Draft amendments to FRS 102 - fair value hierarchy disclosures

Brief response to FRED 62

Restricted
22 January 2016

Building Societies Association

Executive summary

We support the proposed amendments to FRS 102.

Questions

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

We agree with the proposed amendments to paragraphs 34.22 and 34.42 of FRS 102, which set out the disclosures that financial institutions (and defined benefit plans) are required to make about fair values**.**

Furthermore, we agree that the proposed amendments will enable building societies to provide information that is more consistent with EU-adopted IFRS, making it easier for users to compare financial statements prepared under FRS 102 with those prepared under EU-adopted IFRS.

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

We agree that the amendments should be effective for accounting periods beginning on or after 1 January 2017, with early adoption permitted.

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.*

On disclosure, FRS 102, as currently drafted, avoids fair value disclosures of financial instruments held at amortised cost plus non-arrears/ forbearance disclosures such as LTV bands and geographic analysis. This is a positive approach as the burden/ cost of preparation and audit is avoided. Fair value disclosures of assets are held at amortised cost so are of limited value to the users of the financial statements in any event. This is one good example of proportionality in relation to FRS 102.

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