#### ICAEW

**REPRESENTATION 59/20** 



# FRED 75 DRAFT AMENDMENTS TO FRS 104 – GOING CONCERN

Issued 28 August 2020

ICAEW welcomes the opportunity to comment on the FRED *75 Draft amendments to FRS 104 – Going concern* published by Financial Reporting Council in July 2020, a copy of which is available from this link.

We support the proposed amendments to FRS 104 Interim Financial Reporting, which will provide a helpful clarification to the requirements for assessing and reporting on the going concern basis of accounting when preparing interim financial reports under FRS 104.

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#### **KEY POINTS**

## Support for proposals

1. We support the proposed amendments to FRS 104 *Interim Financial Reporting*, which will provide a helpful clarification to the requirements for assessing and reporting on the going concern basis of accounting when preparing interim financial reports under FRS 104.

## **ANSWERS TO SPECIFIC QUESTIONS**

#### **Question 1**

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

- Yes, we agree with the proposed amendments to FRS 104, which 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, as opposed to EU-adopted IFRS.
- 3. As FRS 104 is intended for use by entities that prepare annual financial statements in accordance with FRS 102, the proposed amendments correspond to the requirements set out in FRS 102. For completeness, we suggest that the latter part of paragraph 3.9 of FRS 102 should be included in the list of disclosures in FRS 104, perhaps as paragraph 16A(aB) ie, to refer to the requirement that when '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.

4. Paragraph 8 appears to refer to costs outweighing benefits. Other than this, we have no further comments on the costs and benefits as identified by the FRC.

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