

# The Guernsey and Jersey Societies of Chartered and Certified Accountants

## Statement of Channel Islands Accounting Practice

### 1 Introduction

- 1.1 The disclosure requirements contained in Jersey, Guernsey and Alderney legislation, other than for regulated entities, provide limited guidance with regard to the contents of financial statements.
- 1.2 As a result both Societies of Chartered and Certified Accountants in the Channel Islands (“the Societies”) believe that, despite the Islands being separate jurisdictions, there is a benefit to members in having a common Statement of Channel Islands Accounting Practice. In this context therefore the Societies have produced this Statement which supersedes all previous Statements issued by them.

### 2 Authority

- 2.1 Under the present constitutions of the Societies compliance with this statement cannot be imposed on members.
- 2.2 The attention of members is however drawn to statements followed by their respective professional bodies which comprise the Consultative Committee of Accountancy Bodies with regard to accounting practices to be adopted in the preparation of financial statements which are required to show a true and fair view.

### 3 Channel Islands Accounting Practice

- 3.1 There is an over-riding requirement that financial statements of an entity prepared by members of the Societies should be prepared in accordance with the Company legislation or other laws of the territory in which the concern is incorporated, registered or established. This statement is intended to apply to all financial statements whose purpose is to give a true and fair view of the financial position and of the profit and loss of the entity for the period.
- 3.2 Financial statements of Channel Islands established entities should normally be drawn up in such a manner so as to comply with Statements of Standard Accounting Practice, Financial Reporting Standards, Urgent Issue Task Force pronouncements, Statements of Recommended Practice (SORPS) and any other statements of accounting practice issued by the relevant accountancy bodies in the United Kingdom (“UK Accounting Standards”). If financial statements are drawn up in accordance with other standards then this should be for valid reasons and they should be applied consistently and in totality to the financial statements. Valid reasons for adoption of other standards might include US “GAAP” for the subsidiary of a US company or International Accounting Standards for a Channel Islands company which is part of an International Group. The accounting standards applied should be disclosed.
- 3.3 For the purposes of definitions and exemptions, where UK Accounting Standards are adopted and they incorporate references to UK Company Law, then the relevant parts of UK Company Law should be considered in the application of the appropriate standard, where this is not contrary to other applicable legislation.

- 3.4 Where UK Accounting Standards grant exemptions to subsidiaries of companies incorporated in the European Union, these exemptions may be applied to countries outside the European Union provided the same conditions are met.
- 3.5 Financial statements of entities established in jurisdictions other than the Channel Islands should be drawn up to comply with the accounting standards of that jurisdiction, or as otherwise disclosed.
- 3.6 Financial statements should contain the information and disclosure prescribed by the relevant law and by applicable accounting standards. Where financial statements do not contain information so required they should contain the reasons for such non-disclosure.
- 3.7 The Statement of Channel Islands Accounting Practice should apply to all financial statements prepared in the Channel Islands for accounting periods ending on or after 31 December 1998.