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Dear Sirs

FRED 50: Draft FRC Abstract 1 Residential Management Companies' Financial Statements and Consequential Amendments to the FRSSE

We write in response to your invitation to comment on FRED 50: Draft FRC Abstract 1 Residential Management Companies' Financial Statements and Consequential Amendments to the FRSSE ("FRED 50").

We welcome the Financial Reporting Council's ("the FRC's") development of the Abstract for Residential Management Companies ("RMCs") and support the proposals within FRED 50 which we believe appropriately reflect the opinion of legal counsel which has been obtained in accounting for the transactions within RMCs.

Our answers to the questions raised in the Invitation to Comment section of FRED 50 are set out in the appendix to this letter.

If you have any questions concerning our comments, please contact Veronica Poole on 0207 007 0884 or Phil Barden on 0207 007 0023.

Yours faithfully



Veronica Poole
National Head of Accounting and Corporate Reporting
Deloitte LLP

Appendix – responses to questions raised in Invitation to Comment section of FRED 50

Question 1: Do you agree with the proposed draft FRC Abstract 1 and Consequential Amendments to the FRSSE? If not, why not?

We support the proposals within FRED 50 which we believe appropriately reflect the opinion of legal counsel which has been obtained in accounting for the transactions within RMCs. In respect of the disclosure requirement in paragraph 8(b) of the Abstract of cash held by an RMC in its financial statements, we suggest that this disclosure requirement be extended to clarify that any receivable amount from tenants shown on the balance sheet in accordance with paragraph 7 of the draft Abstract will reduce the cash balance disclosed. Without this clarification, we believe that there is a risk of a user of the financial statements misunderstanding the nature of the assets and adding the cash balance to the receivable balance, thus overestimating the value of assets available to the RMC.

Question 2: Do you agree with the proposed effective date? If not, why not?

We agree that it is appropriate for the effective date to be consistent with that of FRS 102. We note that the scope of the Abstract set out in paragraph 1 is for RMCs which apply FRS 102 and therefore suggest that paragraph 9 is clarified in order that entities may only adopt the Abstract early if FRS 102 has also been adopted early.