

Ms J Carter
Financial Reporting Council
8th Floor
London Wall
London
EC2Y 5AS

Via email to ukfrs@frc.org.uk

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FRED 59 Draft Amendments to FRS 102 – Small Entities

Dear Jenny

We have reviewed FRED 59 and generally support the FRC's proposed amendments to FRS 102. We largely agree with the proposals set out in FRED 59 and rather than respond on all the detailed questions raised we wish to focus on how the draft amendments deal with the issue that some of the changes in legislation could impair the usefulness of small entity financial statements particularly in relation to presenting a 'true and fair' view.

In our response to the FRC's 2014 consultation paper *Accounting Standards for Small Entities*, we called on the FRC to remind company directors of their obligation to present a true and fair view and to provide guidance on how directors of small companies should approach determining what disclosure is necessary for a true and fair view.

We are pleased to see that reminders are included in the draft amendments (such as paragraph 1A.6) and that paragraphs 1A.12 and 1A.13 make specific reference to where relevant guidance is contained elsewhere in FRS 102. However, we still believe that it would be useful for the FRC to provide illustrative examples of the types of

Chartered Institute of Management Accountants

26 Chapter Street London SW1P 4NP United Kingdom
T +44 (0)20 7663 5441 F +44 (0)20 7663 5442
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transactions and circumstances that could result in additional disclosure being necessary.

Without examples to illustrate application we believe it makes the proposals more difficult for companies to apply and could lead to more inconsistencies in practice. We believe it should be possible to present examples whilst making it clear that the disclosures are not mandated.

Yours sincerely,

Charles Batchelor

Charles Batchelor
Chair, Corporate Reporting Development Panel

Nick Topazio

Nick Topazio
Head of Corporate Reporting
Research