



Grant Thornton

An instinct for growth™

Jenny Carter
Financial Reporting Council
8th Floor
125 London Wall
London
EC2Y 5AS

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London NW1 2EP.

T +44 (0)20 7383 5100
F +44 (0)20 7383 4715
DX 2100 EUSTON
www.grant-thornton.co.uk

29 January 2016

Dear Mrs Carter

FRED 62 Fair value hierarchy disclosures

Grant Thornton UK LLP (Grant Thornton) welcomes the opportunity to comment on the Financial Reporting Council's (FRC) consultation 'FRED 62 Draft Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Fair value hierarchy disclosures'.

We support the overall objectives and approach of FRED 62. In particular we agree with the Accounting Council advice that the amendments to the disclosure requirements of paragraph 34.22 and 34.42 will improve the usefulness of the fair value hierarchy disclosures to users of the financial statements as well as increase consistency of disclosures with EU-adopted IFRS in line with the FRC's aims. We set out our detailed responses to each of the questions raised in the attached Appendix.

We appreciate that in proposing amendments to FRS 102 there is a balance that the FRC needs to consider between the desire for stability with requests for improvements. Whilst we agree that the draft amendments are justified, the timing of the changes is unfortunate. We do not agree that the cost savings will necessarily be realised as suggested in the impact assessment. We have commented on this further in our detailed response to Question 3 in the attached Appendix.

If you have any questions on our response, or wish us to amplify our comments, please contact David Rice (telephone: 020 772 82591, email david.f.rice@uk.gt.com) or Alan Chapman (telephone: 013 165 98509, email alan.chapman@uk.gt.com).

Yours sincerely

Andrew Vials
National Director
For Grant Thornton UK LLP

T 020 7383 5100
E andrew.vials@uk.gt.com

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see www.grant-thornton.co.uk for further details.

Response to specific questions

Question 1 - Do you agree with the amendments proposed to FRS 102? If not, why not?

Yes, we agree with the amendments proposed to paragraph 34.22 and 34.42 for the reasons set out in the exposure draft. Specifically, we agree that the amendments will improve the usefulness of the fair value hierarchy disclosures to users of the financial statements as well as increase consistency of disclosures with EU-adopted IFRS in line with the FRC's aims.

Question 2 - Do you agree with the proposed effective date for these amendments? If not, what alternative would you propose?

Yes, we agree with the proposed effective date of 1 January 2017.

Question 3 - 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 do not believe that the consultation stage impact assessment has considered what impact the timing of the proposed changes will have on those entities affected. Whilst some entities affected would have previously applied FRS 29 *Financial Instruments: Disclosures*, and will therefore be familiar with the proposed disclosure requirements, the timing of these changes means that such entities would not necessarily be able to benefit from cost savings as suggested in the impact assessment. This is because it is likely additional systems have already been developed and put in place to report under the current FRS 102 and related SORP. The draft amendments mean that those systems will need to be changed again. In addition, though early application will be permitted, the issue of the amendments is likely to come at a time when most entities affected have completed, or are in the course of performing, their accounts preparation process.

For the same reason there is likely to also be a cost impact on those entities affected that did not previously apply FRS 29.

The result is entities affected are unlikely to be able to benefit from the cost savings suggested in the impact assessment, and in many cases the changes may give rise to a consequential impact on costs.