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Our ref: 01/JCC/FRED 60: Draft  
Amendments to FRS 100  
Application of Financial  
Reporting Requirements  
and FRS 101 Reduced  
Disclosure Framework  
(February 2015)

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Dear Jenny,

**FRED 60: Draft Amendments to FRS 100 Application of Financial Reporting Requirements and FRS 101 Reduced Disclosure Framework (February 2015)**

We are pleased to have the opportunity to comment on the Exposure Draft "FRED 60: Draft Amendments to FRS 100 Application of Financial Reporting Requirements and FRS 101 Reduced Disclosure Framework (February 2015)".

We agree in principal to the changes proposed in the Exposure Draft. We do, however, have three points on the drafting of the proposed amendments to FRS 100, which we set out in the appendix to this letter.

Yours sincerely,

BDO LLP  
Nicole Kissun  
Partner  
For and on behalf of BDO LLP



## Appendix: Responses to the questions raised in the Exposure Draft

**Question 1****Do you agree with the amendments proposed to FRS 100 and FRS 101? If not, why not?**

Yes, we agree in principal to the changes proposed in the Exposure Draft. We do, however, have three points to raise on the drafting of the proposed amendments to FRS 100:

*a) Approach to the Financial Reporting Standard for Smaller Entities (FRSSE)*

The proposed amendments remove the consequential amendments to the FRSSE set out in FRS 100.16 and the definition of the FRSSE set out in the Glossary to FRS 100 as well as deleting references to the FRSSE and, where relevant, replacing them with references to [draft] FRS 105 in other paragraphs.

This approach, however, has not been adopted consistently throughout FRS 100 because the proposed amendments have retained references to the FRSSE in two places:

- FRED 60 is not proposing that FRS 100.10 be deleted. Instead, it is proposing to leave that paragraph unchanged and insert a new paragraph 10A.
- Similarly, FRED 60 is not proposing that FRS 100.11(d) be deleted, nor is it proposing to include a reference to the transitional requirements of FRS 105.

With these two references to the FRSSE remaining, it is unclear whether it is intended that the revised version of FRS 100 (FRS 100 ([Month] 2015)) should withdraw and replace the version of the standard published in November 2012 (FRS 100 (November 2012)) or amend it in such a way that it allows a choice between the adoption of the FRSSE or the early adoption of FRS 105 for periods beginning before 1 January 2016. In our view, the revised FRS 100 should take the former approach and, in consequence, all references to the FRSSE should be removed. We suggest the following alternative amendments to FRS 100 in this respect:

- 10 An entity shall apply ~~this~~ FRS 100 ([Month] 2015) for accounting periods beginning on or after 1 January 2015~~6~~. Early application of this FRS is permitted subject to the early application provisions set out in FRS 101, FRS 102 and ~~the FRSSE (effective January 2015)~~[draft] FRS 105. If an entity applies this FRS before 1 January 2015~~6~~ it shall disclose that fact.
- 10A In [month] 2015 amendments were made to this FRS. An entity choosing not to apply [these amendments] for accounting periods beginning before 1 January 2016 may not adopt the associated amendments made to FRS 101, FRS 102 and [draft] FRS 105.
- 11(d) An entity transitioning to ~~the FRSSE~~[draft] FRS 105 shall apply the transitional arrangements set out in ~~the FRSSE~~[draft] FRS 105.
- 15A The Financial Reporting Standard for Smaller Entities (effective January 2015) (FRSSE) and FRS 100 (November 2012) are superseded on the early application of FRS 100 ([Month] 2015) and will be withdrawn for accounting periods beginning on or after 1 January 2016.

*b) Equivalence*

The proposed amendment to FRS 100.AG1 replaces a direct extract of the Companies Act 2006 with a more general description of the revised requirements of s401 of the Companies Act 2006 which summarises the four subsections included in s401(2)(b) into three bullet points. The proposed amendment to FRS 100.AG4, however, adopts the approach of making a direct and specific reference to the Companies Act. We consider that the clarity of the guidance on this matter would be improved through the either or both of the following changes:

- Including a direct and specific reference to the Companies Act in FRS 100.AG1(a)-(c). For example: “...(a) in accordance with, or in a manner that is equivalent to, the Accounting Directive (s401(2)(b)(i)-(ii));...”.
- In FRS 100.AG4, referring back to the appropriate part of FRS 100.AG1. For example: “...Use of the exemption described in paragraph AG1(a)~~section 401~~ requires an analysis...”.

*c) Seriously prejudicial*

As noted in our response to FRED 59, we have been unable to identify the change in law that has caused the amendment proposed in paragraph 51 of that Exposure Draft (Deleting the “seriously prejudicial” exemption from the requirement to provide certain disclosures in respect of provisions). This seriously prejudicial exemption also exists in IAS 37.92 but we note that FRED 60 does not propose a similar amendment to FRS 101.

**Question 2**

**This FRED is accompanied by a Consultation Stage Impact Assessment. Do you have any comments on the costs or benefits discussed in that assessment?**

We have no comments on the Consultation Stage Impact Assessment that relate to FRED 60.