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Your ref

Our ref

For the attention of: Easton Billsborough

28 August 2020

Dear Easton

FRED 75: Draft amendments to FRS 104 *Interim Financial Reporting* – Going concern

We welcome the opportunity to comment on FRED 75: Draft amendments to FRS 104 *Interim Financial Reporting* – Going concern (the 'FRED'). We have set out our detailed responses to the questions raised in the FRED in Appendix 1 to this letter.

We support the amendments proposed by FRED 75 which will provide clarification on assessing and reporting on the going concern basis of accounting when preparing interim financial statements under FRS 104 *Interim Financial Reporting*. We have set out our responses to each specific question in Appendix 1.

Please contact Andrew Marshall on 0207 311 6456 should you wish to discuss any of our comments further.

Yours sincerely

KPMG LLP

Enclosures:

Appendix 1: Responses to FRC questions

Appendix 1 – Responses to FRC questions

Question 1

Do you agree with the proposed amendments to FRS 104? If not, why not?

Yes, we support the FRC's proposed amendments to FRS 104. It will correct the unintentional difference between the requirements for assessing and reporting on the going concern basis of accounting when preparing interim financial reports in accordance with FRS 104, compared to EU-adopted IFRS.

For completeness purposes, we propose to include an additional disclosure requirement which addresses the scenario when the interim financial statements are not prepared on the going concern basis of accounting. We propose including the following wording under paragraph 16A: 'if an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.'

Question 2

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.

Paragraph 8 explains that the costs associated with disclosing the information is expected to outweigh the benefit for the users of the interim financial statements. We believe that the costs of applying the proposed revisions will not outweigh the benefits and consider that this is what the FRC intended to state in paragraph 8. Other than this, we have no further comments on the costs and benefits as identified by the FRC.