

CCAB proposes changes to the LLP SORP (Lecture A829 – 5.26 minutes)

On 4 August 2023, the CCAB issued *Draft Statement of Recommended Practice – Accounting by Limited Liability Partnerships*. The amended LLP SORP is intended to become effective for accounting periods commencing on or after 1 January 2024 with early adoption permissible.

Responding to stakeholder feedback, CCAB propose to update the LLP SORP in the following areas:

- Amounts payable to former members of the LLP
- Sharing of group profits – interests in subsidiaries
- Automatic division of profits to members who provide no services to the LLP
- Climate change disclosures

It should be emphasised that the proposed changes do not cater for any amendments arising from the FRC's ongoing periodic review of UK and Ireland GAAP, notably FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. At the time of writing, the FRC were currently analysing feedback received from the recent comment period of the Exposure Draft. The amendments to UK and Ireland GAAP arising from the periodic review may be published towards the end of 2023 or early 2024. They are currently expected to take mandatory effect for accounting periods commencing on or after 1 January 2025.

The majority of the changes proposed by CCAB are essentially clarifications and are not expected to significantly impact the way in which LLPs prepare their financial statements.

A summary of the notable amendments are as follows (references are to the draft SORP):

Amendment	Proposal
Amounts payable to former members	Additional guidance on scenarios which may be less common to LLPs – for example, where FRS 102, Section 26 <i>Share-based Payment</i> may apply. See paras 76 and 76A.
Group profits – interests in subsidiaries	Additional guidance on how an LLP which is a parent should account for a subsidiary that is also an LLP in its group accounts. The additional guidance specifically covers the treatment of members' debt and equity interests in the subsidiary when determining whether there is a non-controlling interest in the net assets of the group that should be recognised in the group accounts. See paras 119A to 119G.
Automatic division of profits to members who provide no services to the LLP	Additional guidance is included in the draft SORP on the treatment of profits which are automatically divided between members who do not provide any services to the LLP. See para 34D and Appendix 2,

Climate change disclosures	para 6. The draft SORP includes new requirements for certain (larger) LLPs to provide climate-related financial disclosures in the strategic report (if one is prepared) or in the energy and carbon report. See para 25D.
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1.1 Comment deadline

If you wish to comment on the proposed changes to the LLP SORP, they should be submitted to executive.office@ccab.org.uk by 27 October 2023.

If you wish to send hard copy comments, these should be posted to:

CCAB – LLP SORP
Moorgate Place
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