



May 2022

FRED 80

Draft amendments to FRS 100 *Application of Financial Reporting Requirements*

Application Guidance
The Interpretation of Equivalence

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*Application of Financial Reporting
Requirements*

Application Guidance

The Interpretation of Equivalence

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Overview

- (i) The FRC's overriding objective in setting accounting standards is to enable users of accounts to receive high-quality understandable financial reporting proportionate to the size and complexity of the entity and users' information needs.

Draft amendments to FRS 100 *Application of Financial Reporting Requirements*

- (ii) In January 2020 the UK exited the European Union. As a result, changes were required to UK company law to ensure that it continues to operate effectively. Some of these changes also led to consequential amendments to accounting standards so that the standards remain in line with the law.
- (iii) In December 2020, the FRC issued *Amendments to UK and Republic of Ireland accounting standards – UK exit from the European Union*.
- (iv) Paragraph 9 of *Amendments to UK and Republic of Ireland accounting standards – UK exit from the European Union* noted that the Application Guidance *The Interpretation of Equivalence* to FRS 100 would be updated for changes to UK company law and decisions on equivalence.
- (v) This FRED proposes amendments to FRS 100 to replace the Application Guidance and make other consequential amendments.
- (vi) The amendments reflect changes in UK company law that came into effect on IP Completion Day, defined as 11pm UK time on 31 December 2020, and the UK ceasing to meet the definition of an EEA State at the same time.

Invitation to comment

- 1 The FRC is requesting comments on FRED 80 by 26 August 2022. The FRC is committed to developing standards based on evidence from consultation with users, preparers and others. Comments are invited in writing on all aspects of the draft standard. In particular, comments are sought in relation to the questions below.

Question 1

Do you agree with the proposed amendments to the Application Guidance *The Interpretation of Equivalence* to FRS 100? If not, why not?

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.

- 2 Information on how to submit comments and the FRC's policy in relation to responses is set out on page 18.

Draft amendments to FRS 100 *Application of Financial Reporting Requirements*

Draft amendments to FRS 100

- 1 The following paragraphs set out the draft amendments to FRS 100 (inserted text is underlined).
- 2 Paragraph 10D is inserted as follows:

10D In [month 2022] amendments were made to this FRS to replace the Application Guidance *The Interpretation of Equivalence* to reflect changes in UK company law following the UK's exit from the European Union. The revised Application Guidance is effective immediately, and reflects changes in UK legal requirements that came into effect on IP Completion Day, defined as 11pm UK time on 31 December 2020. The UK ceased to meet the definition of an EEA State at the same time.
- 3 The following sub-heading (not underlined) is inserted above paragraph 11:

Transitional arrangements

Draft amendments to Application Guidance

The Interpretation of Equivalence

- 4 The following paragraphs set out the draft amendments to the Application Guidance *The Interpretation of Equivalence* to FRS 100.
- 5 Paragraphs AG1 to AG10 inclusive, are deleted, and replaced with the following:

Introduction

- AG1 An intermediate parent in the United Kingdom whose immediate parent is not established under the law of any part of the United Kingdom may be exempt from the requirement to prepare group accounts if it meets the conditions of section 401 of the **Act**¹³. These conditions include the company and all of its subsidiary undertakings being included in consolidated accounts for a larger group drawn up to the same date, or an earlier date in the same financial year. Those accounts and, where appropriate, the group's annual report, must be drawn up:
- (a) in a manner that is equivalent to the requirements of Part 15 of the Act (Section 401(2)(b) subparagraph (ii));
 - (b) in accordance with **UK-adopted international accounting standards** (Section 401(2)(b) subparagraph (iii)); or
 - (c) in accordance with accounting standards which are equivalent to UK-adopted international accounting standards, as determined in accordance with Commission Regulation (EC) No 1569/2007 of 21 December 2007, as amended by *The Official Listing of Securities, Prospectus and Transparency (Amendment etc.) (EU Exit) Regulations 2019* (SI 2019/707) (see paragraph AG9) (Section 401(2)(b) subparagraph (iv)).
- AG2 An intermediate parent in the Republic of Ireland whose immediate parent is not established under the law of an EEA state may be exempt from the requirement to prepare group financial statements if it meets the conditions in section 300 of the *Companies Act 2014*¹⁴. These conditions include the company and all of its subsidiary undertakings being included in consolidated accounts for a larger group drawn up to the same date, or an earlier date in the same financial year. Those accounts and, where appropriate, the group's consolidated annual report, must be drawn up:
- (a) in accordance with, or in a manner that is equivalent to, the **Accounting Directive** (Section 300(4)(b) subparagraphs (i) and (ii));
 - (b) in accordance with **EU-adopted IFRS** (Section 300(4)(b) subparagraph (iii)); or
 - (c) in accordance with accounting standards which are equivalent to EU-adopted IFRS, as determined in accordance with Commission Regulation (EC) No 1569/2007 of 21 December 2007 (see paragraph AG17) (Section 300(4)(b) subparagraph (iv)).

¹³ An exemption when the immediate parent is established under the law of any part of the United Kingdom is provided by section 400 of the Act, and does not require the consideration of equivalence.

¹⁴ An exemption when the immediate parent is established under the law of an EEA state is provided by section 299 of the *Companies Act 2014*, and does not require the consideration of equivalence.

- AG3 The concept of equivalence also appears in accounting standards applicable in the UK and Republic of Ireland. **FRS 101** and **FRS 102** permit certain exemptions from disclosures, but those exemptions are in some cases subject to equivalent disclosures being included in the consolidated financial statements of the group in which the entity is consolidated. FRS 102 also permits an alternative measurement option for certain share-based payment transactions provided that an equivalent basis is used.
- AG4 This Application Guidance provides guidance on interpreting the meaning of equivalence in the circumstances set out above.

Assessing equivalence

- AG5 Use of the exemptions referred to above requires an analysis of whether the framework (or specified elements of it) applied in practice is equivalent to another framework (or specified elements of it). This Application Guidance aims to assist entities in adopting a consistent approach to this assessment. In the absence of this guidance, companies and their auditors might feel obliged to take an overly cautious approach in response to uncertainty about whether the exemptions can be used.
- AG6 It is generally accepted that references to equivalence to another framework do not mean compliance with every detail of that framework. Rather, it is necessary to consider whether the basic requirements of that framework are met (such as the requirement to give a true and fair view), without implying strict conformity with each and every provision. A qualitative approach is more in keeping with the deregulatory nature of the exemption than a requirement to consider the detailed requirements on a checklist basis.

The exemptions from consolidation

For UK entities: Section 401 of the Act

- AG7 Whether the condition in section 401(2)(b) subparagraph (iii) is met should be straightforward to determine, as it will be a matter of fact whether or not the consolidated financial statements of the group in which the UK intermediate parent is consolidated (and, where appropriate, the group's annual report) have been drawn up in accordance with UK-adopted international accounting standards. If they have not, the directors of the UK intermediate parent will need to consider whether the condition in section 401(2)(b) subparagraph (ii) or subparagraph (iv) is met instead.
- AG8 As described in paragraph AG9, the UK government has formally granted the equivalence of certain accounting standards to UK-adopted international accounting standards, which will determine whether the condition in section 401(2)(b) subparagraph (iv) is met. However, meeting the condition in section 401(2)(b) subparagraph (ii) does not depend on equivalence having been formally granted. Directors may make their own assessment of equivalence in determining whether the company qualifies for the exemption, following the principle in section 401 of the Act and this Application Guidance.

The condition in section 401(2)(b) subparagraph (iv)

AG9 The UK government has recognised¹⁵ the equivalence to UK-adopted international accounting standards of the following Generally Accepted Accounting Principles (GAAP), which includes those GAAPs previously recognised by the European Commission as equivalent to EU-adopted IFRS:

GAAP
GAAP of Canada
GAAP of the People's Republic of China
GAAP of Japan
GAAP of the Republic of Korea
GAAP of the United States of America
IFRS as adopted by the EU
IFRS as issued by the IASB

AG10 At the time of writing, the UK has not formally granted the equivalence of any other country's accounting standards, including the national accounting standards of EEA states or the *IFRS for SMEs* Accounting Standard, to UK-adopted international accounting standards.

The condition in section 401(2)(b) subparagraph (ii)

AG11 If neither the condition in section 401(2)(b) subparagraph (iii) nor the condition in section 401(2)(b) subparagraph (iv) is met, the directors of the UK intermediate parent may assess the consolidated financial statements of the group in which the UK intermediate parent is consolidated (and, where appropriate, the group's annual report) for equivalence with the requirements of Part 15 of the Act, in accordance with section 401(2)(b) subparagraph (ii).

AG12 Determining whether the condition in section 401(2)(b) subparagraph (ii) is met requires an analysis of a particular set of consolidated financial statements (and, where appropriate, the group's annual report) to determine whether they are drawn up in a manner equivalent to consolidated financial statements and reports that are drawn up in accordance with Part 15 of the Act (which, in turn, requires such financial statements to be drawn up either as Companies Act Accounts (ie in accordance with UK accounting standards) or as IAS Accounts (ie in accordance with UK-adopted international accounting standards)).

AG13 When assessing whether consolidated financial statements and reports of a higher parent are drawn up in a manner equivalent to consolidated financial statements and reports drawn up in accordance with Part 15 of the Act, it is necessary to consider whether they meet the basic requirements of Part 15 of the Act, in particular the requirement to give a true and fair view.

AG14 In the context of section 401(2) subparagraph (ii), the consequences of adopting the principle in paragraph AG6 are that consolidated financial

¹⁵ Correct at time of publication. See *Equivalence of non-UK regimes: Financial reporting rules (DTR 4) exemption* at: <https://www.fca.org.uk/markets/primary-markets/regulatory-disclosures/equivalence-non-uk-regimes>

statements of the higher parent may meet the condition if they are intended to give a true and fair view and they:

- (a) are prepared in accordance with FRS 102; or
- (b) are prepared using GAAPs which are closely related to **IFRS**, subject to consideration of the effect of any differences from UK-adopted international accounting standards.

Consolidated financial statements of the higher parent prepared in any other manner should be assessed for equivalence with Part 15 of the Act based on the particular facts, including the similarities to and differences from the requirements of Part 15 of the Act.

For Irish entities: Section 300 of the *Companies Act 2014*

AG15 Whether the condition in section 300(4)(b) subparagraph (iii) is met should be straightforward to determine, as it will be a matter of fact whether or not the consolidated financial statements of the group in which the Irish intermediate parent is consolidated (and, where appropriate, the group's consolidated annual report) have been drawn up in accordance with EU-adopted IFRS. If they have not, the directors of the Irish intermediate parent will need to consider whether the condition in section 300(4)(b) subparagraph (ii) or subparagraph (iv) is met instead.

AG16 As described in paragraph AG17, the European Commission has formally granted the equivalence of certain accounting standards to EU-adopted IFRS, which will determine whether the condition in section 300(4)(b) subparagraph (iv) is met. However, meeting the condition in section 300(4)(b) subparagraph (ii) does not depend on equivalence having been formally granted. Directors may make their own assessment of equivalence in determining whether the company qualifies for the exemption, following the principle in section 300 of the *Companies Act 2014* and this Application Guidance.

The condition in section 300(4)(b) subparagraph (iv)

AG17 A mechanism to determine the equivalence to EU-adopted IFRS of the GAAPs of third countries was established in 2007. Subsequently, the European Commission has identified as equivalent to EU-adopted IFRS the following:

GAAP	Applicable from
GAAP of Japan	1 January 2009
GAAP of the United States of America	1 January 2009
GAAP of Canada	1 January 2012
GAAP of the People's Republic of China	1 January 2012
GAAP of the Republic of Korea	1 January 2012

AG18 At the time of writing, the equivalence of FRS 102 or UK-adopted international accounting standards to EU-adopted IFRS has not been formally determined under the above mechanism.

The condition in section 300(4)(b) subparagraph (ii)

- AG19 If neither the condition in section 300(4)(b) subparagraph (iii) nor the condition in section 300(4)(b) subparagraph (iv) is met, the directors of the Irish intermediate parent may assess the consolidated financial statements of the group in which the Irish intermediate parent is consolidated (and, where appropriate, the group's consolidated annual report) for equivalence with the requirements of the Accounting Directive, in accordance with section 300(4)(b) subparagraph (ii).
- AG20 Determining whether the condition in section 300(4)(b) subparagraph (ii) is met requires an analysis of a particular set of consolidated financial statements (and, where appropriate, the group's consolidated annual report) to determine whether they are drawn up in a manner equivalent to consolidated financial statements and reports that are drawn up in accordance with the Accounting Directive.
- AG21 When assessing whether consolidated financial statements and reports of a higher parent are drawn up in a manner equivalent to consolidated financial statements and reports drawn up in accordance with the Accounting Directive, it is necessary to consider whether they meet the basic requirements of the Accounting Directive, in particular the requirement to give a true and fair view.
- AG22 In the context of section 300(4) subparagraph (ii), the consequences of adopting the principle in paragraph AG6 are that consolidated financial statements of the higher parent may meet the condition if they are intended to give a true and fair view and they:
- (a) are prepared in accordance with FRS 102, subject to consideration of any departures from the Accounting Directive;
 - (b) are prepared in accordance with IFRS, subject to the consideration of the reasons for any failure by the European Commission to adopt a standard or interpretation; or
 - (c) are prepared using other GAAPs which are closely related to IFRS (for example, UK-adopted international accounting standards), subject to consideration of the effect of any differences from EU-adopted IFRS.

Consolidated financial statements of the higher parent prepared in any other manner should be assessed for equivalence with the Accounting Directive based on the particular facts, including the similarities to and differences from the requirements of the Accounting Directive.

The exemptions in financial reporting standards

Equivalent disclosures are included in the consolidated financial statements of the group

- AG23 Paragraph 8 of FRS 101 provides certain exemptions for a **qualifying entity** from the disclosure requirements of **adopted IFRS**, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. Paragraph 9 states that reference should be made to this Application Guidance in deciding whether the consolidated financial statements of the group provide disclosures which are equivalent to the requirements of adopted IFRS.

- AG24 Similarly, paragraph 1.12 of FRS 102 provides certain exemptions for a qualifying entity from the disclosure requirements of FRS 102, provided that disclosures equivalent to those required by FRS 102 are included in the consolidated financial statements of the group in which the entity is consolidated. Paragraph 1.13 states that reference shall be made to this Application Guidance in deciding whether the consolidated financial statements of the group provide disclosures which are equivalent to the requirements of FRS 102.
- AG25 In deciding whether the consolidated financial statements of the parent provide disclosures which are equivalent to the requirements of adopted IFRS or FRS 102, from which relief is provided in paragraph 8 of FRS 101 and paragraph 1.12 of FRS 102 respectively, it is intended that preparers will apply similar considerations to those set out in paragraph AG6. That is, the concept of 'equivalence' referred to in those paragraphs of FRS 101 and FRS 102 is intended to be aligned to that in, for UK entities, section 401 of the Act and, for Irish entities, section 300 of the *Companies Act 2014*. Therefore, it is necessary to consider whether the consolidated financial statements of the parent provide disclosures that meet the basic disclosure requirements of the relevant standard issued (or adopted) by the relevant standard setter, without requiring strict conformity with each and every disclosure. This assessment should be based on the particular facts, including the similarities to and differences from the requirements of the relevant standard from which relief is provided.
- AG26 Disclosure exemptions for subsidiaries are permitted when the relevant equivalent disclosures are made in the consolidated financial statements, even when the disclosures are made in aggregate or in an abbreviated form, or, in relation to intra-group balances, when those intra-group balances have been eliminated on consolidation. If, however, no disclosure is made in the consolidated financial statements on the grounds of materiality, the relevant disclosures should be made at the subsidiary level if material in those financial statements.

Alternative measurement option for share-based payment transactions

- AG27 Paragraph 26.16 of FRS 102 permits certain group entities to measure their share-based payment expense on the basis of a reasonable allocation of the expense for the group, provided that that expense has been calculated in accordance with FRS 102, IFRS 2 *Share-based Payment* or on an equivalent basis.
- AG28 In deciding whether the share-based payment expense for the group has been calculated on a basis equivalent to FRS 102 or IFRS 2, it is intended that preparers will apply similar considerations to those set out in paragraph AG6. That is, the concept of 'equivalence' referred to in this paragraph of FRS 102 is intended to be aligned to that in, for UK entities, section 401 of the Act and, for Irish entities, section 300 of the *Companies Act 2014*. Therefore, it is necessary to consider whether the basis on which the group share-based payment expense has been calculated is in accordance with the basic requirements of the measurement basis of FRS 102 or IFRS 2, without requiring strict conformity with each and every aspect of that basis. This assessment should be based on the particular facts, including the similarities to and differences from the requirements of the relevant standard.

Draft amendments to Appendix III Republic of Ireland legal references

6 The following paragraph sets out the draft amendments to Appendix III *Republic of Ireland legal references* (deleted text is struck through).

7 In paragraph A3.7 the following table and its sub-heading are deleted as follows:

~~Application Guidance *The Interpretation of Equivalence*~~

	UK references	RoI references	
Paragraph	Act and the Regulations (unless otherwise stated)	Companies Act 2014	Other legislative reference
AG1 / AG9	Section 401	Section 300	
AG1	Section 401(2)(b)(i) and (ii)	Section 300(4)(b)(i) and (ii)	
AG1	Section 401(2)(b)(iii)	Section 300(4)(b)(iii)	
AG1	Section 401(2)(b)(iv)	Section 300(4)(b)(iv)	
AG4, AG5 and AG6	Section 401(2)(b)(ii)	Section 300(4)(b)(ii)	
AG6	Section 401(2)(b)	Section 300(4)(b)	

Basis for Conclusions

FRED 80 Draft amendments to FRS 100 Application of Financial Reporting Requirements – Application Guidance The Interpretation of Equivalence

This Basis for Conclusions accompanies, but is not part of, this Financial Reporting Exposure Draft and summarises the main issues considered by the Financial Reporting Council (FRC) in developing FRED 80 Draft amendments to FRS 100 Application of Financial Reporting Requirements – Application Guidance The Interpretation of Equivalence.

When these proposals are finalised, the Basis for Conclusions accompanying FRS 100 will be updated.

- 1 FRS 100 sets out the financial reporting requirements for UK and Republic of Ireland entities, and which financial reporting standard(s) are applicable in certain circumstances.

Objective

- 2 In developing financial reporting standards, the overriding objective of the FRC is to enable users of accounts to receive high-quality understandable financial reporting proportionate to the size and complexity of the entity and users' information needs.
- 3 In achieving this objective, the FRC aims to provide succinct financial reporting standards that:
 - (a) have consistency with global accounting standards through the application of an IFRS-based solution unless an alternative clearly better meets the overriding objective;
 - (b) balance improvement, through reflecting up-to-date thinking and developments in the way businesses operate and the transactions they undertake, with stability;
 - (c) balance consistent principles for accounting by all UK and Republic of Ireland entities with proportionate and practical solutions, based on size, complexity, public interest and users' information needs;
 - (d) promote efficiency within groups; and
 - (e) are cost-effective to apply.

Background

- 4 Company law in both the UK and the Republic of Ireland exempts, subject to further conditions, an intermediate parent from the requirement to prepare consolidated financial statements.
- 5 The conditions are set out in Section 400 of the Act for UK intermediate parents with a UK parent, and in Section 299 of the *Companies Act 2014* for Irish intermediate parents with an EEA parent.
- 6 For other entities, the conditions are set out in Section 401 of the Act for UK intermediate parents with a non-UK parent, and in Section 300 of the *Companies Act 2014* for Irish intermediate parents with a non-EEA parent. For such intermediate parents, the availability of the exemption from the requirement to prepare consolidated financial statements depends on the manner in which the consolidated financial statements of a larger group including the intermediate parent are drawn up, as set out in subparagraphs (ii), (iii) and (iv) of Section 401 of the Act for UK

intermediate parents with a non-UK parent, and in subparagraphs (ii), (iii) and (iv) of Section 300 of the *Companies Act 2014* for Irish intermediate parents with a non-EEA parent. In some cases this requires an assessment of 'equivalence'.

- 7 The concept of equivalence also appears in accounting standards applicable in the UK and Republic of Ireland. FRS 101 *Reduced Disclosure Framework* and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* permit certain disclosure exemptions for a qualifying entity, but those exemptions are in some cases subject to equivalent disclosures being included in the consolidated financial statements of the group in which the entity is consolidated. FRS 102 also permits an alternative measurement option for certain share-based payment transactions provided an equivalent basis is used.
- 8 Since its initial publication, FRS 100 has contained Application Guidance on interpreting the meaning of equivalence in the circumstances set out above.

Development of the proposed new Application Guidance

- 9 Determinations of equivalence depend on the applicable provisions of company law. In some cases, they also depend on decisions made by the authorities of one jurisdiction in relation to the financial reporting requirements of another jurisdiction. As a consequence of the UK's exit from the European Union, the requirements of UK company law have changed. Together with jurisdictional decisions about equivalence made by both UK and non-UK authorities in relation to the UK's financial reporting requirements, there may be an impact on the determination of equivalence and hence on the availability of the relevant exemptions. It is therefore necessary to update the Application Guidance.
- 10 The FRC proposes to replace the existing Application Guidance with a new, rewritten version which is up to date and which sets out clearly the considerations for both UK and Republic of Ireland preparers.
- 11 The proposed new Application Guidance deals separately with considerations for UK and for Republic of Ireland preparers. FRS 100 is applicable to both UK and Republic of Ireland preparers but the previous Application Guidance referred explicitly only to UK law, with the corresponding Republic of Ireland legal references presented in an appendix. Following the UK's exit from the European Union, the two legal frameworks have diverged and so the FRC proposes to address them separately.
- 12 The FRC also proposes to address separately the exemptions available under subparagraphs (iii), (iv) and (ii) of the respective Section of the respective Act, in that order. The FRC believes that this provides the most logical guidance. The availability of the exemption under subparagraph (iii) will be a matter of fact arising from the parent's basis of preparation. The availability of the exemption under subparagraph (iv) will be a matter of fact arising from the parent's basis of preparation and the relevant jurisdiction's formal determinations of equivalence. The availability of the exemption under subparagraph (ii) will be a matter of judgement for the directors of the intermediate parent. It is fundamental to the Application Guidance that the availability of the exemption under subparagraph (ii) does not depend on the relevant jurisdiction's formal determinations of equivalence: the FRC understands this to be the case under both UK and Republic of Ireland law.
- 13 In drafting the proposed new Application Guidance the FRC considered how much guidance could be given in terms of conclusions that the directors might reach under subparagraph (ii) of the respective Section of the respective Act. The proposed Guidance takes into account the conclusions reached in the previous version of the Guidance and is consistent with those conclusions, when appropriate. Any equivalence

decisions made by directors will necessarily be dependent on individual facts and circumstances at the time the determination is made.

- 14 It is possible that some decisions could change over time, for example because of changes in Part 15 of the Act or in the Accounting Directive and/or because of changes in the laws and GAAP applicable to the parent. However, the proposed Application Guidance indicates that the key to determining equivalence is consideration of the basic requirements of the respective frameworks – such as the requirement to give a true and fair view – rather than of conformity with each and every provision of that framework. This principle was included in the previous version of the Application Guidance and has been retained.

Effective date

- 15 The revised Application Guidance is effective immediately, and reflects changes in UK legal requirements that came into effect on IP Completion Day, defined as 11pm UK time on 31 December 2020, and the UK ceasing to meet the definition of an EEA State at the same point.

Consultation stage impact assessment

Introduction

- 1 The FRC is committed to a proportionate approach to the use of its powers, making effective use of impact assessments and having regard to the impact of regulation on small enterprises.
- 2 FRS 100 sets out the financial reporting requirements for UK and Republic of Ireland entities. The Application Guidance *The Interpretation of Equivalence* provides guidance to preparers and others in determining the availability of certain exemptions offered by company law and other financial reporting standards.
- 3 The UK's exit from the European Union means that the Application Guidance contained in the extant edition of FRS 100 is outdated and should be replaced.

Draft amendments to FRS 100

- 4 The draft amendments to FRS 100 will update the Application Guidance *The Interpretation of Equivalence*. Updating the Application Guidance will assist preparers and others by providing them with updated guidance. Due to changes in company law the current guidance requires amendment.
- 5 The Department for Business, Energy and Industrial Strategy (BEIS) prepared an impact assessment for the changes in UK legislation and hence no further impact assessment has been prepared by the FRC in this respect.
- 6 The UK's exit from the European Union means that Irish intermediate parents with a UK parent are no longer able to rely on Section 299 of the *Companies Act 2014* for exemption from preparing consolidated financial statements. Such intermediate parents may now seek to rely on Section 300 of the *Companies Act 2014* for exemption instead. Directors of such Irish intermediate parent companies are likely to need to assess the equivalence of the consolidated financial statements of the group in which the Irish intermediate parent company is consolidated to financial statements drawn up in accordance with the EU Accounting Directive. The updated Application Guidance should help them in doing so.

Conclusion

- 7 Overall, the FRC believes that the proposed amendments to FRS 100 are necessary for consistency with company law and jurisdictional decisions about equivalence.

This draft is issued by the Financial Reporting Council for comment. It should be noted that the draft may be modified in the light of comments received before being issued in final form.

For ease of handling, we prefer comments to be sent by e-mail to:

ukfrs@frc.org.uk

Comments may also be sent in hard copy to:

Accounting and Reporting Policy team
Financial Reporting Council
8th Floor
125 London Wall
London
EC2Y 5AS

Comments should be despatched so as to be received no later than 26 August 2022. If you have sent a copy of your response electronically, there is no need to send an additional hard copy.

The FRC's usual policy is to publish on its website all responses to formal consultations issued by the FRC, unless the respondent explicitly requests otherwise. An automatic confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure. Please be aware that we cannot guarantee confidentiality of consultation responses in all circumstances.

The FRC may not edit (but may redact) personal information (such as telephone numbers or postal or e-mail addresses) from submissions; therefore, only information that you wish to be published should be submitted.

We will process your personal data in accordance with applicable UK data protection laws. Please see our privacy policy.¹

The FRC aims to publish responses within 10 working days of receipt.

The FRC will publish a summary of the consultation responses, either as part of, or alongside, its final decision.

¹ <https://www.frc.org.uk/about-the-frc/procedures-and-policies/privacy-the-frc>



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