

Consultation: Draft Statement of Recommended Practice – Accounting by Limited Liability Partnerships (LLPs SORP)

5 July 2021

CCAB has today published an updated draft of its LLPs SORP for comment. The underlying purpose of the SORP is to deal with issues that are specific to LLPs and ensure that, as far as possible, LLPs present financial statements that are comparable with those of other entities.

The draft LLPs SORP has been updated in response to stakeholder feedback that there is diversity in practice when interpreting whether a division of profit is automatic or discretionary in certain situations. As a result of this review CCAB is proposing:

- Changes to the definitions included in the SORP relating to divisions of profit.
- Further consequential amendments throughout the SORP to ensure consistency of terminology.
- Additional guidance to help determine when an LLP has an unconditional right to avoid delivering cash or other assets to members.
- Changes to the ordering of the SORP to ensure that the guidance on the division of profits is presented together, reduce duplication, and improve the overall flow of the document.

As part of its review, CCAB also identified some diversity in practice for how automatic and discretionary divisions of profit are presented in the cash flow statement. To address this diversity, CCAB is proposing:

- Additional guidance which sets out the basis for alternative classifications of cash flows relating to profit distributions.
- A requirement for LLPs to disclose their accounting policy for classifying share of profits in the cash flow statement and that cash flows be classified consistently from period to period.

CCAB is also taking this opportunity to propose other minor clarifications to the SORP where appropriate. This includes updates to reflect the requirement for large LLPs and groups to produce an energy and carbon report as part of the annual report.

The updated SORP will be effective for periods commencing on or after 1 January 2022.

Kate Wolstenholme, Chair of the CCAB SORP LLPs Steering Group, commented: “We believe the proposed changes to the LLPs SORP will provide helpful guidance to help users when assessing whether a division of profit is automatic or discretionary. CCAB has also taken this opportunity to streamline the LLPs SORP which we believe improves the overall structure and flow of the guidance. We encourage constituents to consider the exposure draft carefully and we look forward to hearing their views on it.”

The consultation draft can be accessed here: <https://www.ccab.org.uk/values/sorp-llps/>.

Comments are invited by e-mail: sharon.grant@ccab.org.uk; the consultation will close on **Friday 24 September 2021**.

- ENDS -

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Notes to Editors

About CCAB

The combined membership of the five [CCAB](#) bodies - [ICAEW](#), [ACCA](#), [ICAS](#), [CIPFA](#) and [Chartered Accountants Ireland](#) - amounts to over 282,000 professional accountants in the UK and the Republic of Ireland (over 408,000 worldwide).

CCAB provides a forum for the bodies to work together collectively in the public interest on matters affecting the profession and the wider economy.

CCAB's credibility stems from its insight into all areas of finance and accounting, from finance director and audit partner to management accountants, professional advisers, public sector finance leaders and entrepreneurs. CCAB's members work through the financial value chain in all sectors as key decision makers and business leaders within the UK and around the world.

Consultative Committee of Accountancy Bodies

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