Response to FRC FRED 65:
Draft Amendments to FRS 101 – Reduced Disclosure Framework Notification of shareholders

13 October 2016
INTRODUCTION

ICAS welcomes the opportunity to comment on the FRC’s FRED 65 – Draft Amendments to FRS 101: Reduced Disclosure Framework: Notification of shareholders.

Our CA qualification is internationally recognised and respected. We are a professional body for over 20,000 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.

The ICAS Accounting Standards Committee has considered FRED 65 and I am pleased to forward their comments.

Any enquiries should be addressed to Amy Hutchinson, Assistant Director, Technical Policy and Secretary to the Accounting Standards Committee.

RESPONSE TO THE CONSULTATION QUESTIONS

Question 1
Do you agree with the proposals set out in FRED 65? If not, why not?

Response:
We agree with the proposals set out in FRED 65. As we have noted in previous responses to the FRC, we understand that the requirement to notify shareholders of the disclosure exemptions taken has caused a number of problems in practice and is excessively burdensome where there is a diverse shareholder base.

Question 2
Information will continue to be available to users of financial statements that explains any disclosure exemptions taken. Do you agree that the users, including minority shareholders, of financial statements are unlikely to be significantly disadvantaged by these proposals?

Response:
We agree that the users, including minority shareholders, of financial statements are unlikely to be significantly disadvantaged by these proposals, given that, as stated in FRED 65, information on the exemptions taken is still available to shareholders.

Question 3
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 of the quantifiable costs or benefits of these proposals.

Response:
We agree that this amendment will remove an administrative burden and therefore may create cost savings.