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Crowne Plaza Hotel, Belfast

15 November 2018

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The FRC triennial review: UK GAAP impact

Jason Starbuck

Deloitte
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FRS 102 Triennial review

New edition of FRS 102
issued March 2018

Effective periods
beginning 1 January 2019
and available for early
adoption

Early adoption may make
life easier

FRS 102 Triennial review - amendments



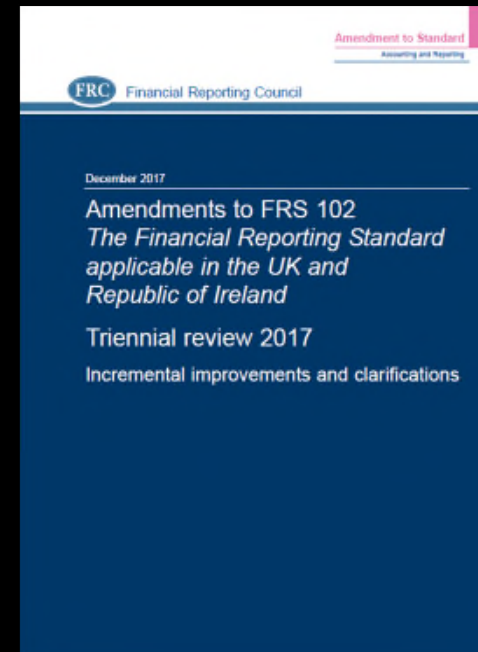
Mainly incremental improvements and clarifications



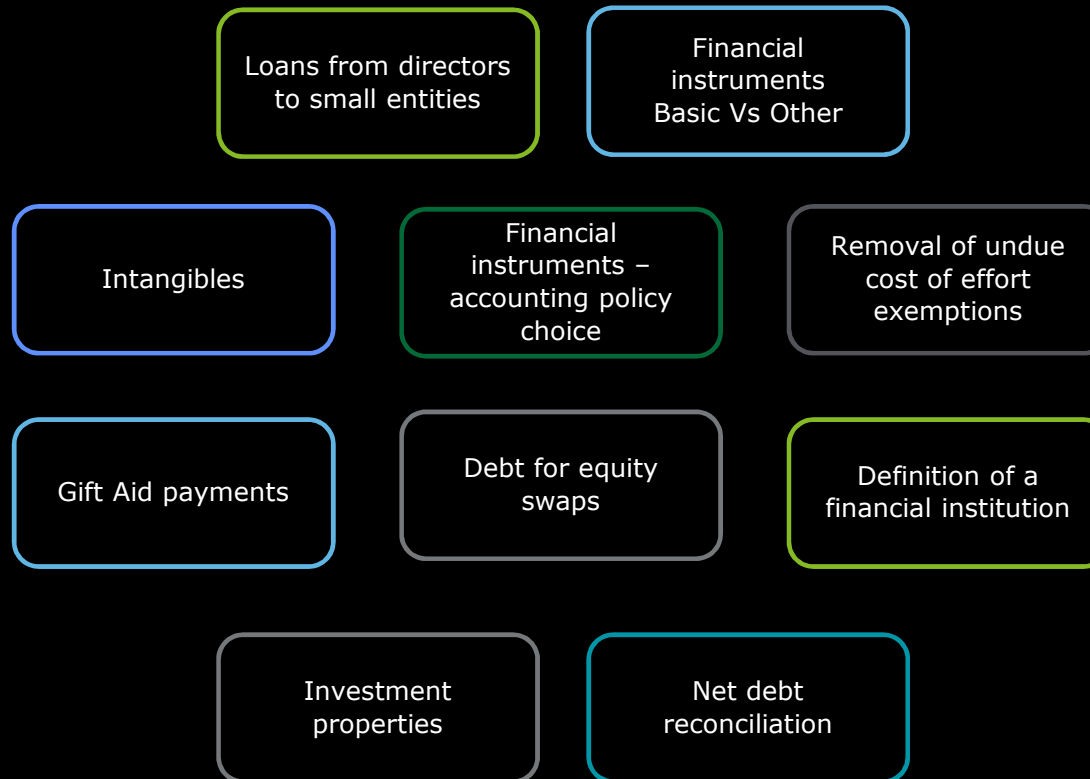
No amendments for major changes in IFRS (expected credit loss model, IFRS 15 and IFRS 16)



Ten main areas of change



FRS 102 Triennial review - changes



FRS 102 Triennial review - changes

Loans from directors to
small entities



Financial instruments –
Basic Vs Other

“... cash flows on specified dates that constitute repayment of the principal advanced, together with reasonable compensation for the time value of money, credit risk and other basic lending risks and costs...”





Examples:

Does the financial asset meet the "basic" criteria before/after the amendments?

Debt Instrument	Before amendment	After amendment
Loan: <ul style="list-style-type: none">• 5% fixed interest rate• Bullet repayment at end of 3 years• Lender has the right to increase interest to 9% if a covenant is breached		



Examples:

Does the financial asset meet the “basic” criteria before/after the amendments?

Debt Instrument	Before amendment	After amendment
<p>(GBP denominated):</p> <ul style="list-style-type: none">- 2% fixed rate + Euribor 3 months- Maturity of 7 years- Interest payable every quarter- Borrower may repay the loan at fair value after 2nd anniversary of inception		

Examples:

Does the financial asset meet the “basic” criteria before/after the amendments?

Debt Instrument	Before amendment	After amendment
<p>Corporate bond:</p> <ul style="list-style-type: none">- Interest = 2% fixed rate plus % increase in the UK House Price index- Maturity of 5 years- Interest payable monthly- No early payment available		

FRS 102 Triennial review - changes

Loans from directors
to small entities

Financial instruments
Basic Vs Other

Investment
properties

Net debt
reconciliation

Examples:

Reconciliation of net cash flow to movement in net debt

	£'000	£'000
Decrease in cash and cash equivalents in the period	(6,725)	
Cash inflow from increase in debt and lease financing	(2,347)	
Cash inflow from sale of investments	<u>(700)</u>	
Change in net debt resulting from cash flows		(9,799)
Loans and Finance leases acquired with subsidiary		(3,817)
New finance leases		(2,845)
Translation difference		<u>643</u>
Movement in net debt in the period		<u>(15,818)</u>
Net debt at 1 January		(15,215)
Net debt at 31 December		<u>(31,033)</u>

FRS 102 Triennial review - changes

Loans from directors
to small entities

Financial instruments
Basic Vs Other

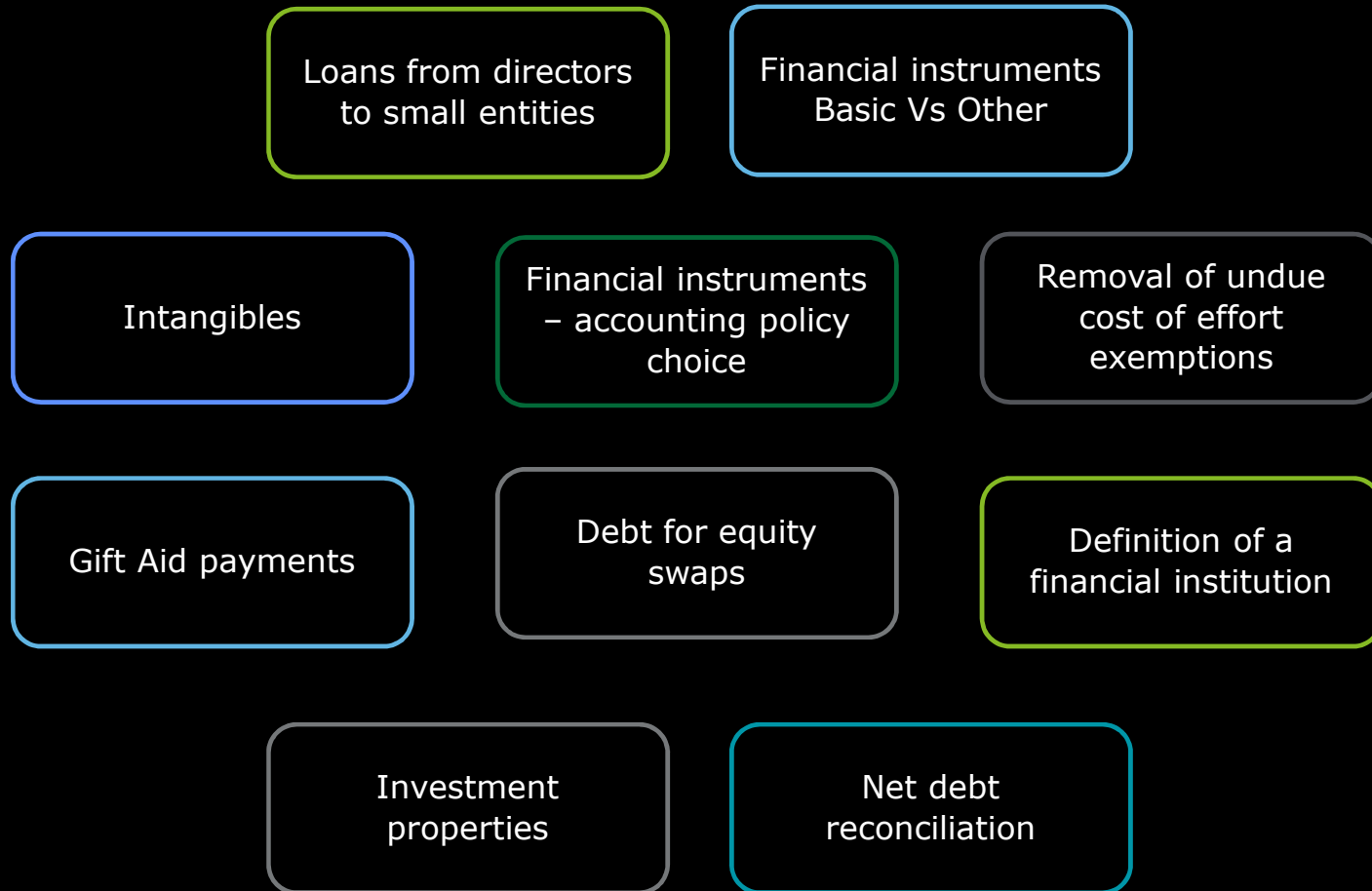
Intangibles

Definition of a
financial institution

Investment
properties

Net debt
reconciliation

FRS 102 Triennial review - changes



FRS 102 Triennial review

FRC intend to publish "Staff fact sheets"

Subject to "emerging issues", now intended to review FRS 102 every 4-5 years rather than "triennially"

FRS 101 will continue to be reviewed annually



Need to know

FRC publishes Triennial review 2017 incremental improvements and clarifications (Amendments to FRS 102)

The Financial Reporting Council (FRC) has published incremental improvements and clarifications to FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Contents

- Background
- What are the main areas of improvement or clarification?
- Effective date and early application
- Further information

For more information please see the following websites:
www.iasplus.com
www.deloitte.co.uk

January 2018

- The amendments have arisen as a result of the first triennial review of FRS 102 and after taking into account stakeholder feedback on the implementation of FRS 102 and recent developments in financial reporting.
- The principal amendments aim to balance improvements in the quality of financial reporting, self-maintaining stability and should make compliance with FRS 102 easier and more cost effective, with no loss of significant information. The principal amendments include:
 - Introducing an overriding principle: the definition of a basic bank instrument
 - Confirming the simplification of the measurement of dividend loans to small entities, following the revision noted in 2017
 - Requiring fewer intangibles to be separated from goodwill in a business combination
 - Permitting investment property held to another group entity to be measured by reference to cost less depreciation and impairment, rather than fair value
 - Simplifying the definition of a financial institution to remove references to general credit and management risk
 - Allowing that an effects of gift payments by subsidiaries to their charitable parents to be taken into account at the reporting date when it is probable that the gift aid payment will be made in the following nine months
 - Taking into account the new small entities and micro-entities regimes in the Republic of Ireland which differ slightly from those already existing in the UK

See our 'Need to Know' publication

<https://www.iasplus.com/en-gb/publications/uk/need-to-know/2018/ntk-frs-102-triennial-review-2017>

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**The 2018 UK Corporate
Governance Code – key headlines**

Ross Boreland

Senior Manager, Risk Advisory

Deloitte
Financial Reporting
plus

Corporate Governance Update Contents

FRC Code

Overview

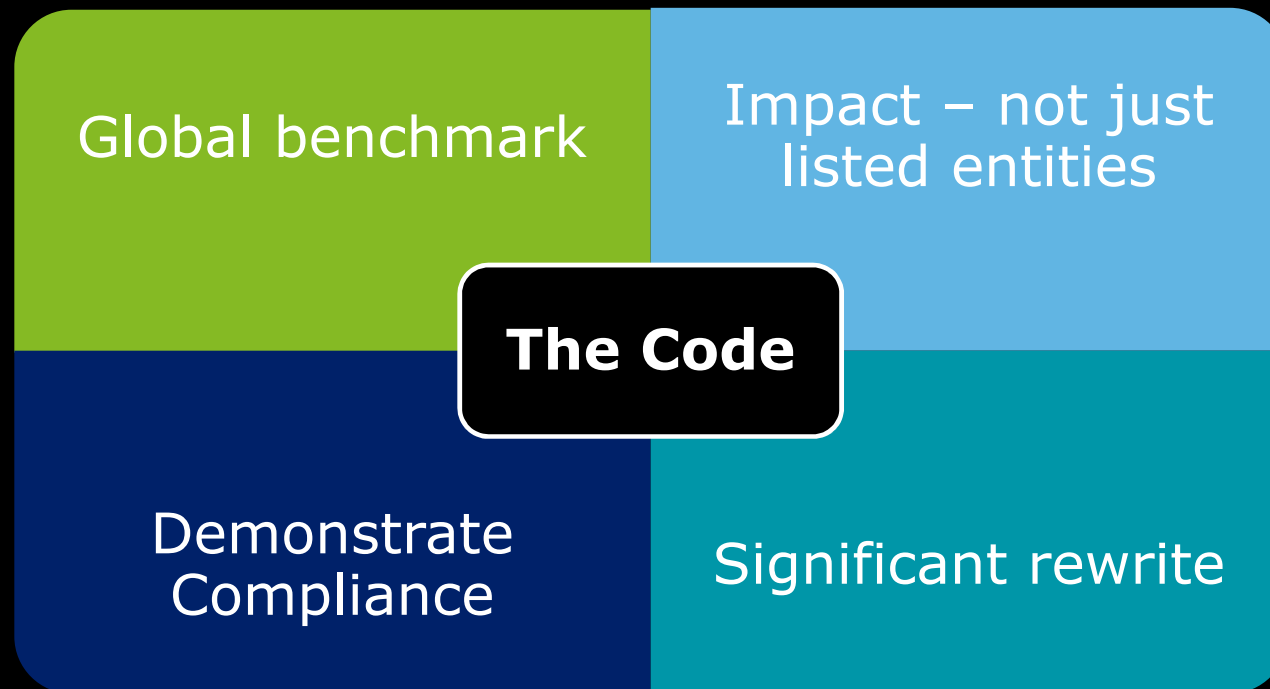
Key updates

Private Companies Code

Application

Principles

The UK 2018 Corporate Governance Code Overview



The UK 2018 Corporate Governance Code Overview

5 sections

- 1) Board leadership and company purpose
- 2) Division of responsibilities
- 3) Composition, succession and evaluation
- 4) Audit, risk and internal control
- 5) Remuneration

18 Principles (A-R)

41 Provisions

Continuity as well as
significant change

The UK 2018 Corporate Governance Code

Continuity

Board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned

Board should include appropriate combination of executive and non-executive, no individual or group dominates decision making

Board and committees should have combination of skills experience and knowledge

The 2018 UK Corporate Governance Code

Section 1) Board Leadership and Company Purpose

A successful company is led by an **effective** and **entrepreneurial** board, whose role is to promote the **long-term sustainable success** of the company, generating **value for shareholders** and **contributing to wider society**

Board should **assess and monitor culture** and ensure management take **corrective action**

The 2018 UK Corporate Governance Code

Section 1) Board Leadership and Company Purpose (cont'd)

The **board** should ensure that workforce policies and practices are **consistent** with the company's **values** and support its **long-term sustainable success**.
Workforce should be able to raise **ANY** matters of concern

Board should assess and monitor culture
- Seek assurance for corrective action
Explain the approach to **investing in** and **rewarding** the workforce

Describe how the interests of **key stakeholders** and other matters in s172 impacted **board decisions**

One, **or a combination**, of the following methods to be used for engagement with the workforce:

- a director appointed from the workforce;
- a formal workforce advisory panel; or
- a designated non-executive director

The 2018 UK Corporate Governance Code

Section 2) Division of responsibilities

Board should include appropriate combination of executive and non-executive (independent) directors to prevent domination in decision making

Chairman should be independent on appointment

Independence of non-executives reverts to being a matter for board judgement **BUT clearer explanations** called for where independence may appear impaired

The 2018 UK Corporate Governance Code

Section 3) Composition, succession and evaluation

Appointments and succession plans should **promote diversity** of gender, social and ethnic backgrounds, cognitive and personal strengths

Board and committees should have combination of skills, experience and knowledge

Consideration should be given to the length of service of the board as a whole and membership regularly refreshed

Nine year maximum tenure is imposed on the Chair (from date of joining the board)

Greater emphasis on the quality of the external board evaluation

The 2018 UK Corporate Governance Code

Section 4) Audit, risk and internal control

Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of principle risks the company is willing to take to achieve long term strategic objectives

Where there is no **Internal Audit** function, an explanation for the absence, **how internal assurance is achieved**, and how this affects the work of external audit

Board should carry out a robust assessment of the company's **emerging and principal risks**. Describe **procedures in place to identify emerging risks**, and an explanation of how these are being managed or mitigated

The 2018 UK Corporate Governance Code

Section 5) Remuneration

Remuneration strategies
to support strategy and
long term success

Align executive
remuneration to company
purpose and values

Remuneration schemes
should promote long term
shareholdings

The 2018 UK Corporate Governance Code

Wates Corporate Governance Principles for Large Private Companies

Final principles and
guidance will be published
in December 2018

Apply to companies with
either or both
2000 employees
Turnover > £200m and a
balance sheet of more than
£2bn

Apply or explain

6 Principles

The 2018 UK Corporate Governance Code

Wates Principles

1 – Purpose

Effective Board
promotes purpose

Ensures strategy,
value culture align
with purpose

2 – Composition

Balance of skills,
backgrounds and
experiences

Capacity to
contribute

3 – Responsibilities

Board has clear
understanding of
accountability

Policies and
procedures support
effective decision
making and
independent
challenge

The 2018 UK Corporate Governance Code

Wates Principles

4 – Opportunity & Risk

Board promotes long term success by identifying opportunities to preserve and create value

Establish oversight for identification and mitigation of risks

5 – Remuneration

Board promotes remuneration structures aligned to long term success

6 – Stakeholders

Board oversees engagement with material stakeholders, including the workforce

Have regard on decisions

Board fosters good relations based on company's purpose

What can we offer to help you?

Governance in brief

[Governance in brief — FRC issues new UK Corporate Governance Code](#)

[Governance in brief — BEIS issues legislation to deliver key corporate governance reforms](#)

[Governance in brief — The QCA updates its Corporate Governance Code as AIM tightens rules](#)

[Governance in brief — FRC consults on a new-style UK Corporate Governance Code](#)

The image shows the cover of a Deloitte document titled "Governance in brief" dated July 2015. At the top left is the Deloitte logo. At the top right is "The Deloitte Academy July 2015". Below the logo is a word cloud containing terms such as "Diversity", "Stakeholders", "Corporate governance", "Transparency", "Audit committee", "Risk appetite", "Assurance", "Reputation", and "Stakeholders". The main title "Governance in brief" is centered, with the subtitle "FRC issues new UK Corporate Governance Code" below it. A "Headlines" section contains a bullet point: "The FRC has published the new UK Corporate Governance Code...". Below this is a "Need to know" section with a sub-heading "Government publishes new company reporting requirements for private and public companies in response to its consultation on Corporate Governance Reform". This section includes a "Contexts" table and a list of key points. The "Contexts" table lists: Background (Reporting on matters in section 172(1) of the Companies Act 2006), Corporate governance reporting (for large privately held and unlisted companies), Executive brief, Effective date, and Further information. The key points list includes: "The draft regulations are part of the government's package of corporate governance reforms.", "All large companies (private as well as public) must include a section 172(1) statement in their strategic report which describes how the directors have complied with their duty to promote the success of the company for the benefit of its members which will refer to the matters set out in section 172(1)(a)-(f). These matters include a number of the matters considered.", "The directors' report of all large companies (private as well as public) must include more information on how directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard on the principal decisions taken by the company during the financial year. Requirements are also subject to requests of those directors that engaged with employees, had regard to employee interests, and the effect of that regard on the principal decisions taken by the company during the financial year.", "All companies of a significant size must disclose their corporate governance arrangements in their Directors' report and on their website, including whether they follow any formal code including companies such as listed companies which are already required to report on their corporate governance arrangements." At the bottom, contact information for Deloitte is provided: "For more information please see the following website: www.ukcorporategovernance.co.uk www.deloitte.co.uk".

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Corporate Tax Update
Chris McClenahan

Deloitte
Financial Reporting
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Corporate Tax Update

Budget 2018

Intangible asset regime changes

01 Reinstatement of relief for acquired goodwill

02 Tax charges on de-grouping

Capital allowances changes

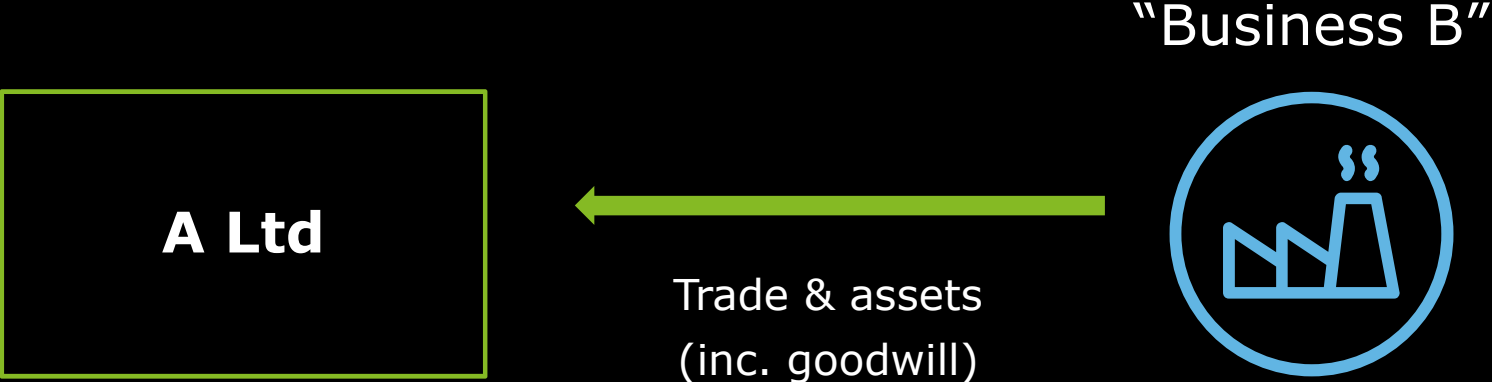
01 Annual investment allowance limit

02 New Structures and Buildings allowance

03 Decrease in special rate relief

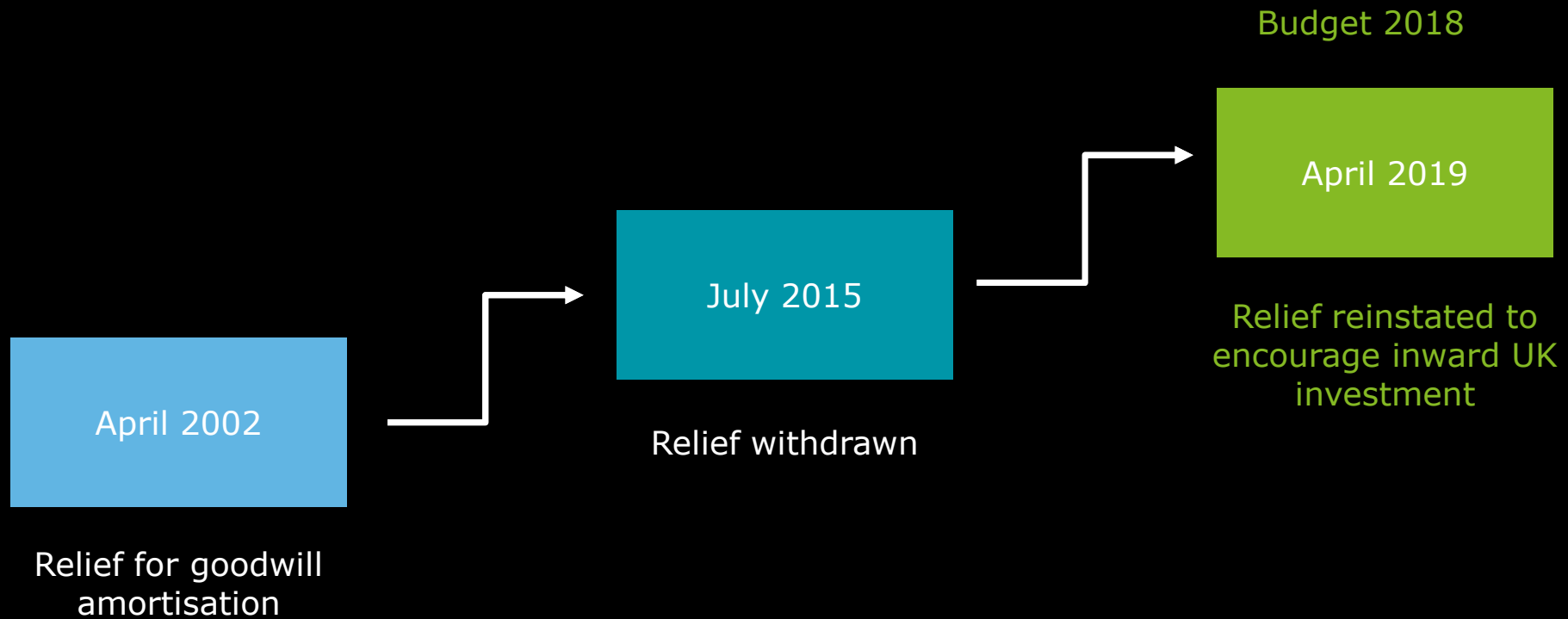
Intangible assets regime changes

Reinstatement of relief for goodwill



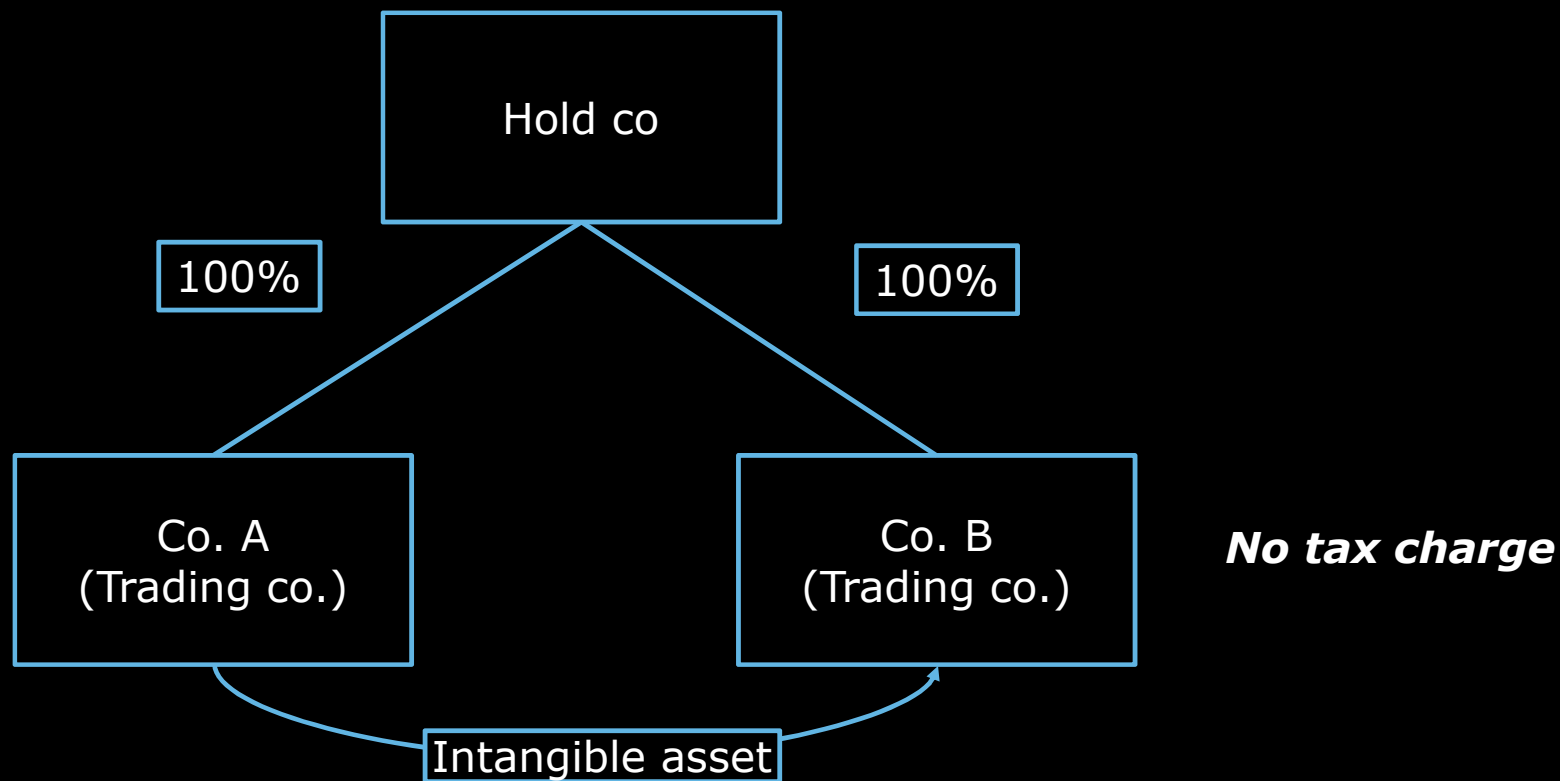
Intangible assets regime changes

Reinstatement of relief for goodwill



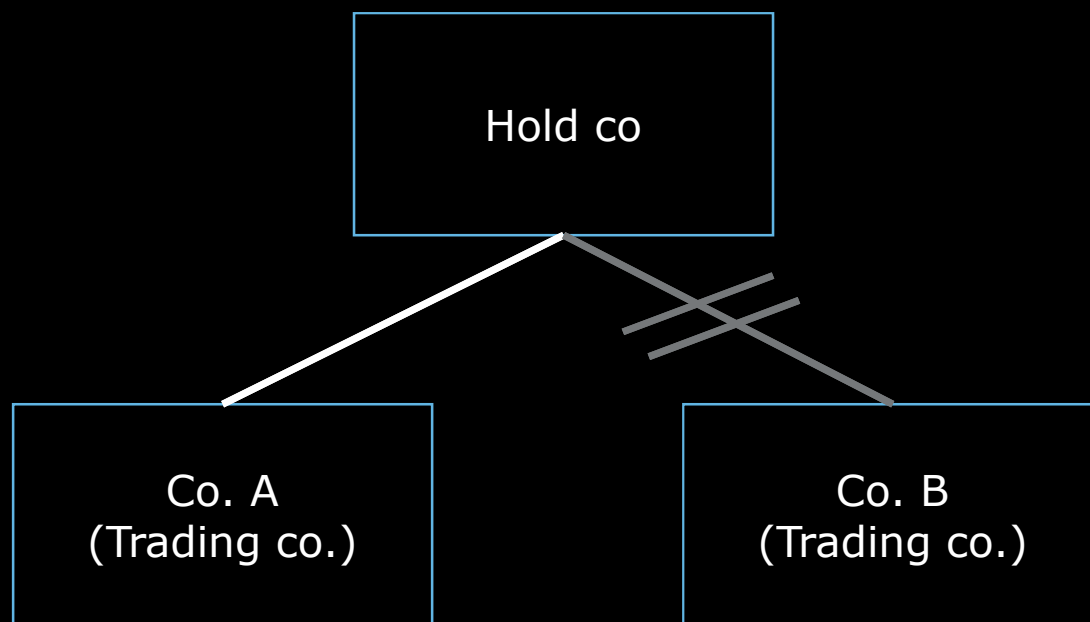
Intangible assets regime changes

Tax charges on de-grouping



Intangible assets regime changes

Tax charges on de-grouping



***Anti avoidance –
tax charge***

Intangible assets regime changes

Tax charges on de-grouping

- Hidden tax charges
- Exemption available for assets within chargeable gains regime
- Now extending that exemption to intangible assets
- Will take effect from 7 November 2018



Capital allowances changes

Annual investment allowance

- Available on qualifying plant and machinery
- Relief given at 100% when asset brought into use
- Increased temporarily from £200k to £1m
- Will take effect from 1 January 2019



Capital allowances changes

New Structures & Buildings allowances

- New non-residential structures and buildings
- Straight line relief at 2%
- Future purchasers inherit tax written down cost
- No balancing allowances or charges



Capital allowances changes

New Structures & Buildings allowances



- New non-residential structures and buildings
- Contracts entered into on or after 29 October 2018



- Existing structures (pre 29 October 2018)
- Alterations to existing buildings

Capital allowances changes

Special rate relief reduction

- Available on 'long life' assets, integral features and high emission cars
- Aim to align tax treatment to accounting treatment
- Rate of relief reduced from 8% to 6%
- Will take effect from April 2019



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Employment Taxes

Jane Foy

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plus

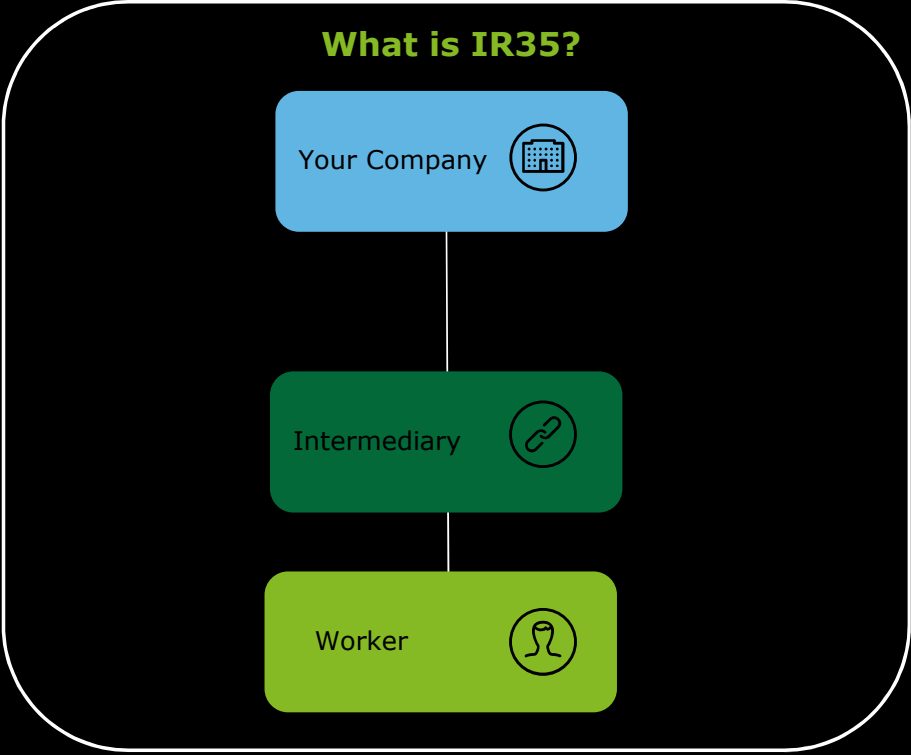
Agenda

1. Extending IR35 to the Private Sector

2. Entrepreneurs Relief Changes

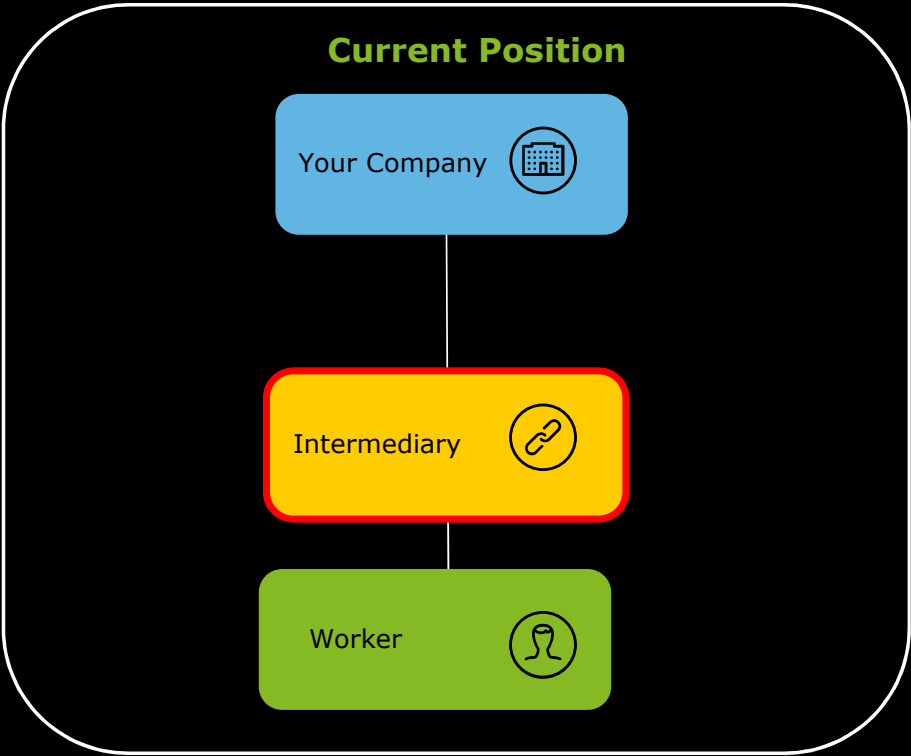
Extending the Public Sector IR35 rules to the Private Sector

Impact of change



Extending the Public Sector IR35 rules to the Private Sector

Impact of change



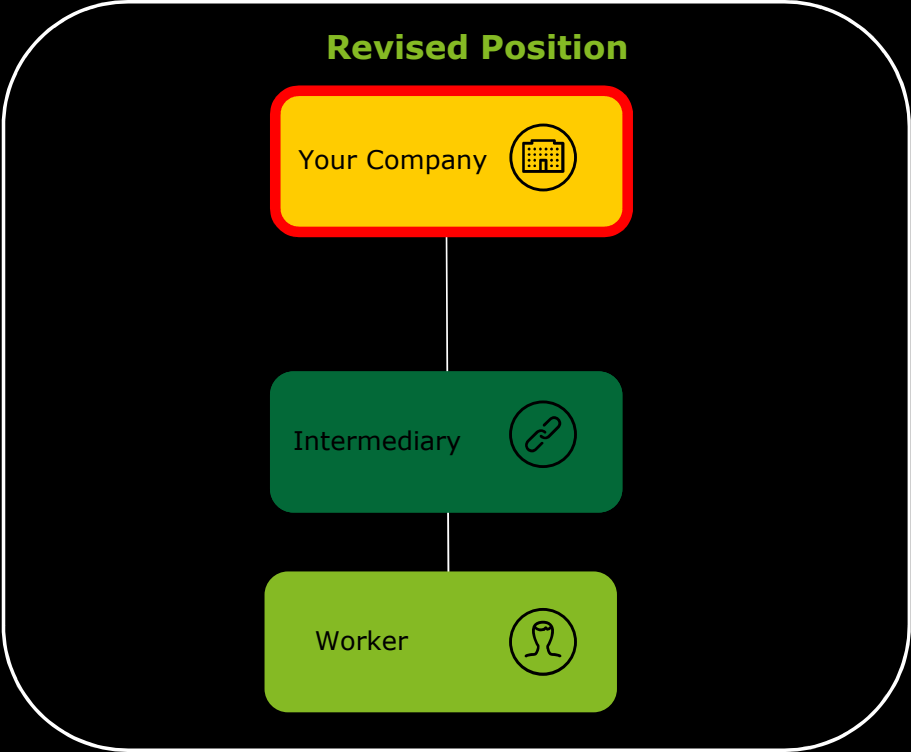
Key:

Operate PAYE

Status Decision

Extending the Public Sector IR35 rules to the Private Sector

Impact of change



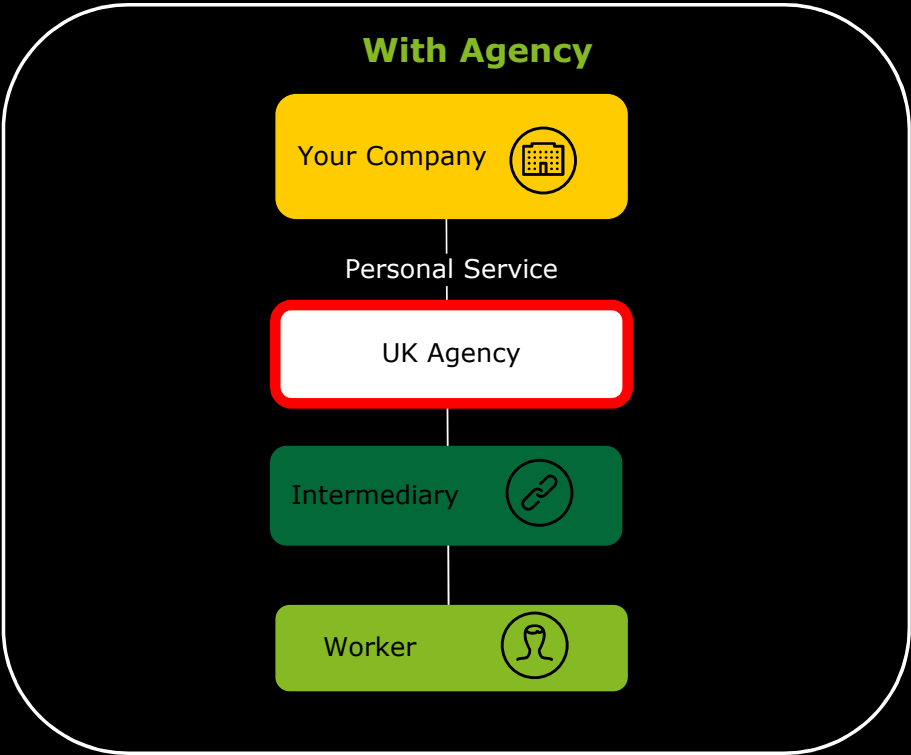
Key:

Operate PAYE

Status Decision

Extending the Public Sector IR35 rules to the Private Sector

Impact of change



Key:

Operate PAYE

Status Decision

Extending the Public Sector IR35 rules to the Private Sector

Impact of change

6 April 2020

Consultation on legislation

Large / medium businesses

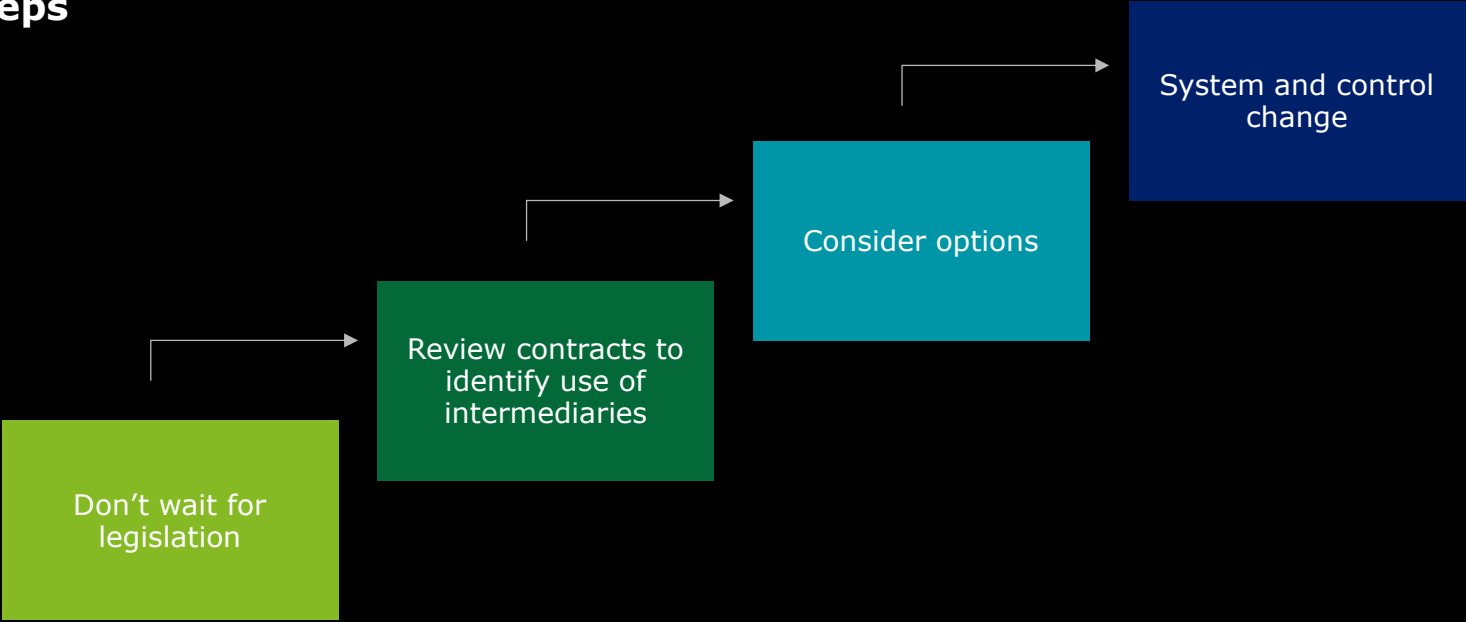
**Legislation from September
2019**

**CEST V2
from September 2019**

Extending the Public Sector IR35 rules to the Private Sector

Impact of change

Next Steps



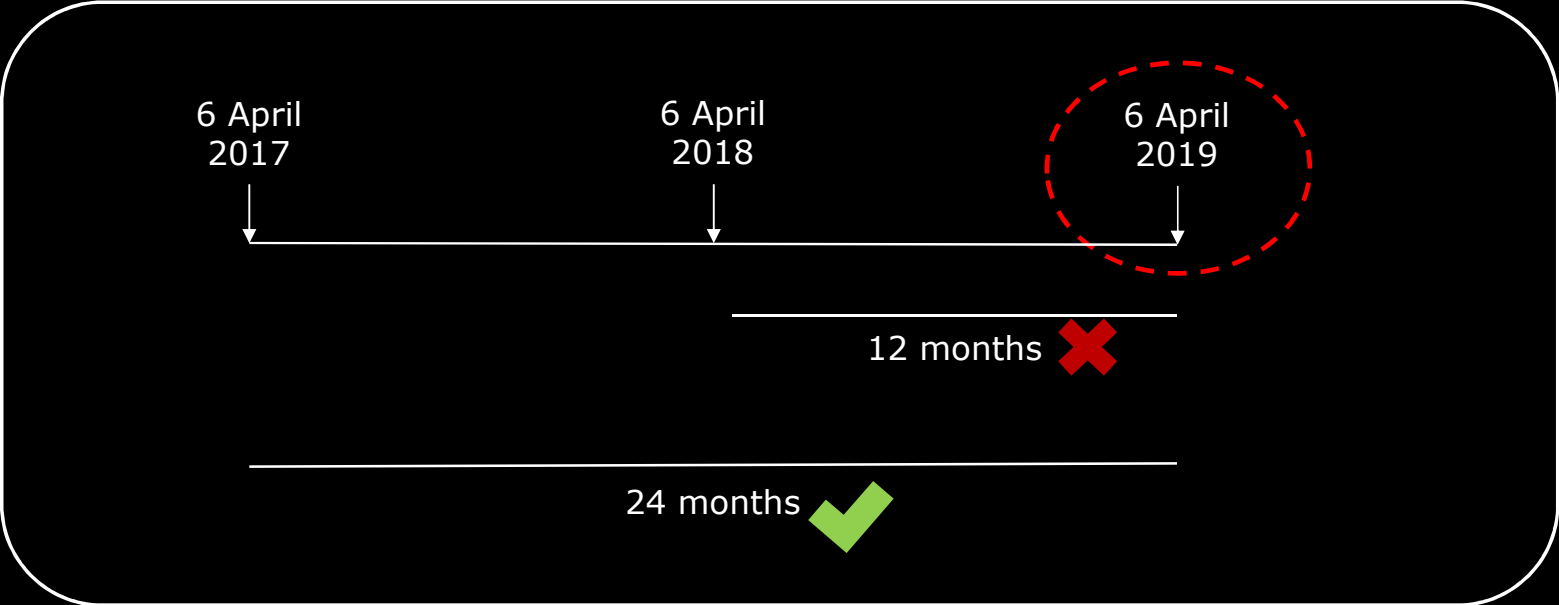
Employment Taxes

1. Extending IR35 to the Private Sector

2. Entrepreneurs Relief Changes

Changes to entrepreneurs relief

Period for conditions to apply



Changes to entrepreneurs relief

Immediate change to ownership conditions

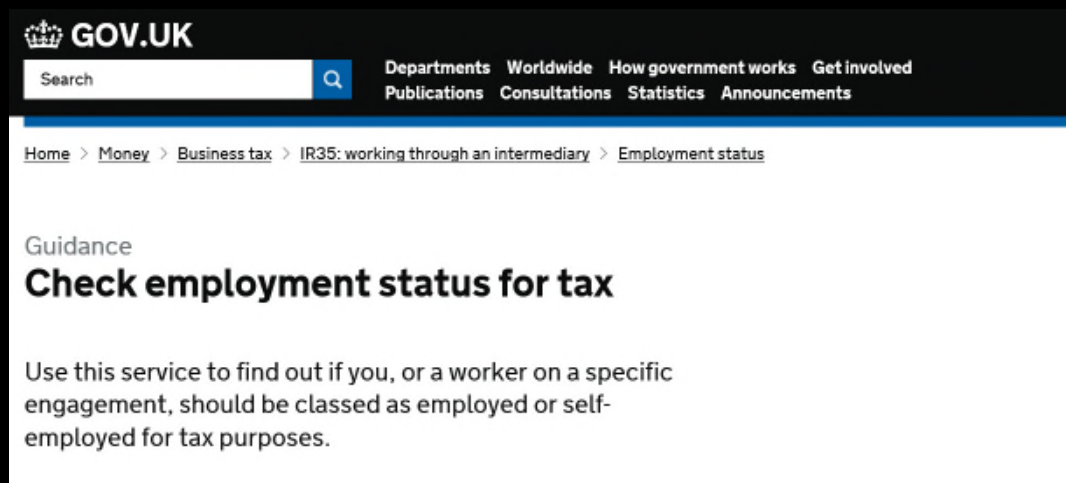
5% share capital/voting

5% profits

5% assets

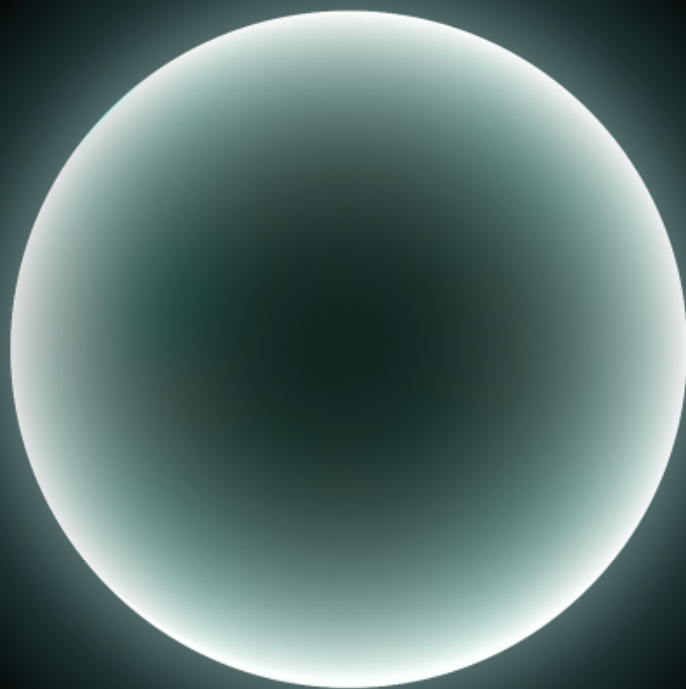
Check Employment Status for Tax

<https://www.gov.uk/guidance/check-employment-status-for-tax>



The screenshot shows the GOV.UK website interface. At the top left is the GOV.UK logo. To its right is a search bar with a magnifying glass icon. Further right are navigation links: Departments, Worldwide, How government works, Get involved, Publications, Consultations, Statistics, and Announcements. Below the navigation is a breadcrumb trail: Home > Money > Business tax > IR35: working through an intermediary > Employment status. The main heading is 'Guidance' followed by 'Check employment status for tax' in a large, bold font. Below the heading is a paragraph: 'Use this service to find out if you, or a worker on a specific engagement, should be classed as employed or self-employed for tax purposes.'

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VAT Update
Brian Birt

Deloitte
Financial Reporting
plus

2018 VAT Update

Reverse charge in the
construction sector
1 October 2019

Making Tax Digital for VAT
(MTDfV) – 1 April 2019

Reverse Charge for Building and Construction Sector Supplies

Domestic Reverse Charge in the Construction Sector

VAT Fraud in the Construction Sector

Introduction of the reverse charge SAVE £404m in 4 years.

Why the Fraud?

- Supplier raises a VAT invoice, charges and collects VAT
- Buyer reclaims VAT (fully taxable)
- Supplier absconds with the VAT without paying HMRC

Domestic Reverse Charge in the Construction Sector

S55A VAT Act 1994 – shifts liability to account for output tax from the seller to the purchaser

- Statutory Instrument – **1 October 2019**
- Certain supplies of construction services
- Standard and reduced rate supplies
- Services 'bought in' and used for re-supplying construction services

Domestic Reverse Charge in the Construction Sector

Excluded parties:

- End users
 - Individuals
 - Non-vat registered entities
 - Constructing building for own use
- Connected Parties
- Landlord and tenant relationship

Domestic Reverse Charge in the Construction Sector

Practical implications for businesses – 1 October 2019

Invoicing and
Self-billing

Cash flow
advantage
disappears

Domestic Reverse Charge in the Construction Sector

HMRC TO CRACK DOWN ON 'MISSING TRADER' VAT FRAUD BY BRIAN BIRT, MANAGER AT DELOITTE NI



newly constructed retail premises.

Also included are supplies of specified services where the Supplier and Purchaser are connected in a particular way and for supplies between landlords and tenants.

What are the potential impacts?

This measure will help level the playing field for businesses by ensuring that VAT fraud is removed from supply chains. The measure will impact on around 100,000 to 150,000 businesses in the construction and building sector. The additional administrative burden for all businesses affected may be significant and one off costs will include training staff on the new rules and adapting VAT accounting packages.

The charge will impact on small and micro businesses, particularly in respect of lost of cash flow where VAT is no longer charged. Some businesses, mainly smaller businesses, use the VAT they collect as working capital before they pay it over to HMRC.

A number of sub-contractors in a Reverse Charge construction supply chain may still from being quarterly VAT payers under the normal VAT requirement. This will be the case if they do not materialise in the course of making the Reverse Charge supplies.

Further difficulties can arise for suppliers in the construction sector as the intended use by the purchaser is often relevant to the VAT liability to be applied and the intention can change after the supply has been made. No clarity on the technical issue has been provided but it is useful to note that HMRC is undertaking a separate detailed technical consultation on these points.

Builders will need to take additional cautionary measures from 1 October 2019 when a VAT Reverse Charge is introduced for a wide range of construction services. This too comes in a bid of eliminating the opportunity for traders to charge VAT before absconding with the tax collected.

The introduction of the Reverse Charge in the industry means that businesses will need to adapt their systems and manage their cash flow differently. Fortunately, owing to the large number of small businesses potentially affected by a reverse charge for construction services, the government has given a long lead-in time to help businesses adjust.

The issue

Original claimants present issued supply chain on an artificial basis solely with the intention of failing to pay VAT and make incorrect returns to HMRC.

Having 'traded' correctly the fact

while operating through firms which supply actual construction services. There are instances when sub-contractors provide goods of services to the construction sector and charge VAT on the supply of construction services but leave their VAT bills with HMRC unpaid.

How will the introduction of the VAT Reverse Charge address 'Missing Trader' VAT Fraud? Currently, suppliers in the construction industry charge and account for output VAT to either themselves or charging VAT at a positive rate (5% or 20%). Having collected VAT on their invoices presents the opportunity to fraudulent suppliers to abscond with the tax.

However, under the VAT Reverse Charge mechanism suppliers will not collect VAT on their sales invoices, with the burden of accounting for the output VAT shifting to the customer in practical terms, for most transactions the VAT is simply netted off in the customer's VAT return and is no more than an accounting entry.

The domestic reverse charge will only apply when:

1. Both the supplier and purchaser of the transaction are registered for VAT.
2. The Supplier is included in standard

rated construction services.

It does not apply to zero rated supplies of construction services.

The application of the Reverse Charge will be on the total value of the effective supply so for example, if building and construction materials will be included when provided as part of the supply of construction services, the Reverse Charge will apply to all the supplies.

The types of construction services covered are as follows:

- Construction, alteration, repair, extension, demolition;
- Demolition of buildings or structures, or any work forming part of the land;
- Installation in any building or structure;
- Internal clearing of buildings and structures;
- Painting or decorating the internal or external structures;
- Any services which form an integral part of, or are preparatory to, or for rendering complete, the services just described.

The Reverse Charge excludes supplies of specified services that are made to non-construction businesses such as a high street retailer and to commercial property developers who are buying Reverse Charge construction services to make an onward sale or lease of



Check us out on social media: [f](#) [in](#) [t](#)
www.specifymagazine.co.uk

HMRC Publication – 7th November 2018

<https://www.gov.uk/government/publications/vat-reverse-charge-for-building-and-construction-services/vat-reverse-charge-for-building-and-construction-services>

Making Tax Digital for VAT

Making Tax Digital for VAT

WHO

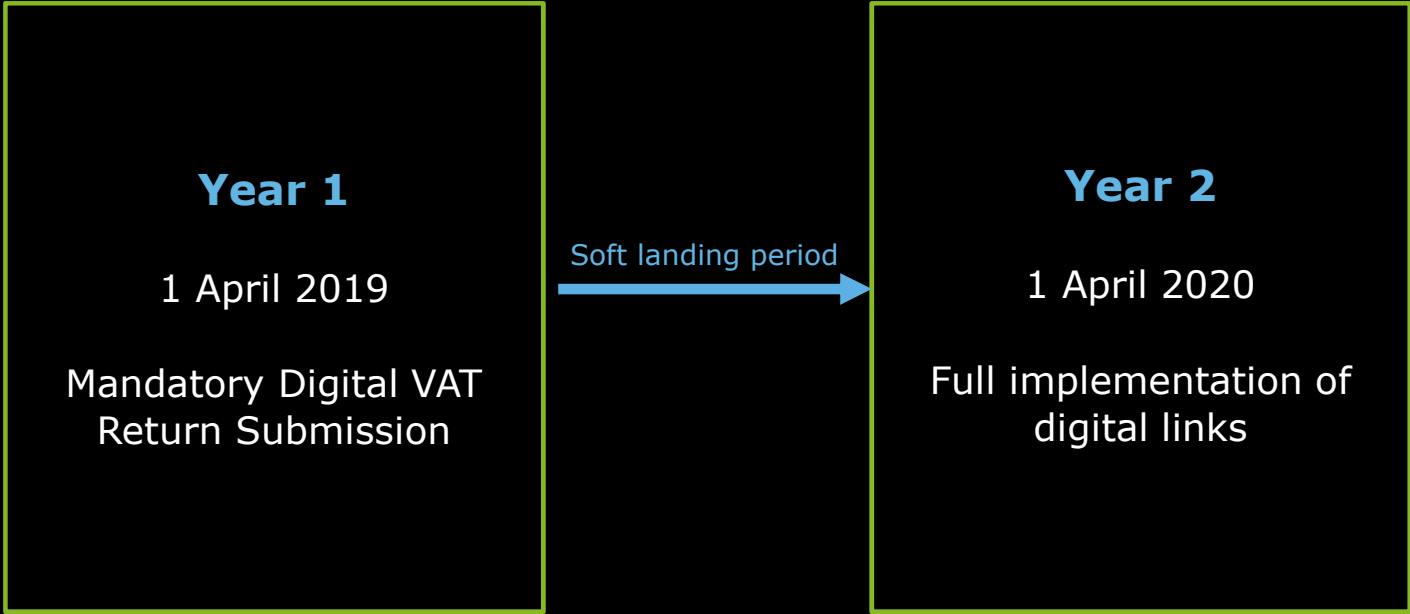
UK VAT Registered Businesses (some exceptions)

WHEN

VAT Returns Commencing on/after 1 April 2019

Making Tax Digital for VAT

Key Dates



Making Tax Digital for VAT

The digital journey

01

DIGITAL RECORDS

What is an acceptable **digital record** and what **digital records** must be kept?

02

DIGITAL LINKS

What is a **digital link**?

- Spreadsheets must meet rules
- No cut and paste, rekeying, etc.

03

DIGITAL SUBMISSION

How do I make a **digital submission**?

- Submit 9 boxes via API

Making Tax Digital for VAT

Digital Records

What records must be kept?

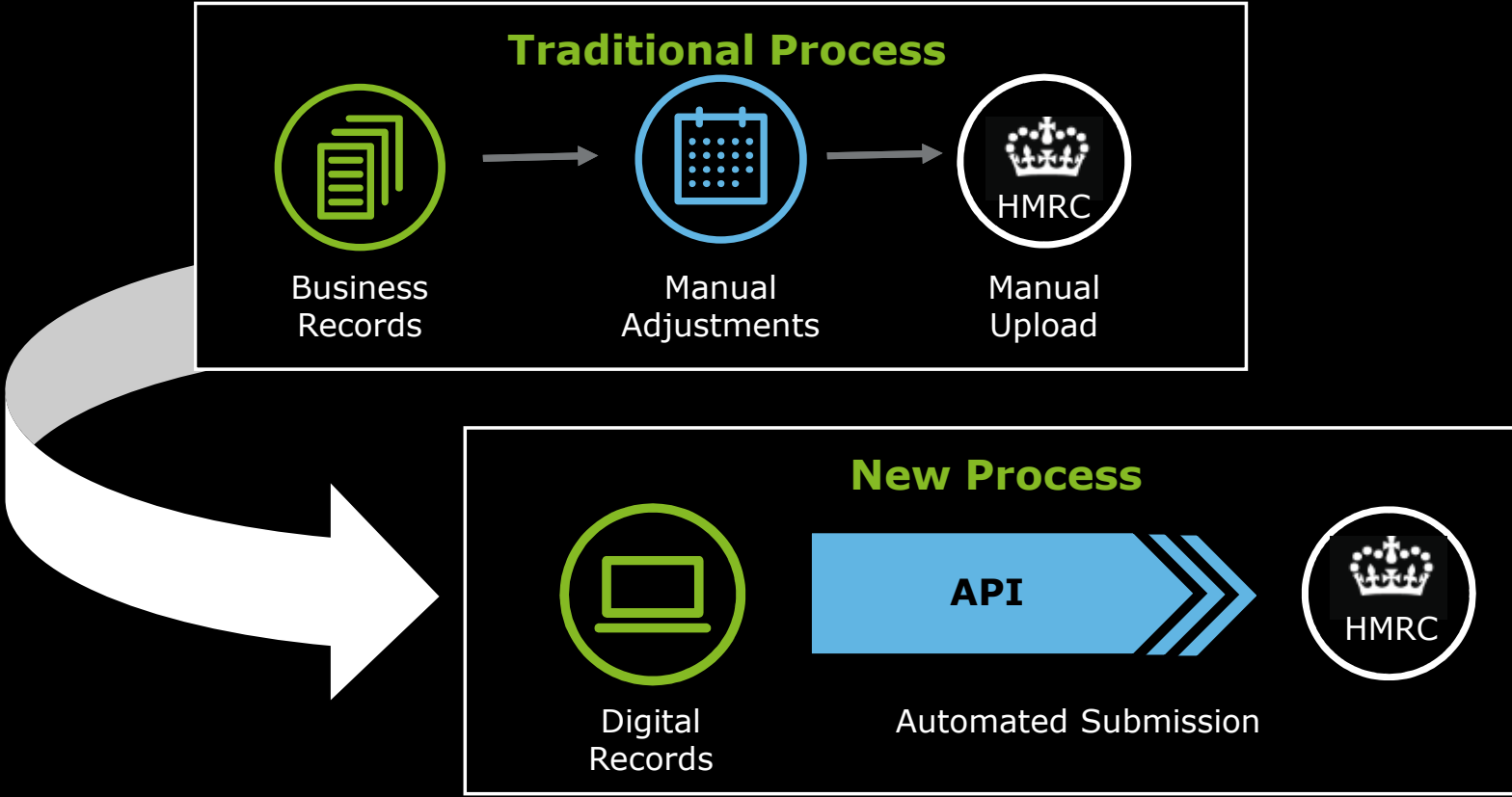
- Business name etc
- Supplies made
- Supplies received
- Adjustments

Functional compatible software?

- Record and preserve digital records
- Send and receive information to and from HMRC via the (Application Programming Interface) - API platform

Making Tax Digital for VAT

What is a digital link?



Making Tax Digital for VAT

Digital Link

“A **digital link** is one where a **transfer or exchange of data** is made, or can be made, **electronically between software programs, products or applications**. That is **without the involvement or need for manual intervention** such as copying over information by hand or the manual transposition of data between two or more pieces of software”.

HMRC, VAT Notice 700/22

The digital journey is formed by linking individual software together.

Making Tax Digital for VAT

What is a digital link?

Two types of digital link:

1. Mandatory digital link: the API submission to HMRC via “bridging software” must be in place for VAT periods after April 2019.

Delayed mandatory digital link applies VAT groups and others

2. Digital link: an additional 12 month period in order to ensure all other digital links are in place – this is the “soft landing period”. Fines and penalties to apply for non-compliance after April 2020.

Making Tax Digital for VAT

What is a digital link?



Acceptable links

- API transfer
- Linked cells and macros in spreadsheets
- Emailing of spreadsheets with digital records, e.g. to an agent
- XML, CSV import and export
- Download and upload of files
- Manual adjustments into the VAT return – totals required only when the financial system has closed, e.g. accrued input VAT



Unacceptable links

- Cutting and pasting of information between functional compatible software
- Re-keying large amounts of information
- Stand-alone spreadsheets
- Stand-alone API software

Making Tax Digital for VAT Readiness

- 01 Perform MTD impact assessment**
- Detail of VAT return, include:
 - People / organisational
 - Systems, data, interfaces
 - Process, including adjustments

- 02 Decide on method**
- Software – API, interim or full
 - Service / outsource
 - Data analytics
 - Combination of above methods

Key to MTDfV = Preparation and Readiness

Making Tax Digital for VAT

- **VAT Notice 700/22 (14 July 2018) : Making Tax Digital for VAT:**
<https://www.gov.uk/government/publications/vat-notice-70022-making-tax-digital-for-vat>
- Digital records to be kept
- Ways to record transactions digitally in certain special circumstances
- What counts as “**functional compatible software**” (“**MTD compatible**”)
- When software programs need to be digitally linked

<https://www2.deloitte.com/uk/en/pages/tax/articles/making-tax-digital-in-the-uk.html>

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Cyber – the good, the bad and the remedy

Ross Spelman
Senior Manager, Risk Advisory

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Financial Reporting
plus

The Internet of Things



The Good

Everyday objects that are connected and communicate with each other, making life easier!

- Smart connected sensors give instant feedback and control of our environment
- Remote control through wireless connectivity
- Automation
- Efficiency
- Explosive growth

The Bad

Developed rapidly without appropriate testing for security challenges

- Lack of Standards
 - Information leakage
 - Privacy
-
- The attack of the fridges!
 - My meeting room is leaking!
 - My sound system told my digital assistant to do it!

Artificial Intelligence



The Good

Repetitive tasks are automated using smart and fast algorithms

- Consistent output
- Enhanced efficiency and throughput
- Benefits multiple industries
- Frees humans to be more innovative
- 24*7, 365 days operation

The Bad

An uncontrolled future?

- Lack of transparency
- Potential inbuilt or evolved bias, human creators of these smart algorithms
- AI is used in “smart” phishing attacks and even warfare
- Criminals use AI to exploit the vulnerabilities of systems and individuals

The Cloud



The Good

Efficient delivery of up to date services and ease of access

- Transferring of IT services allows for increased focus on business
- Anywhere, Anytime Availability
- Elasticity
- Vulnerability management is someone else's responsibility
- Improved Business continuity Disaster Recovery
- Cost

The Bad

Limited control

- User next-door issues
- Internet dependence
- Data security concerns
- How important are you in the midst of a mega breach?
- Vendor lock-in

Autonomous vehicles



The Good

Driverless cars, commuting made easy – the future!

- Frees up drivers
- Efficient, should reduce traffic congestion
- Helps improve environment
- Should reduce accidents
- Potential economies of scale – liability of driver removed – car sharing a reality

The Bad

Accountability & Safety Risks

- Vehicle is a new attack vector
- Legal and regulatory aspects need to keep pace with technology advances
- Accountability and auditability of actions
- Hackers can get into vehicle's software and control operation – steering, brakes...

Big data



The Good

More data should lead to greater accuracy

- Better decision-making
- Big data supports deeper analysis
- Fraud detection
- Baselineing, know what normal looks like to identify anomalies

The Bad

Loss of control

- Sprawl, data management and quality issues
- Intrusive, data privacy concerns
- Complying with regulations
- Trust

The Remedy





Deloitte.



Closing Comments

Dawn Johnston

Director, Deloitte (NI)

Deloitte
Financial Reporting
plus

Financial Reporting Council Letter to Audit Committee Chairs and Finance Directors



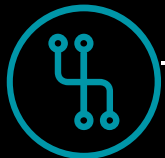
New corporate governance code and s.172 statement in the strategic report



IFRS 9 and IFRS 15 effective for Dec 2018 year ends, IFRS 16 from 1 Jan 2019 (read Thematic reviews)



Key highlights for 2018/19 reporting season








Findings of monitoring work - Critical judgements and estimates, control environment



Topical reporting areas



Emerging issue: Guaranteed Minimum Pension (GMP) Provisions

-  **Employers with defined Benefit Schemes**
-  Follows a recent (Oct 2018) High Court Ruling on Lloyds Pension Scheme
-  Requirement for method to equalise benefits for men and women
-  Recognition of an additional liability as a past service cost in P&L
-  **Where there is no previous provision the potential impact could be significant (percentage of gross obligations)**

Engage early with actuaries and accounts advisors





Lunch and Networking