



FRED 60 - DRAFT AMENDMENTS TO FRS 100 AND FRS 101

ICAEW welcomes the opportunity to comment on FRED 60 *Draft Amendments to FRS 100 Application of Financial Reporting Requirements and FRS 101 Reduced Disclosure Framework*, published by the Financial Reporting Council (FRC) in February 2015, a copy of which is available from this [link](#).

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MAJOR POINTS

Support for the proposals

1. We agree that FRS 100 *Application of Financial Reporting Requirements* and FRS 101 *Reduced Disclosure Framework* need to be updated to reflect the proposed new framework to accounting standards and to maintain consistency with company law. We have however identified several matters which, in our opinion, should be clarified in the final revised version of each standard. These matters are referred to in our response to Question 1.

RESPONSES TO SPECIFIC QUESTIONS

Question 1:

Do you agree with the amendments proposed to FRS 100 and FRS 101? If not, why not?

2. We broadly agree with the proposed amendments to FRS 100 and FRS 101, although we have identified a number of matters that require the attention of the FRC, as set out in the following paragraphs.

FRS 100

3. Proposed paragraph 10A outlines the effective date and early adoption date for the amendments to FRS 100. However, it is not clear how an entity will be able to identify these amendments in the final revised version of FRS 100 or how it will determine which version of the standard to apply, depending on whether or not it chooses to early adopt.
4. We believe the FRC should make it abundantly clear, across the entire suite of revised UK GAAP accounting standards, what amendments have been made and what the transitional requirements are for an entity choosing to early adopt the revised accounting regime. For example, which version of an accounting standard it should apply, and when. We have commented on this point in greater detail in our response to the FRC's FRED 59 *Draft Amendments to FRS 102– small entities and other minor amendments*.
5. Revised paragraph AG6(f) outlines how the consolidated financial statements of a higher parent undertaking, prepared using IFRS for SMEs, should be assessed for equivalence with the EU Accounting Directive. We note that amendments have been made in order to remove previous inconsistencies between IFRS for SMEs and the Regulations, which no longer exist. However, as there is no need for complete consistency with the EU Accounting Directive, for the purpose of equivalence, we believe paragraph AG6(f) could be simplified to state, without qualification, that consolidated financial statements prepared using IFRS for SMEs shall be assessed as meeting the equivalence test.
6. We note that no amendments are proposed to paragraph AG7, which discusses the status of various GAAPs regarded as equivalent by the European Commission. Although this paragraph is still correct we are unsure whether the detailed background provided in this paragraph is necessary. We believe this information could be expressed in a more concise way, for example, by stating simply what is currently regarded as equivalent.
7. In proposed paragraph AG6(c) the word 'and' should be replaced with 'or'.

FRS 101

8. Similar to our comments above, it is not clear from proposed paragraph 12 how an entity will identify the amendments, as set out in FRED 60, in the final revised version of FRS 101. It will be important for the FRC to make it abundantly clear what amendments have been made in the revised standard and set out which version of FRS 101 an entity should apply and when, depending on whether or not it chooses to early adopt the revised regime.

9. Proposed paragraph AG1(d) refers to the transitional arrangements relating to contingent consideration in business combinations. It outlines how paragraph 65A of IFRS 3 *Business Combinations* should be read as relating to 'business combinations whose acquisition dates preceded the date when a qualifying entity first applied these [draft] amendments to FRS 101'. However, it is not clear what date the FRC is referring to in this paragraph. For example, the start of the current reporting period, the start of the comparative period, or another date. The FRC will need to clarify this matter in the final revised standard.

Question 2:

The FRED is accompanied by a Consultation Stage Impact Assessment. Do you have any comments on the costs or benefits discussed in that assessment?

10. The Consultation Stage Impact Assessment does not cover in detail the proposed changes to FRS 100 or FRS 101. Our comments on the costs/benefit analysis of the draft FRS 105 *The Financial Reporting Standard applicable to the Micro-Entities Regime* are outlined in our response to FRED 58, while comments on the proposed amendments to FRS 102 are outlined in our response to FRED 59.