



Our ref: RSM-FRED 62
Your ref: FRED 62

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For the attention of Jenny Carter

28 January 2016

Dear Ms Carter

FRED 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 FRED 62 'Draft amendments to FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' – Fair value hierarchy disclosures' ("the Exposure Draft").

We are responding on behalf of RSM, a leading provider of audit, tax and consulting services to middle market leaders, globally. RSM UK Audit LLP provides statutory audit services to around 500 occupational pension schemes, including multi-employer schemes. This response has been prepared by a small working party comprising audit practitioners and audit technical staff, with the opportunity to input to our response made available to all staff and partners involved with the pension scheme sector.

We agree with the amendments proposed by the Exposure Draft to FRS 102, and the proposed effective date. We would request that the final amendments be issued as promptly as is practicable, to allow those entities that wish to early adopt to do so without adding undue pressure to their ability to issue financial statements compliant with relevant filing deadlines and users' expectations.

We concur with the benefits identified in the Consultation Stage Impact Assessment, particularly in respect of the consistency with IFRS. We believe that this will aid comparability by users of financial statements, both as compared to financial statements prepared under IFRS, but also to those of different entities financial statements prepared under FRS 102.

We would expect this greater comparability to arise from commonly accepted application of the fair value hierarchy under IFRS. Whilst we acknowledge that even under IFRS there is not universal agreement over classifications, we would expect more consistent classification of similar instruments than may have been the case under the fair value hierarchy presented in paragraph 11.27 of FRS 102. We consider that this anticipated consistency will be of value to users of both financial institutions and retirement benefit plans financial statements.

Whilst the quantification of the costs of this amendment is hard to identify, we agree with the view that there will be less cost savings available for those entities who did not previously apply the disclosure requirements of FRS 29. However, we would also expect cost savings to reduce with the length of time it takes to issue the amendment.

Entities often start to compile information to allow prompt preparation of their year-end financial statements in advance of their reporting date, to meet reporting deadlines (statutory or those created by user expectations).

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FRED 62 'Draft amendments to FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' - Fair value hierarchy disclosures' contd.

Until this amendment has been issued, entities may be forced to choose between delaying issuing financial statements or classifying financial instruments in line with paragraph 11.27 of FRS 102 in the knowledge that these will need to be reclassified in future periods if the amendments proposed by the Exposure Draft are incorporated into FRS 102. We would expect additional costs to be incurred in situations where two classifications are required for the same reporting date to allow appropriate disclosure both at the reporting date, and for the comparative disclosure at the subsequent reporting date.

Please contact me if you would like to discuss any of the points raised in this response.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'P Briggs'.

Philip Briggs
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RSM UK Audit LLP

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