



**Response to FRC FRED 61:
Draft Amendments to FRS 102 –
The financial reporting standard applicable in the UK and Republic of Ireland:
Share-based payment transactions with cash alternatives**

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INTRODUCTION

ICAS welcomes the opportunity to comment on the FRC's FRED 61 – Draft Amendments to FRS 102: share-based payment transactions with cash alternatives.

Our CA qualification is internationally recognised and respected. We are a professional body for over 20,000 members who work in the UK and in more than 100 countries around the world. Our members represent different sizes of accountancy practice, financial services, industry, the investment community and the public sector. Almost two thirds of our working membership work in business, many leading some of the UK's and the world's great companies.

Our Charter requires its committees to act primarily in the public interest, and our responses to consultations are therefore intended to place the public interest first. Our Charter also requires us to represent our members' views and to protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

The ICAS Accounting Standards Committee has considered FRED 61 and I am pleased to forward their comments.

Any enquiries should be addressed to Amy Hutchinson, Assistant Director, Technical Policy and Secretary to the Accounting Standards Committee.

RESPONSE TO THE CONSULTATION QUESTIONS

Question 1

The proposed requirements for share-based payment transactions with cash alternatives:

- (a) Align the requirements in FRS 102 with full IFRS and previous UK and Irish GAAP in cases where the entity can choose to settle in cash or equity;
- (b) Retain the current requirements of FRS 102 to recognise a liability where the recipient can require settlement in cash; and
- (c) Generalise the requirements to include those cases where the settlement method is dependent on an external event.

Do you agree with this proposal and the draft amendments to paragraph 26.15 of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland? If not, why not?

Response:

We agree with the FRC's proposal and the draft amendments to paragraph 26.15 of FRS 102. It is appropriate that the requirements in FRS 102 are aligned with full IFRS and old UK GAAP, and that they are generalised to include those cases where the settlement method is dependent on an external event.

Question 2

The amendments are proposed to be effective from 1 January 2015. Nevertheless, entities were able to apply FRS 102 to accounting periods commencing prior to 1 January 2015 and if so, may have adopted the extant requirements of paragraph 26.15 of FRS 102. Based on the assumption that this will not be an issue for many entities, if any, FRED 61 does not contain any transitional provisions.

Do you agree that transitional provisions are not required for the purposes of this proposed amendment? If not, please tell us what transitional provisions you would suggest and why.

Response:

We agree that transitional provisions are not required for the purposes of this proposed amendment.