



May 2020

Amendments to FRS 101 *Reduced Disclosure Framework*

2019/20 cycle

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Amendments to FRS 101
Reduced Disclosure Framework
2019/20 cycle

Amendments to FRS 101 Reduced Disclosure Framework – 2019/20 cycle amends an accounting standard. It is issued by the Financial Reporting Council, as a prescribed body, for application in the United Kingdom and the Republic of Ireland.

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Overview

- (i) The FRC's overriding objective in setting accounting standards is to enable users of accounts to receive high-quality understandable financial reporting proportionate to the size and complexity of the entity and users' information needs.
- (ii) The FRC carries out an annual review of FRS 101 *Reduced Disclosure Framework* to provide additional disclosure exemptions as IFRS evolves and to respond to stakeholder feedback about other possible improvements.

FRS 101 *Reduced Disclosure Framework* – 2019/20 cycle

- (iii) FRS 101 provides an exemption from the presentation of a statement of cash flows. Some other IFRSs include disclosures related to the statement of cash flows, which FRS 101 should also provide an exemption from, on a consistent basis.
- (iv) The amendments to FRS 101 provide an exemption from the disclosure of cash flows required by paragraph 24(b) of IFRS 6 *Exploration for and Evaluation of Mineral Resources*. A similar amendment is made to FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* for qualifying entities.
- (v) The amendments to FRS 101 also remove the condition that the disclosure exemption from paragraph 33(c) of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* is only available provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. This is for consistency with the exemption from the presentation of a statement of cash flows.

Amendments to FRS 101 *Reduced Disclosure Framework*

Amendments to FRS 101

- 1 The following paragraphs set out the amendments to FRS 101 *Reduced Disclosure Framework* (inserted text is underlined, deleted text is struck through).
- 2 Paragraph 8(c) is amended as follows:
 - 8(c) The requirements of paragraph 33(c) of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* ~~provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.~~
- 3 Paragraph 8(cA) is inserted as follows:
 - 8(cA) The requirements of paragraph 24(b) of IFRS 6 *Exploration for and Evaluation of Mineral Resources* to disclose the operating and investing cash flows arising from the exploration for and evaluation of mineral resources.

Amendments to FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*

Amendments to Section 1 Scope

- 4 The following paragraphs set out the amendments to Section 1 *Scope* (inserted text is underlined).
- 5 Paragraph 1.12(f) is inserted as follows:
 - 1.12 (f) The requirements of paragraph 24(b) of IFRS 6 to disclose the operating and investing cash flows arising from the exploration for and evaluation of mineral resources (when an entity applies IFRS 6 in accordance with paragraph 34.11).
- 6 Paragraph 1.23 is inserted as follows:
 - 1.23 In May 2020 an amendment was made to this FRS as a result of the 2019/20 cycle of amendments to FRS 101 to insert paragraph 1.12(f). The amendment provides a disclosure exemption for qualifying entities (for the purposes of this FRS) from part of paragraph 24(b) of IFRS 6. A qualifying entity may take advantage of this disclosure exemption from when IFRS 6 is applied (in accordance with paragraph 34.11).

Approval by the FRC

Amendments to FRS 101 Reduced Disclosure Framework – 2019/20 cycle was approved for issue by the Financial Reporting Council on 20 May 2020.

Amendments to Basis for Conclusions *FRS 101 Reduced Disclosure Framework*

- 1 The following amendments are made to the Basis for Conclusions *FRS 101 Reduced Disclosure Framework* (inserted text is underlined, deleted text is struck through).
- 2 The following subheading is inserted above paragraph 33:

Editorial amendments

33 In July 2012 ...

- 3 Paragraphs 33A and 33B and the associated sub-headings are inserted as follows:

Disclosure of cash flows

33A The exemption from paragraph 33(c) of IFRS 5 was amended in the 2019/20 cycle following a review of disclosures relating to the statement of cash flows. Details of the review are set out in the discussion under IAS 7 *Statement of Cash Flows*.

IFRS 6 *Exploration for and Evaluation of Mineral Resources*

Disclosure of cash flows

33B An exemption from the disclosure of cash flows required by paragraph 24(b) of IFRS 6 *Exploration for and Evaluation of Mineral Resources* was introduced in the 2019/20 cycle following a review of disclosures relating to the statement of cash flows. Details of the review are set out in the discussion under IAS 7.

- 4 Paragraphs 67A to 67C and the associated sub-heading are inserted as follows:

Related disclosure requirements

67A The disclosures related to the statement of cash flows were reviewed as part of the 2019/20 cycle, following stakeholder feedback about the interaction between these disclosures and the existing exemption from the requirements of IAS 7.

67B The exemption from the requirements of IAS 7 was intended to include any disclosures relating to the statement of cash flows. It was considered that the preparation of these disclosures could lead to costs that are similar to those associated with the preparation of the statement itself. Therefore, exemptions from the disclosure of cash flows required by IFRSs are necessary to ensure the cost savings that arise from the exemption from the requirements of IAS 7 are maintained. Consequently, an exemption from the disclosure of cash flows required by paragraph 24(b) of IFRS 6 was introduced to reflect this conclusion.

67C The exemption from the requirements of IAS 7 is not subject to equivalent disclosures being included in the consolidated financial statements of the group in which the entity is consolidated. The disclosure exemptions linked to the statement of cash flows should be based on the same conditions as the exemption from the preparation of the statement itself. Consequently, paragraph 8(c) of *FRS 101* was amended to remove this condition in relation to the exemption from paragraph 33(c) of IFRS 5.

5 Table 1 *Exposure drafts and consultation documents* is amended as follows (new exposure drafts are inserted in numerical order):

Exposure draft		Date of issue	Finalised as	Date of issue
<u>FRED 73</u>	<u><i>Draft Amendments to FRS 101 Reduced Disclosure Framework – 2019/20 cycle</i></u>	<u>Dec 2019</u>	<u><i>Amendments to FRS 101 Reduced Disclosure Framework – 2019/20 cycle</i></u>	<u>May 2020</u>

6 The following amendments are made to Table 2 *IASB publications*:

IFRS or amendment		Date issued by IASB	Date effective	Date endorsed
53	<i>Amendments to References to the Conceptual Framework in IFRS Standards</i>	Mar 2018	1 Jan 2020	Expected <u>Nov 2019</u>
<u>2019/20 cycle (May 2020)</u>				
<u>54</u>	<u><i>Definition of Material (Amendments to IAS 1 and IAS 8)</i></u>	<u>Oct 2018</u>	<u>1 Jan 2020</u>	<u>Nov 2019</u>
<u>55</u>	<u><i>Definition of a Business (Amendments to IFRS 3)</i></u>	<u>Oct 2018</u>	<u>1 Jan 2020</u>	<u>Apr 2020</u>



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