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From: Steven Barnes [REDACTED]
Sent: 28 April 2023 11:27
To: ukfrsperiodicreview
Subject: FRED 82 feedback

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Dear Sirs,

I have the following feedback on the FRED 82 proposals:

Leases

My view is that the proposal to adopt IFRS 16 is not appropriate for small-sized entities applying FRS 102 Section 1A, which comprise a large proportion of entities that the revisions will impact. The benefits being promoted are that the revised lease accounting recognition criteria will improve the quality of financial information. I can understand this being the case for large entities and groups (and also promote efficiencies when consolidating UK FRS 102 accounts into large groups that prepare IFRS accounts). However for small entities I believe the opposite and is likely to result in confusion for many stakeholders and unnecessary complexities that lead to less valuable financial statements. The current expensing of lease costs is already well understood by users.

Small entity amendments

“Paragraph 1AC.40 is inserted as follows: 1AC.40 A small entity shall disclose dividends declared and paid or payable during the period as set out in paragraph 6.5(b).”

Whilst I can see some merits of the above in terms of increasing transparency, the mandatory disclosure of commercially sensitive information on public record may have the adverse impact of disincentivising entrepreneurship in the UK, in a similar manner to the accounts filing changes in the Economic Crime Bill.

Kind Regards,
Steven Barnes

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