What is the jurisdiction's status of adoption?	<p>From 31 December 2020, UK companies are required to apply IFRS Accounting Standards in their consolidated financial statements (that is, companies with their securities admitted to trading on a UK-regulated market—see 'Additional comments provided on the adoption status?') and to state compliance with 'UK-adopted international accounting standards'.¹ UK-adopted international accounting standards refer to IFRS Accounting Standards, as adopted by the EU, that were incorporated into UK law with effect from 31 December 2020, by way of the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019, No 685 (IAS EU Exit Regulation), and subsequent adoptions of IFRS Accounting Standards undertaken by the Secretary of State and the UKEB.²</p>

¹ 'International accounting standards' means the 'International Accounting Standards (IAS), International Financial Reporting Standards (IFRS Accounting Standards) and related Interpretations (SIC Interpretations and IFRIC Interpretations), subsequent amendments to those Standards and related interpretations, future standards and related interpretations issued or adopted by the International Accounting Standards Board.

² For the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019, No 685 (IAS EU Exit Regulation), see <http://www.legislation.gov.uk/uksi/2019/685/contents/made>.

Additional comments provided on the adoption status?

Until 31 January 2020, the UK was a member state of the EU and was subject to the IAS Regulation adopted by the European Union in 2002. See the EU profile for more detailed information about the EU IAS Regulation.

UK law permits optional application of UK-adopted international accounting standards for all companies (except those that are charities) whose securities do not trade on a UK-regulated market.

The UK-regulated markets for trading company securities are:

- IPSX;
- the London Stock Exchange;
- Aquis Stock Exchange Limited; and
- Cboe Europe Equities Regulated Market.

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.

Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?

UK law and the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the application of UK-adopted international accounting standards in the consolidated financial statements of UK companies whose securities are admitted to trading on a UK-regulated market.

For accounting periods that began before the end of the transition period (31 January 2020), the Disclosure Guidance and Transparency Rules required that for UK companies producing consolidated financial statements, financial statements were required to be produced using EU-endorsed IFRS Accounting Standards. For further information, see: <https://www.handbook.fca.org.uk/handbook/DTR/4/?view=chapter>.

UK-adopted international accounting standards are IFRS Accounting Standards, as issued by the IASB, with some limited modifications, described in subsequent entries to this Profile.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

Required for all UK companies that produce consolidated financial statements and whose transferable securities are admitted to trading on a UK-regulated market. Permitted for all others, except charities.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

The requirement to use UK-adopted international accounting standards applies to the consolidated financial statements of all UK companies whose debt or equity securities are admitted to trading on a UK-regulated market.

In addition, AIM-listed companies that have subsidiaries and are incorporated in the UK, the Isle of Man or the Channel Islands must apply UK-adopted international accounting standards. AIM-listed companies from any EEA Member State must apply EU-adopted IFRS Accounting Standards.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

Permitted. Separate company financial statements may comply with either UK-adopted international accounting standards or with UK GAAP consistent with standards issued by the Financial Reporting Council.

For instance, are IFRS Accounting Standards required or permitted in companies whose securities do not trade in a public market?

Permitted.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Required for some and permitted for others.

On 31 December 2020, the transition period following the UK's exit from the EU ended. At that date, standards deemed equivalent to IFRS Accounting Standards, as adopted by the EU, were granted equivalence to UK-adopted international accounting standards in UK law. This means that third-country issuers can also use specified standards deemed equivalent to UK-adopted international accounting standards to satisfy transparency requirements when they have, or seek admission to have, securities admitted to trading on a UK-regulated market.

IFRS Accounting Standards, as adopted by the EU, are recognised as equivalent to UK-adopted international accounting standards for third-country issuers that have, or seek admission to have, their securities admitted to trading on a UK-regulated market. Future equivalence decisions can be made by the UK assessing whether other accounting standards are equivalent to those adopted by the UK.

This provision is enabled by virtue of the retained UK versions of European Commission Regulation 1569/2007 and European Commission Decision 2008/961/EC, as amended by the Official Listing of Securities, Prospectus and Transparency (Amendment etc.) (EU Exit) Regulations 2019.³

In accordance with these provisions, the standards in this list are considered as equivalent to UK-adopted international accounting standards:

- IFRS Accounting Standards, as issued by the IASB, provided that the notes to the audited financial statements contain an explicit and unreserved statement that those financial statements comply with IFRS Accounting Standards;
- IFRS Standards as adopted by the EU;
- generally accepted accounting principles of Japan;
- generally accepted accounting principles of the United States of America;
- generally accepted accounting principles of the People's Republic of China;
- generally accepted accounting principles of Canada; and
- generally accepted accounting principles of the Republic of Korea.

³ See European Commission Regulation 1569/2007 at <http://www.legislation.gov.uk/eur/2007/1569/2020-01-31#>.

See European Commission Decision 2008/961/EC at <http://www.legislation.gov.uk/eudn/2008/961/2020-01-31>.

See regulations 67–68 of the Official Listing of Securities, Prospectus and Transparency (Amendment etc.) (EU Exit) Regulations 2019 at <https://www.legislation.gov.uk/uksi/2019/707/contents/made>.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All foreign issuers whose securities are admitted to trading on a UK public market have the option to use IFRS Accounting Standards in their financial statements.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

UK law permits optional application of UK-adopted international accounting standards for all companies (except those that are charities) whose securities do not trade in a regulated market.

UK-adopted international accounting standards are IFRS Accounting Standards as issued by the IASB with some limited modifications.

The Standards and their limited modifications are described in section 'Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?'. These modifications do not preclude companies who do not apply the modifications from asserting compliance with both UK-adopted international accounting standards and IFRS Accounting Standards as issued by the IASB.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

UK-adopted international accounting standards, for financial years beginning after 31 December 2020.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?	Yes. It is possible for an entity to assert compliance with UK-adopted international accounting standards and, additionally, to assert compliance with IFRS Accounting Standards, provided compliance with UK-adopted international accounting standards would also result in compliance with IFRS Accounting Standards as issued by the IASB.
Are IFRS Accounting Standards incorporated into law or regulations?	Yes.
If yes, how does that process work?	<p>On 31 December 2020, the transition period following the UK's exit from the EU ended. IFRS Accounting Standards as adopted by the EU were incorporated into UK law, with effect from that date, by way of the IAS EU Exit Regulation.⁴ Powers under UK law to formally adopt IFRS Accounting Standards were reserved to the UK Government. These powers were delegated to the UK Endorsement Board in May 2021 through the International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021.</p> <p>New and amended IFRS Accounting Standards subject to endorsement and adoption by the UKEB. Endorsement and adoption include public consultation, assessment against legislative adoption criteria and the publication of final decisions. Information on new and amended Standards and Interpretations adopted into UK law can be found here: https://www.endorsement-board.uk/uk-adopted-international-accounting-standards.</p> <p>⁴ For the IAS EU Exit Regulation, see http://www.legislation.gov.uk/uksi/2019/685/contents/made.</p>
If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?	Yes.
If yes, what is the process?	The process is described in the discussion of incorporating IFRS Accounting Standards into law.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	Yes.
If yes, what are the changes?	<p>On 31 December 2020, the transition period following the UK's exit from the EU ended. At that date IFRS Accounting Standards, as adopted by the EU, were incorporated into UK law, including the following modifications or exclusions:</p> <ul style="list-style-type: none"> • a 'carve-out' relating to fair value hedge accounting for portfolio hedges of interest rate risk in IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. • IFRS 14 <i>Regulatory Deferral Accounts</i> (issued by the IASB on 30 January 2014) has not been adopted.

Other comments regarding the use of IFRS Accounting Standards in the jurisdiction? None.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language? Not applicable. English is the local language.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards? Not applicable.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs?

The UK used the *IFRS for SMEs* Accounting Standard as a base for FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, but with significant modifications.

The financial reporting standards under UK and Irish GAAP, as issued by the Financial Reporting Council are:

FRS 101 *Reduced Disclosure Framework (Framework)*. This Framework generally requires the application of IFRS Accounting Standards, as adopted by the UK, with reduced disclosures. The Framework is intended for the individual company financial statements of qualifying entities within a corporate group that has applied IFRS Accounting Standards in its consolidated financial statements.

FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. FRS 102 is the main standard applicable in the UK and Republic of Ireland and is based on the *IFRS for SMEs* Accounting Standard, but with significant modifications. FRS 102 permits reduced disclosures for the individual company financial statements of qualifying entities within a group. The standard also contains separate, more limited, disclosure requirements for small entities.

FRS 103 *Insurance Contracts*. This standard sets out the accounting and reporting requirements for insurance contracts issued and reinsurance contracts held. FRS 103 applies to entities applying FRS 102 and is based on IFRS 4 *Insurance Contracts* and the previous UK standard on life assurance.

FRS 104 *Interim Financial Reporting*. FRS 104 is intended for use in preparing interim financial reports by (a) entities that apply FRS 102 and (b) entities that apply FRS 101. FRS 104 is based on IAS 34 *Interim Financial Reporting*, with modifications.

FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime*. Micro-entities are defined in the UK Companies Act 2006. FRS 105 supplements the legal reporting requirements for micro-entities and is simpler to apply than FRS 102.

The Financial Reporting Council also issues FRS 100 *Application of Financial Reporting Requirements*. FRS 100 sets out the overall framework for financial reporting in the UK and Ireland, explaining transition arrangements and:

- which standards apply to which types of entity;
- when an entity can apply the reduced disclosure framework; and
- when an entity should follow a statement of recommended practice.

If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	Not applicable.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Accounting Standard?	Yes.
If the jurisdiction has made any modifications, what are those modifications?	In issuing FRS 102, modifications to the <i>IFRS for SMEs</i> Accounting Standard have been made. Significant differences between FRS 102 and the <i>IFRS for SMEs</i> Accounting Standard are listed on the FRC website.
Which SMEs use the <i>IFRS for SMEs</i> Accounting Standard in the jurisdiction, and are they required or permitted to do so?	FRS 102 is available to all entities not required to apply UK-adopted international accounting standards.
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Accounting Standard, what other accounting framework do they use?	See above.
Other comments regarding use of the <i>IFRS for SMEs</i> Accounting Standard?	None.