Easton Bilsborough
Financial Reporting Council
8th Floor
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EC2Y 5AS

19 January 2021

Dear Sir

FRED 77: Draft amendments to FRS 101: Reduced Disclosure Framework – 2020/21 cycle

We welcome the opportunity to comment, on behalf of PricewaterhouseCoopers LLP, on *FRED 77: Draft amendments to FRS 101 Reduced Disclosure Framework – 2020/21 cycle*.

We support all the proposed amendments. Our responses to the questions asked by the FRC are given in the appendix to this letter.

If you have any questions please contact Peter Hogarth on 07770 917593.

Yours faithfully

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Appendix

Question 1

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

We agree with the following proposed amendments to FRS 101 in the 2020/21 annual review cycle outlined in FRED 77:

- An exemption from the disclosure requirements introduced by *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).*
- Minor amendments as a consequence of *Classification of Liabilities as Current or Non-current (Amendments to IAS 1).*
- Amendment to FRS 101 to remove a reference to paragraphs 39 and 40 of IAS 1 as these paragraphs were deleted by *Annual Improvements to IFRSs 2009-2011 Cycle*, and therefore were only applicable to accounting periods beginning before 1 January 2013.

Question 2

Do you agree that no other amendments to FRS 101 are required for the other IASB projects outlined in paragraph 7 of the Basis for Conclusions?

We agree that no further amendments are required in response to the IASB projects outlined in the table in paragraph 7 of the Basis for Conclusions.

In particular, do you agree that an exemption should not be provided from the disclosure requirements introduced by *Covid-19-Related Rent Concessions (Amendments to IFRS 16)*?

We support the proposal that no disclosure exemption be provided for the disclosure requirements introduced by *COVID-19: Related Rent Concessions (Amendments to IFRS 16).* IFRS 16 par 51 explains that "*the objective of the disclosures is for lessees to disclose information in the notes that, together with the information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.*" We believe the disclosure requirements in this amendment provide useful information about the impact of COVID-19 to the carrying amounts of lease related balances in the entity's statement of financial position. These disclosures provide useful information that enables users to assess comparability of the financial information related to the leases.

We note some rent concessions e.g rent forgiveness have characteristics similar to variable lease payments. In this regard, and given that FRS 101 does not provide exemption from IFRS 16 paragraph 53(e) (disclosure of variable lease payments amounts not included in the measurement of lease liabilities), we believe separate disclosure of COVID-19 related amounts recognised in the statement of profit or loss as a result of applying this practical expedient provides consistency in disclosures of transactions which are similar in nature.

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.

We have no further comments on the costs and benefits identified in the impact assessment.