



FRED 57: DRAFT AMENDMENTS TO FRS 101 (2014/15 CYCLE)

ICAEW welcomes the opportunity to comment on *FRED 57 Draft amendments to FRS 101 Reduced Disclosure Framework (2014/15 Cycle)* published by the Financial Reporting Council (FRC) in December 2014, a copy of which is available from this [link](#).

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MAJOR POINTS

Support for the proposals

1. The nature of FRS 101 *Reduced Disclosure Framework* is such that it will be necessary for the FRC to regularly review amendments to IFRSs and completed IASB projects, to assess whether any changes are required to the disclosure requirements under FRS 101 and to ensure consistency with UK legal requirements.
2. In general we agree with the conclusions reached by the FRC on the extent to which FRS 101 should be amended to take account of recent IFRS amendments. Our comments on each of the proposals are outlined in more details below.

RESPONSES TO SPECIFIC QUESTIONS

Question 1 – IAS 24 Related Party Disclosures

See the proposed amendment to paragraph 8(j) of FRS 101 and paragraphs 13 to 15 of the Accounting Council's Advice. Do you agree with the proposed amendment to permit an exemption against the requirement of paragraph 18A of IAS 24 Related Party Disclosures? If not, why not?

3. As noted in the Accounting Council's Advice, FRS 101 already provides an exemption against paragraph 17 of IAS 24 *Related Party Disclosures* (which requires disclosure of key management personnel compensation) on the basis that UK company law requires disclosure of directors' emoluments. With this in mind, we agree that FRS 101 should also provide an exemption against the new paragraph 18A of IAS 24 (which requires an entity that obtains key management personnel services from a management entity to disclose amounts incurred for the provision of those services).

Question 2 – IFRS 1 First-time Adoption of International Financial Reporting Standards

See the proposed insertion of paragraph 7A into FRS 101 and paragraphs 22 to 23 of the Accounting Council's Advice. Do you agree with the proposed amendment to permit an exemption from the requirement of paragraphs 6 and 21 of IFRS 1 First-time Adoption of International Financial Reporting Standards to present an opening statement of financial position on transition? If not, why not?

4. We agree with the proposal to permit an exemption from the requirement to present an opening statement of financial position on transition to FRS 101. We think this will be a particularly helpful exemption and for this reason encourage the FRC to finalise and publish the amendments without undue delay. The proposed amendment will also need to be reflected in paragraph 11(b) of FRS 100 *Application of Financial Reporting Requirements* which deals with first-time adoption of FRS 101.

Question 3 – IFRS 15 Revenue

See paragraphs 16 to 18 of the Accounting Council's Advice. Do you agree that at this early stage, no exemption should be permitted in FRS 101 from the disclosure requirements of IFRS 15 Revenue from Contracts with Customers given that its effective date is not until 1 January 2017, and that for FRS 101 IFRS 15 should be revisited once preparers, users and auditors have had more experience of the required disclosures and are in a better position to assess whether exemptions against all or some of the disclosure requirements of IFRS 15 would be appropriate? If not, why not?

5. Yes. We agree with the proposal that, for the moment, no exemption should be permitted in FRS 101 from the disclosure requirements of IFRS 15, but that this should be revisited at a later date.

Question 4 – IFRS 9 Financial Instruments

See paragraphs 19 to 21 of the Accounting Council’s Advice. IFRS 9 Financial Instruments amends the requirements of IFRS 7 Financial Instruments: Disclosures. Do you agree that no amendments should be made to the existing exemptions permitted in FRS 101 that allow non-financial institutions exemptions against the disclosure requirements of IFRS 7 (and IFRS 13 Fair Value Measurement)? If not, why not?

- 6.** Yes. We agree that no amendments should be made to the existing exemptions that allow non-financial institutions exemptions against disclosure requirements of IFRS 7 and IFRS 13.

Question 5 – Other comments

Do you have any other comments in relation the proposed amendments?

- 7.** The FRC has noted its intention to issue any amendments arising from this exposure draft (FRED 57) together with those arising from the implementation of the EU Accounting Directive (FRED 60). However, we would prefer that the FRC finalise the amendments arising from FRED 57 separately and without delay (provided that this does not lead to any undue delay in the finalisation of the FRED 60 amendments). We believe this approach would be beneficial given that the amendments in FRED 57 do not appear controversial and are likely to be very useful to entities applying FRS 101 for the first time.