

Susanne Pust Shah
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Dear Susanne

**RESPONSE OF THE ACCOUNTING COMMITTEE OF CHARTERED
ACCOUNTANTS IRELAND**

FRED 56: Draft FRS 104 – Interim Financial Reporting

The Accounting Committee (AC) of Chartered Accountants Ireland welcomes the opportunity to comment on the Financial Reporting Exposure Draft (FRED) on the proposed FRS 104 – Interim Financial Reporting.

The responses to the individual questions posed in the ED are included in the appendices to this letter.

Should you wish to discuss any of the views expressed, please feel free to contact me.

Yours sincerely



Mark Kenny
Secretary to the Accounting Committee



Appendix

Question 1

Do you agree with the proposal to withdraw the Statement *Preliminary announcements* issued by the Accounting Standards Board (ASB) in 1998? If not, why not?

AC agrees.

Question 2

Do you agree with the proposal to withdraw the Statement Half-yearly financial reports issued by the ASB in 2007 and replace it with interim financial reporting requirements based on IAS 34 *Interim Financial Reporting* as proposed in draft FRS 104 *Interim Financial Reporting*? If not, please give your reasons and propose an alternative approach.

AC agrees. Using IAS 34 is consistent with the objectives set for the new GAAP framework.

Question 3

Draft FRS 104 proposes amendments to the reporting requirements in IAS 34 in order to adapt them for use by entities that apply FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* to prepare the annual financial statements. The Accounting Council's Advice to the FRC to issue FRED 56 highlights the key changes. Do you agree with the proposed amendments? If not, please give your reasons.

In focussing on the response to this question, AC was conscious of the population of entities which would use FRS 104 in preparing interim financial statements. AC noted that while the majority of the entities which will prepare interim financial statements in accordance with FRS 104 will be entities subject to the UK's Disclosure and Transparency Rules or Ireland's Transparency (Directive 2004/109/EC) Regulations 2007, there may, however, be entities which choose to voluntarily prepare interim financial statements under the FRS.

Paragraph 14(a) of the Accounting Council's advice notes that 'the disclosure requirements in relation to fair values apply only if the same disclosures would be required in the annual financial statements'; however AC does not consider that this objective has been met in the drafting of FRS 104. AC considers that paragraphs 15B (k) and (l) should reflect the intent of those paragraphs in IAS 34 as follows:

- Paragraph 15B(k) should identify as a significant transaction financial instruments that change classification in the hierarchy as described in FRS 102 paragraph 11.27.

- Paragraph 15B(l) should be consistent with IAS 34 for those entities that chose to adopt the measurement principles of IAS 39 or IFRS 9 under the accounting policy choice in FRS 102 paragraph 11.2.
- Similarly paragraph 16A(k) should be retained from IAS 34 for those entities subject to paragraph 34.22 of FRS102.

It is not clear why paragraph 14 of IAS 34 has been omitted from FRS 104. The clarification in paragraph 14 would be helpful to preparers of interim financial statements under FRS 104.

Question 4

There may be a small number of entities that are required to prepare interim financial reports and apply FRS 101 Reduced Disclosure Framework to prepare the annual financial statements. Paragraph 3A of draft FRS 104 requires that these entities should read references to FRS 102 in draft FRS 104 as the equivalent requirements in EU-adopted IFRS as amended by paragraph AG1 of FRS 101. Do you agree with this proposal? If you believe further changes are necessary to enable these entities to apply draft FRS 104 please state your recommendations and reasons for your proposal.

AC agrees. AC does not consider that further changes are necessary.

Question 5

Do you agree that applying draft FRS 104 will result in useful information for users of interim financial reports? If not, what additional disclosures should in your view be included or which disclosures should be removed? Please give your reasons.

AC agrees that FRS 104 will result in useful information.