



**Response to FRC FRED 63:
Draft Amendments to FRS 101 –**

**Reduced Disclosure Framework
2015/16 cycle**

31 March 2016

INTRODUCTION

ICAS welcomes the opportunity to comment on the FRC's FRED 63 – Draft Amendments to FRS 101: Reduced Disclosure Framework.

Our CA qualification is internationally recognised and respected. We are a professional body for over 20,000 members who work in the UK and in more than 100 countries around the world. Our members represent different sizes of accountancy practice, financial services, industry, the investment community and the public sector. Almost two thirds of our working membership work in business, many leading some of the UK's and the world's great companies.

Our Charter requires its committees to act primarily in the public interest, and our responses to consultations are therefore intended to place the public interest first. Our Charter also requires us to represent our members' views and to protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

The ICAS Accounting Standards Committee has considered FRED 63 and I am pleased to forward their comments.

Any enquiries should be addressed to Amy Hutchinson, Assistant Director, Technical Policy and Secretary to the Accounting Standards Committee.

RESPONSE TO THE CONSULTATION QUESTIONS

Question 1

The principles for determining whether disclosure exemptions from EU-adopted IFRS should be available in FRS 101 are set out in paragraph 9 of the Accounting Council's Advice. These are relevance, cost considerations and avoiding gold plating.

Qualifying entities have limited external users of the financial statements. These external users are likely to be providers of credit with a greater focus on information that supports the statement of financial position of the qualifying entity, when compared with detailed analysis of performance as required by some of the disclosures in IFRS 15 Revenue from Contracts with Customers. Do you agree?

Response:

Whilst we agree that in many cases the users of the accounts of qualifying entities are likely to be more interested in information supporting the balance sheet, we believe there will still be cases where detailed information supporting the income statement is required. The FRC's proposals mean that qualifying entities will still need to comply with the overall disclosure principle in paragraph 110 of IFRS 15, and therefore preparers will need to make a judgement about which specific disclosures are required in order to meet this objective. We are content that this approach strikes the right balance to meet the information needs of users of FRS 101 accounts.

Question 2

Do you consider that additional refinements could be made to the principles set out in paragraph 9 of the Accounting Council's Advice that, when applied, would help to increase further the cost-effectiveness of FRS 101?

Response:

It is our view that the principles set out in paragraph 9 of the Accounting Council's Advice are appropriate.

Question 3

Do you agree with the proposed amendments to FRS 101? If not, why not?

Response:

As noted above, we agree with the proposed amendments to FRS 101.

Question 4

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.

Response:

We agree with the consultation stage impact assessment.

Other comments

One aspect of FRS 101 would be the re-consideration by the FRC of the requirement to notify shareholders of the intention to use the FRS 101 exemptions. We understand that this requirement has been causing problems in practice around issues such as the format and timing of the notification and can be burdensome in cases where there is a diverse shareholder base. Therefore, we encourage the FRC to look again at this requirement and determine whether further guidance or revision is required.