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Our ref sh/mb/815

For the attention of Jenny Carter

27 January 2016

Dear Jenny

Financial Reporting Exposure Draft 62: Draft Amendments to FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' – Fair value hierarchy disclosures

We welcome the opportunity to comment on the draft amendments to FRS 102 set out in Financial Reporting Exposure Draft 62 (FRED 62) in respect of fair value hierarchy disclosures.

We support the changes set out in FRED 62 and lay out our responses to the specific questions raised in the FRED in Appendix 1 to this letter.

If you wish to discuss any of the points raised, please contact Steve Hubbard on 020 7694 8033 or Muriel Buchanan on 020 7694 8712.

Yours sincerely

KPMG LLP

Enclosures:

Appendix 1: Responses to specific questions raised in FRED 62

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Q1 Do you agree with the amendments proposed to FRS 102? If not, why not?

Yes, we support the limited amendments to FRS 102 Section 34 intended to align the fair value hierarchy disclosures for financial institutions and defined benefit plans with those required under IFRS.

We note the Accounting Council's observation that the proposed amendments create an inconsistency between, on one hand, the hierarchy for measuring fair values set out in paragraph 11.27 and, on the other hand, the revised fair value hierarchy disclosures in Section 34. We agree with the Accounting Council's advice to the FRC that, as part of the first triennial review of FRS 102, consideration should be given to revising 11.27.

Q2 Do you agree with the proposed effective date for these amendments? If not, what alternative would you propose?

We agree with the proposed effective date and also welcome the fact that the amendments are available for early adoption.

We note that it is unfortunate these amendments to the fair value disclosures were not issued sooner. Indeed, this would have allowed more entities with 31 December 2015 year ends to early adopt the proposed amendments without having to delay the issue of their financial statements. We would therefore recommend that the FRC finalise and publish the proposed amendments without undue delay.

Q3 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 of the quantifiable costs or benefits of these proposals.

We broadly agree with the costs and benefits identified by the FRC in the FRED.