



FRED 75 DRAFT AMENDMENTS TO FRS 104 – GOING CONCERN

Issued 28 August 2020

ICAEW welcomes the opportunity to comment on the *FRED 75 Draft amendments to FRS 104 – Going concern* published by Financial Reporting Council in July 2020, a copy of which is available from this [link](#).

We support the proposed amendments to *FRS 104 Interim Financial Reporting*, which will provide a helpful clarification to the requirements for assessing and reporting on the going concern basis of accounting when preparing interim financial reports under FRS 104.

This response of 28 August 2020 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 186,500 chartered accountant members and students around the world. 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 2020

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 proposals

1. We support the proposed amendments to FRS 104 *Interim Financial Reporting*, which will provide a helpful clarification to the requirements for assessing and reporting on the going concern basis of accounting when preparing interim financial reports under FRS 104.

ANSWERS TO SPECIFIC QUESTIONS

Question 1

Do you agree with the proposed amendments to FRS 104? If not, why not?

2. Yes, we agree with the proposed amendments to FRS 104, which will correct the unintentional difference between the requirements for assessing and reporting on the going concern basis of accounting when preparing interim financial reports in accordance with FRS 104, as opposed to EU-adopted IFRS.
3. As FRS 104 is intended for use by entities that prepare annual financial statements in accordance with FRS 102, the proposed amendments correspond to the requirements set out in FRS 102. For completeness, we suggest that the latter part of paragraph 3.9 of FRS 102 should be included in the list of disclosures in FRS 104, perhaps as paragraph 16A(aB) ie, to refer to the requirement that when ‘an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.’

Question 2

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.

4. Paragraph 8 appears to refer to costs outweighing benefits. Other than this, we have no further comments on the costs and benefits as identified by the FRC.