

FINANCIAL SERVICES

Accounting and Reporting



Aligning COLL with IMA SORP 2008

Other Amendments to COLL

FSA Reporting

Other Developments

The FSA has proposed amendments to its Collective Investment Schemes Sourcebook (COLL) which are in part aimed at removing inconsistencies between COLL and the IMA SORP which have emerged since the implementation of the SORP from January 2009

Aligning COLL with IMA SORP 2008

Income: revenue and capital recognition, and presentation

Updated the definitions of income in COLL to identify 'revenue' and 'net capital gains/losses' as separate components of the total 'income' bringing it in line with the SORP.

Contents of the financial statements and condensed financial statements for half-yearly reports

Rephrasing certain requirements in the COLL referring to full accounts' to avoid possible confusion with the requirements in the SORP regarding financial statements, annual and half-yearly reports.

Other Amendments to COLL

In addition to the amendments above the FSA has also proposed the following other amendments to COLL:

- A clarification, in respect of short reports, that the investment objectives and policy includes a description of the

strategy pursued for achieving those objectives (eg buying income to increase yield);

- In the case of an Investment Company with Variable Capital (ICVC), require the board to approve the accounts which then need to be signed by a director in addition to the Authorised Corporate Director (ACD) (where there is such an additional director);
- For Authorised Unit Trusts (AUTs), require a director of the fund manager to sign the accounts;
- Allow accounting periods to end seven days before or after the accounting period.
- Update the definition of 'transferable security' for Non-UCITs Retail Schemes (NURS) and bring it in line with the existing requirements for UCITs. Following the amendment only transferable securities meeting the existing requirements for UCITs will be available for investment by NURS.
- In respect of OTC derivatives transactions, removal of the requirement for depositaries to obtain confirmation that counterparties agree to provide reliable daily valuations. Counterparties will however be expected to continue to provide accurate valuation.

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Exemption from the large exposure regulations for limited licence firms

The European Parliament has adopted amendments to the Capital Requirements Directive exempting limited licence firms from the large exposure directive. This is due for implementation on 31 Dec 2010.

Other Developments

Replacement of the Simplified Prospectus for UCITs

The proposal is to replace the Simplified Prospectus with for UCITs with a short Key Information Document (KID).

The key elements to be disclosed in KID are:

- A description in plain terms of the investment and objectives of the fund;
- Risk and rewards
- Charges
- Past performance - bar chart style of last ten years
- Alternative past performance for structured funds including performance scenarios under a range of market conditions
- Other practical Information

Consultation closed on 10 September 2009. The Committee of European Securities Regulations (CESR) will submit the final draft to the European Commission in October 2009.

Specific advice should be obtained before taking action, or refraining from taking action, on any of the subjects covered

LONDON

10 Orange Street
Haymarket
London
WC2H 7DQ

T +44 (0)20 7312 0000
F +44(0)20 7312 0022
E advice@shipleys.com

GODALMING

3 Godalming Business Centre
Woolsack Way
Godalming
Surrey
GU7 1XW

T +44 (0)1483 423607
F +44 (0)1483 426079
E godalming@shipleys.com

SAFFRON WALDEN

Market House
10 Market Walk
Saffron Walden
Essex
CB10 1JZ

T +44 (0)1799 521301
F +44 (0)1799 523854
E saffron@shipleys.com

BIRMINGHAM

2nd Floor
3 Brindley Place
Birmingham
B1 2JB

T +44 (0)121 698 8566
F +44 (0)121 698 8600
E birmingham@shipleys.com



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