



FRED 70 DRAFT AMENDMENTS TO FRS 101 REDUCED DISCLOSURE FRAMEWORK 2018/19 CYCLE

Issued 30 April 2019

ICAEW welcomes the opportunity to comment on *FRED 70 Draft amendments to FRS 101 Reduced Disclosure Framework 2018/19 Cycle* published by Financial Reporting Council in January 2019, a copy of which is available from this [link](#).

We agree with the proposed amendments to FRS 101 which would alter the definition of a qualifying entity such that entities that are both required to comply with Schedule 3 of SI 2008/410 *The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008* and have contracts that are within the scope of IFRS 17 *Insurance Contracts* may not be a qualifying entity.

This response of 30 April 2019 has been prepared by the ICAEW Financial Reporting Faculty. Recognised internationally as a leading authority on financial reporting, the Faculty, through its Financial Reporting Committee, is responsible for formulating ICAEW policy on financial reporting issues and makes submissions to standard setters and other external bodies on behalf of ICAEW. The Faculty provides an extensive range of services to its members including providing practical assistance with common financial reporting problems.

ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of strong economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 150,000 chartered accountant members in over 160 countries. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

© ICAEW 2019

All rights reserved.

This document may be reproduced without specific permission, in whole or part, free of charge and in any format or medium, subject to the conditions that:

- it is appropriately attributed, replicated accurately and is not used in a misleading context;
- the source of the extract or document is acknowledged and the title and ICAEW reference number are quoted.

Where third-party copyright material has been identified application for permission must be made to the copyright holder.

For more information, please contact: frf@icaew.com

KEY POINTS

SUPPORT FOR AMENDMENTS

1. We agree with the proposed amendments to FRS 101 which would alter the definition of a qualifying entity such that entities that are both required to comply with Schedule 3 of SI 2008/410 *The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008* ('the Regulations') and have contracts that are within the scope of IFRS 17 *Insurance Contracts* may not be a qualifying entity. As noted in the exposure draft, this amendment is necessary due to fundamental differences between the approach and methodology underpinning IFRS 17 compared to that of Schedule 3 of the Regulations.

ANSWERS TO SPECIFIC QUESTIONS

Question 1

Do you agree that the approach and methodology that underpins IFRS 17 is so fundamentally different to the one that underpins the formats of Schedule 3 (see paragraph 12 of the Basis for Conclusions) that for Companies Act accounts (but not IAS accounts) it is not possible to apply IFRS 17 whilst continuing to maintain compliance with the law? If not, why not?

2. We agree with the FRC conclusion that the approach and methodology that underpins IFRS 17 is fundamentally different from that which underpins the formats of Schedule 3 of the Regulations, and that as a result it is not possible to apply IFRS 17 in Companies Act accounts whilst maintaining compliance with the law.

Question 2

Do you agree with the proposed amendments?

3. Yes, we agree with the proposed amendments which would alter the definition of a qualifying entity such that entities that are both required to comply with Schedule 3 of the Regulations and have contracts that are within the scope of IFRS 17 may not be a qualifying entity.

Question 3

Do you agree that no other amendments to FRS 101 are required for the other five IASB projects outlined in paragraph 7 of the Basis for Conclusions?

4. We have not identified any further amendments to FRS 101 that would be required as a result of the recent IASB projects on prepayment features with negative compensation; long-term interests in associates and joint ventures; annual improvement to IFRS standards 2015-2017 cycle; plan amendments, curtailment or settlement (amendments to IAS 19); and the amendments to references to the Conceptual Framework in IFRS standards.

Question 4

In relation to the Consultation stage impact assessment, do you have any comments on the costs and benefits identified? Please provide evidence to support your views.

5. We have no comments on the cost benefit analysis at this stage.