



Response to Financial Reporting Council (FRC) FRED 76:  
Draft amendments to FRS 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and  
FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime*, COVID-19-related rent concessions

31 August 2020

## INTRODUCTION

The ICAS Corporate and Financial Reporting Panel welcomes the opportunity to comment on FRED 76: Draft amendments to FRS 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime*, COVID-19-related rent concessions

Our CA qualification is internationally recognised and respected. We are a professional body of over 22,000 members who work in the UK and in more than 100 countries around the world. Our members represent different sizes of accountancy practice, financial services, industry, the investment community and the public sector. Almost two thirds of our working membership work in business, many leading some of the UK's and the world's great companies.

Our Charter requires its committees to act primarily in the public interest, and our responses to consultations are therefore intended to place the public interest first. Our Charter also requires us to represent our members' views and to protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

Any enquiries should be addressed to Anne Adrain, Secretary to the ICAS Corporate and Financial Reporting Panel.

## GENERAL COMMENTS

We welcome the FRC's decision to update FRS 102 and FRS 105 in respect of COVID-19-related rent concessions in the light of similar amendments to International Financial Reporting Standard (IFRS) 16, Leases.

Overall, we are supportive of the proposed amendments and proposed effective date.

## CONSULTATION QUESTIONS

### Question 1

Do you agree with the proposed amendments to FRS 102 and FRS 105? If not, why not?

### Response 1

We agree with the proposed amendments to FRS 102 and FRS 105 and that these should apply only to temporary rent concessions occurring as a direct consequence of the COVID-19 pandemic and within a limited timeframe.

### Question 2

Do you agree with the proposed effective date for these amendments? If not, what difficulties do you foresee?

### Response 2

We agree with the proposed effective date for these amendments of accounting periods beginning on or after 1 January 2020, with early application permitted.

### Question 3

The proposed amendments to FRS 102 require a lessee to disclose those changes in lease payments recognised in accordance with paragraph 20.15C. The Basis for Conclusions describes the reasons for this proposal and the existing disclosures required by FRS 102 relevant to this transaction. Do you consider that these disclosure requirements are sufficient to meet the needs of users?

### Response 3

We believe that the proposed disclosure requirements are sufficient to meet the needs of users.

**Question 4**

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.

**Response 4**

We have no further comments in this respect.