



CCAB Press Release

Date: 4 August 2023

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

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 received as part of the 2021 LLPs SORP consultation. On consideration of the feedback, the LLPs SORP Steering Group is proposing to add guidance for the following areas

Amounts payable to former members

Guidance has been added to consider certain narrow scenarios in which Section 26 *Share-based Payment* of FRS 102 *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* might apply.

Sharing of group profits – interests in subsidiaries

Guidance has been added to cover cases where a parent LLP has a subsidiary that is also an LLP and that will therefore need to be consolidated into the parent's group accounts. Guidance is proposed in relation to the appropriate treatment of members' debt and equity interests in the subsidiary LLP for the purpose of determining whether a non-controlling interest in the net assets of the group is recognised.

Automatic division of profits to members who do not provide any services to the LLP

An LLP may have two distinct types of members, all providing capital to it: those that provide services in return for a share of profits and those that do not provide services, but still receive a share of profits. Guidance has been added to the SORP on the treatment of profits which are automatically divided to members who do not provide any services to the LLP.

In addition to the above proposed changes, the LLP SORP has been updated to reflect the new requirements for certain LLPs to provide climate-related financial disclosures in either the strategic report, if one is prepared, or in the energy and carbon report otherwise.

It is proposed that the updated SORP would be effective for periods commencing on or after 1 January 2024.

Kate Wolstenholme, Chair of the CCAB LLPs SORP Steering Group, commented:
“The Steering Group carefully considered the feedback received during the 2021

consultation of the LLPs SORP and agreed that further guidance would be helpful in number of places. We believe the proposed additional guidance will improve the overall usefulness of the LLPs SORP. We encourage constituents to consider the exposure draft carefully and we look forward to hearing their views on it.”

Comments are invited by e-mail: executive.office@ccab.org.uk; the consultation will close on **Friday 27 October 2023**.

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Notes to Editors

1. The combined membership of the five CCAB bodies - ICAEW, ACCA, ICAS, CIPFA and Chartered Accountants Ireland - amounts to over 275,000 professional accountants in the UK and the Republic of Ireland (over 415,000 worldwide).
2. CCAB provides a forum for the bodies to work together collectively in the public interest on matters affecting the profession and the wider economy.
3. 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.

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