



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.

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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 of 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.