



October 2020

Impact Assessment

Amendment to FRS 101

Reduced Disclosure Framework

Effective date of IFRS 17

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Overview

- (i) In October 2020, FRS 101 *Reduced Disclosure Framework* was amended by *Amendment to FRS 101 – Effective date of IFRS 17*. This Impact Assessment accompanies the amendment.

Impact Assessment

Introduction

- 1 The Financial Reporting Council (FRC) is committed to a proportionate approach to the use of its powers, making effective use of impact assessments and having regard to the impact of regulation on small enterprises.
- 2 FRS 101 *Reduced Disclosure Framework* is an optional standard that is intended to enable cost-efficient financial reporting within groups, particularly those applying EU-adopted IFRS in their consolidated financial statements. Therefore, it is only applied by those qualifying entities that consider it a cost-effective option for the preparation of their individual financial statements.

Amendment to FRS 101

- 3 In July 2019, FRS 101 was amended to change the defined term 'qualifying entity' such that entities that are both required to apply Schedule 3 to the Regulations (or similar) and have contracts that are within the scope of IFRS 17 *Insurance Contracts* cannot be qualifying entities, and therefore cannot apply FRS 101. The effective date of this change was accounting periods beginning on or after 1 January 2021.
- 4 In June 2020, the IASB issued *Amendments to IFRS 17*. Amongst other changes, the IASB deferred the effective date of IFRS 17 by two years, to annual reporting periods beginning on or after 1 January 2023.
- 5 In October 2020, FRS 101 was amended to defer the effective date of the revised definition of 'qualifying entity' to accounting periods beginning on or after 1 January 2023, the same date that IFRS 17 becomes effective. This amendment:
 - (a) does not change the cost of compliance with FRS 101; and
 - (b) enables entities that, as a result of the revised definition, would no longer be qualifying entities, to continue to apply FRS 101 for a further two years, until IFRS 17 becomes effective.
- 6 Consequential amendments were also made to FRS 100 *Application of Financial Reporting Requirements* and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Conclusion

- 7 The change to the effective date of the revised definition of 'qualifying entity' in FRS 101 maintains alignment with the effective date of IFRS 17. It is necessary to avoid insurance entities that would not meet the revised definition of a 'qualifying entity' becoming ineligible to apply FRS 101 before the effective date of IFRS 17, unless they decide to adopt IFRS 17 early.



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