

TECHNICAL UPDATES

Our regular roundup of legal and regulatory change

EMPLOYMENT



THIS SECTION IS SUMMARISED FROM THE BULLETINS OF VARIOUS LAW FIRMS AND ASSOCIATIONS.

NONE OF THE INFORMATION IN THIS UPDATE SHOULD BE TREATED AS LEGAL ADVICE

COST CONTROLS COULD AFFECT RECRUITMENT: DELOITTE REPORT

CFOs in the UK's largest companies are focused on reducing costs, according to a survey by Big Four firm Deloitte.

More than half (58%) of those surveyed for the Q3 UK CFO Survey gave cost measures as their top strategy, in the face of the biggest perceived risk - which is still Brexit.

Their focus on costs is placed against "a backdrop of slowing growth and persistent uncertainty".

Despite the survey stating that "the labour market has shown resilience with further falls in unemployment and earnings rising

at the fastest pace in more than 10 years", 70% of CFOs surveyed still thought that new hires would be reduced over the next year. Only 3% believed the opposite would happen.

Deloitte's economists concluded that this cost measure would lead to weaker job and wage growth.

Some 53% of CFOs expressed concern about weak productivity and competitiveness in the survey, compared with 46% in the previous quarter's poll.

See tinyurl.com/BAM-Q3CFO

WORKPLACE PRESSURES EXTENDING TO DADS: SURVEY

Parents are increasingly willing to quit their jobs in a quest for better balance between work and family.

In their annual survey of 3,000 people, the Working Mums and Working Dads websites found men were reporting the same pressures as women in terms of career frustration and discrimination.

Of the dads polled, 70% said they felt trapped in their job due to the amount of flexibility it gave them

and feared they may not find another job with similar benefits.

Two-thirds of parents had been refused flexible working when it was requested. One in 10 had resigned as a result of that rejection.

Some 42% of dads said having greater flexibility at work would be the most important change to boost their careers. Nine in 10 dads voiced a preference for a four-day week.

However, when polled about shared parental leave, only 9% of dads had taken advantage of legislation offering them the opportunity to spend time at home with a newborn.

tinyurl.com/BAM-WorkMumDad

EU CITIZENS: PRIORITY IF SETTLING OUTSIDE LONDON

A new immigration bill, laying out plans to restrict movement of EU migrants in Britain, has been announced in the Queen's Speech.

Those aiming to come to the UK post-Brexit could find they get preferential treatment if they agree to not settle in London and the South East - the most populated regions in the country.

Stating that the government planned to "lay the foundation for a fair, modern and global immigration system", the proposal put forward is for a points-based system similar to that used in Australia.

The changes, when implemented, would mean new rules for employers as well as individuals. A central visa awarding body could be created, which would prioritise skilled migrants working in a job with a minimum salary and with a bias towards the sciences. The proposal was announced just before the Queen's Speech at the Conservative Party conference.

The rules will apply to new migrants; the government has made separate commitments to EU citizens already living and working in Britain.

EMPLOYMENT TRENDS: ACA IS VALUED

Change is the only constant in the working world: that's the headline finding of Robert Half's 2020 Salary Guide.

The recruiter's latest research shows that "most businesses need to

adapt in the face of change" as 2020 approaches. More than 49% of those asked said their business was already preparing for digital transformation, with 45% also preparing for changes to reporting and regulation. Some 41% were engaged in transitional work related to Brexit.

The survey also revealed the skills and experience most desired by recruiters in the finance sector. Compliance analysts, fund accountants, financial/management accountants and investment management support workers are highly sought-after, as are those who passed their ACA first time. Soft skills of note to employers include resilience (a skill being developed in teams by 94% of CFOs) and being a good communicator.

A significant number of UK business leaders said they were concerned about recruitment, specifically the ability to attract the right talent (41%). Some 71% said that finding those with the right digital skills was difficult.

CFOs in a corporate accounting environment were found to be the best-paid in finance: annual salaries ranged from £123,000 in the 25th percentile to £260,000 in the 95th percentile.

Robert Half spoke to more than 1,600 people for the survey, including 200-plus CFOs, 300 hiring managers and 1,000 UK-based working professionals.

See tinyurl.com/BAM-SalGuide20

TAX



ULTIMATE GUIDANCE TO OFF-PAYROLL WORKING RULES FROM APRIL 2020 (OR IR35)

Do you or your clients work through personal service companies? TAXguide 14/19 is a comprehensive guide to the new off-payroll working rules beginning on 6 April 2020 and how to implement them.

The Tax Faculty team and our volunteers have brought together this analysis of the rules, which will apply from next April. We have based this on available information and discussions with HMRC.

New rules were introduced for public sector contracts in 2017, but these are changing further and are scheduled to include many private sector contracts from 6 April 2020. The onus of compliance is, in these cases, moved from the PSC to the client or to the agency making the arrangements and payments.

It is important to remember that even though the administration and responsibilities around off-payroll working have changed, the underlying rules for determining whether a worker is employed or self-employed have not. The distinction remains fundamental to the question of whether IR35 or off-payroll working rules should apply, as it is still aimed at combatting 'disguised employment'.

See the guide at tinyurl.com/BAM-TG1419

ACCOUNTING FOR IMPORT VAT IN A NO-DEAL BREXIT

ICAEW campaigned for VAT postponed accounting to be introduced in a no-deal Brexit scenario, but what does that mean?

VAT postponed accounting means that importers will be able to declare and recover import VAT in their next VAT return, rather than when their goods arrive at the UK border. To do this they will need to provide their VAT registration and EORI number on their customs declaration. If the UK leaves the EU without a deal, it will also be possible to use VAT postponed accounting when they import from the rest of the world.

If there is a deal, then postponed accounting may not be introduced.

ICAEW has produced a guide (tinyurl.com/BAM-VATBrex) to navigate through the various sources of government guidance available to help understand the implications of Brexit. Postponed accounting is just one of many topics covered in the guide.

Further guidance on Brexit can also be found at ICAEW's hub, icaew.com/brexit

FINANCIAL REPORTING FACULTY



YOU CAN FIND OUT MORE ON THE LATEST FROM THE FINANCIAL REPORTING FACULTY AT [ICAEW.COM/FRF](https://icaew.com/FRF)

AMENDMENTS TO IFRS 9

LIBOR (the London Inter-Bank Offered Rate) and many other interest rate benchmarks around the world are in the process of being reformed. This has led to increasing uncertainty about the long-term viability of these interest rate benchmarks and raised questions about the potential effect on hedge accounting.

In response to these concerns the IASB has issued amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, and IFRS 7 *Financial Instruments: Disclosures*. The amendments apply to specific hedge accounting requirements and aim to avoid unnecessary discontinuation or prevention of hedge accounting as a result of uncertainties arising from interest rate benchmark reform. Amendments are effective for periods beginning on or after 1 January 2020, with early adoption permitted.

Similar amendments are in the process of being developed by the FRC for UK GAAP preparers.

For more information read our blog tinyurl.com/BAM-IRBreform See below for details of the *Bitesize Briefing* on this topic.

FRC THEMATIC REVIEWS

In its recently published thematic reviews, the FRC found companies

had responded positively to newly introduced reporting requirements for Revenue Recognition and Financial Instruments but there was still scope for them to improve the quality of annual report disclosures.

The thematic review of IAS 36 disclosures in relation to non-financial assets found opportunities for improvement in these areas.

IFRS 15 Revenue from Contracts with Customers

The FRC found that, in general, companies provided helpful and meaningful explanation of the impact of the new standard.

However, there was still scope for all companies sampled to improve the quality of their revenue disclosures, specifically by:

- improving the descriptions of accounting policies and ensuring that these are tailored to their own particular circumstances; and
- providing more detailed information about the judgements significantly affecting the amount and timing of revenue.

IFRS 9 Financial Instruments

The FRC identified instances of better practice across the sample of companies reviewed. However, it also identified that there was still room for companies to improve disclosures by:

- analysing the credit quality of trade receivables by non-banking companies; and
- providing details of the indicators of a significant increase in credit risk particularly by smaller banks.

Impairment of non-financial assets

While the review identified instances of better practice across all key aspects of disclosure, it also identified a number of common disclosure omissions and opportunities to clarify and enhance disclosures. Specifically, the FRC encourages companies to pay greater attention to:

- providing relevant information around significant judgements and key assumptions made in estimating the recoverable amount of assets and cash-generating units;
- explaining the sensitivity to changes in key assumptions,

where reasonably possible changes could give rise to impairment of goodwill or material further adjustments to already-impaired assets.

Read the FRC press release and the reviews tinyurl.com/BAM-FRCrevdisclosure

SOURCES AND USES OF CASH

The FRC's Financial Reporting Lab has published its latest project report *Disclosures on the sources and uses of cash*.

The report considers how companies can answer investors' questions about how a company generates cash and how it intends to use that cash. It provides guidance on how companies can give more information and context around its cash disclosures, beyond those in the cash flow statement including business model disclosures, capital allocation frameworks, reverse factoring arrangements and many others.

tinyurl.com/BAN-FRClabSept2019

BITESIZE BRIEFINGS

The Financial Reporting Faculty has launched *Bitesize Briefings*, a range of short 20-minute webcasts covering a range of topical issues. Certain briefings looking at subjects of wider interest are open to all ICAEW members, free of charge.

Our next open-to-all briefing, *Financial reporting and interest rate benchmark reform - an introduction* will be held on 4 November at 13.00. We'll be explaining what interest rate benchmark reform (IBOR) is and what impact it will have on financial reporting to help you identify whether you might be affected. ●