



May 2021

Amendments to FRS 101

Reduced Disclosure Framework

2020/21 cycle

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Amendments to FRS 101
Reduced Disclosure Framework
2020/21 cycle

Amendments to FRS 101 Reduced Disclosure Framework – 2020/21 cycle amends an accounting standard. It is issued by the Financial Reporting Council, as a prescribed body, for application in the United Kingdom and Republic of Ireland.

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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.
- (ii) The FRC carries out an annual review of FRS 101 *Reduced Disclosure Framework* to provide additional disclosure exemptions as IFRS evolves and to respond to stakeholder feedback about other possible improvements.

FRS 101 *Reduced Disclosure Framework* – 2020/21 cycle

- (iii) The amendments to FRS 101 provide an exemption from paragraph 74A(b) of IAS 16 *Property, Plant and Equipment* and maintain consistency with IAS 1 *Presentation of Financial Statements*.
- (iv) The amendments also remove a reference to paragraphs 39 and 40 of IAS 1. These paragraphs were deleted by *Annual Improvements to IFRSs 2009–2011 Cycle*, and therefore were only applicable to accounting periods beginning before 1 January 2013.

Amendments to FRS 101 *Reduced Disclosure Framework*

Amendments to FRS 101

- 1 The following paragraphs set out the amendments to FRS 101 *Reduced Disclosure Framework* (inserted text is underlined, deleted text is struck through).
- 2 Paragraph 8(g) is amended as follows:
 - 8(g) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*.
~~For accounting periods beginning before 1 January 2013, paragraphs 38A, 38B, 38C, 38D, 40A, 40B, 40C and 40D of IAS 1 (effective 1 January 2013) should be replaced with paragraphs 39 and 40 of IAS 1 (effective 1 January 2009).~~
- 3 Paragraph 8(iA) is inserted as follows:
 - 8(iA) The requirements of paragraph 74A(b) of IAS 16.

Amendments to Application Guidance

- 4 The following paragraph sets out the amendments to Application Guidance *Amendments to adopted IFRS for compliance with the Act and the Regulations*.
- 5 Paragraph AG1(h) is deleted and replaced¹ with the following:
AG1(h) Paragraph 53A and corresponding footnote are inserted into IAS 1 *Presentation of Financial Statements* as follows:

Statement of financial position

Information to be presented in the statement of financial position

53A A qualifying entity choosing to apply paragraph 1A(1) of Schedule 1 to the Regulations and adapt one of the balance sheet formats shall apply the relevant presentation requirements of IAS 1 *Presentation of Financial Statements*. A qualifying entity not permitted or not choosing to apply paragraph 1A(1) of Schedule 1 to the Regulations shall comply with the balance sheet format requirements of the Act^[*footnote] instead of paragraphs 54 to 76B of IAS 1.

[*footnote] An entity shall apply, as required by company law, either Part 1 *General Rules and Formats* of Schedule 1 to the Regulations; Part 1 *General Rules and Formats* of Schedule 2 to the Regulations; Part 1 *General Rules and Formats* of Schedule 3 to the Regulations; or Part 1 *General Rules and Formats* of Schedule 1 to the LLP Regulations.

¹ The amendment is a result of the insertion of paragraphs 76A and 76B into IAS 1 *Presentation of Financial Statements*; the cross-reference to paragraphs 54 to 76 of IAS 1 is extended to include paragraphs 76A and 76B.

Amendments to Appendix II Note on Legal Requirements

6 The following paragraphs set out the amendments to Appendix II *Note on Legal Requirements* (inserted text is underlined, deleted text is struck through).

7 Paragraph A2.9B(c) is amended and a sequentially numbered footnote is inserted (subsequent footnotes are renumbered sequentially) as follows:

A2.9B(c) Differences in the definition of ‘creditors falling due within or after one year’ (the terms used in the Regulations) and ‘current and non-current liabilities’ (the term used in UK-adopted international accounting standards). Under the Act a loan is treated as due for repayment on the earliest date on which a lender could require repayment, whilst under UK-adopted international accounting standards the due date is based on when the entity expects to settle the liability or has no unconditional right to defer payment settlement^[*footnote].

^[*footnote] For accounting periods beginning before 1 January 2023, the due date is based on when the entity expects to settle the liability or has no unconditional right to defer payment, unless the entity chooses to apply *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1) early.

8 The table **Areas for consideration by a qualifying entity preparing accounts in accordance with FRS 101 Reduced Disclosure Framework**, in order to ensure compliance with the Act is amended as follows:

IFRS	Explanation/potential issues	Amendment to UK-adopted international accounting standards
IAS 1	<p><i>Formats</i></p> <p>The format requirements applicable under IAS 1 and those under the Regulations may be incompatible.</p> <p>...</p>	<p>IAS 1.53A and IAS 1.81C are inserted to disapply IAS 1.54 to IAS 1.76B, IAS 1.82—and, IAS 1.8485 to and IAS 1.86, unless certain options in Schedule 1 to the Regulations are chosen.</p> <p>...</p>

Approval by the FRC

Amendments to FRS 101 Reduced Disclosure Framework – 2020/21 cycle was approved for issue by the Financial Reporting Council on 12 May 2021.

Amendments to Basis for Conclusions *FRS 101 Reduced Disclosure Framework*

1 The following amendments are made to the Basis for Conclusions *FRS 101 Reduced Disclosure Framework* (inserted text is underlined, deleted text is struck through).

2 Paragraph 63A is inserted as follows:

63A In January 2020, the IASB amended IAS 1 inserting paragraphs 76A and 76B that cover the structure and content of the statement of financial position. Paragraph AG1(h) of FRS 101 amends IAS 1 in order to disapply these requirements of the standard when a qualifying entity is preparing accounts and the format and contents have not been adapted. Therefore, paragraph AG1(h) of FRS 101 was amended in the 2020/21 cycle to reflect these additional paragraphs.

3 The sub-heading and paragraph 65A are inserted as follows:

Classification of liabilities as current or non-current

65A In January 2020, the IASB amended IAS 1 to clarify the criteria for the classification of liabilities as either current or non-current. These criteria are referenced in paragraph A2.9B(c) of Appendix II *Note on legal requirements*. Consequently, paragraph A2.9B(c) of Appendix II was amended in the 2020/21 cycle to ensure consistency with IAS 1.

4 The sub-headings and paragraphs 67D and 67E are inserted as follows:

IAS 16 Property, Plant and Equipment

Proceeds before intended use

67D In May 2020, the IASB amended IAS 16 inserting paragraph 74A. Paragraph 74A(b) introduced a new requirement to disclose information about the sale of items that are not an output of the entity's ordinary activities, but which are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. These amendments were considered in the 2020/21 cycle.

67E It was concluded that as the information provided by paragraph 74A(b) of IAS 16 supports items in the income statement, rather than the statement of financial position, it is not likely to be directly relevant to the users of the financial statements of a qualifying entity. Therefore, an exemption from paragraph 74A(b) was introduced.

5 Table 1 *Exposure drafts and consultation documents* is amended as follows (new exposure drafts are inserted in numerical order):

Exposure draft		Date of issue	Finalised as	Date of issue
<u>FRED 77</u>	<u>Draft Amendments to FRS 101 Reduced Disclosure Framework – 2020/21 cycle</u>	<u>Nov 2020</u>	<u>Amendments to FRS 101 Reduced Disclosure Framework – 2020/21 cycle</u>	<u>May 2021</u>

6 The following amendments are made to Table 2 *IASB publications*:

IFRS or amendment		Date issued by IASB	Date effective	Date endorsed by the EU	Date adopted by the UK
47	<i>IFRS 17 Insurance Contracts</i>	May 2017	1 Jan 2023	TBC	<u>TBC</u>
56	<i>Amendments to IFRS 17</i>	Jun 2020	1 Jan 2023	TBC	<u>TBC</u>
2020/21 cycle (May 2021)					
<u>57</u>	<u>Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)</u>	<u>Sep 2019</u>	<u>1 Jan 2020</u>	<u>Jan 2020</u>	<u>Jan 2021</u>
<u>58</u>	<u>Classification of Liabilities as Current or Non-current (Amendments to IAS 1)</u>	<u>Jan 2020</u>	<u>1 Jan 2023</u>	<u>TBC</u>	<u>TBC</u>
<u>59</u>	<u>Reference to the Conceptual Framework (Amendments to IFRS 3)</u>	<u>May 2020</u>	<u>1 Jan 2022</u>	<u>Expected Q3 2021</u>	<u>TBC</u>
<u>60</u>	<u>Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)</u>	<u>May 2020</u>	<u>1 Jan 2022</u>	<u>Expected Q3 2021</u>	<u>TBC</u>
<u>61</u>	<u>Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)</u>	<u>May 2020</u>	<u>1 Jan 2022</u>	<u>Expected Q3 2021</u>	<u>TBC</u>
<u>62</u>	<u>Annual Improvements to IFRS Standards 2018–2020</u>	<u>May 2020</u>	<u>1 Jan 2022</u>	<u>Expected Q3 2021</u>	<u>TBC</u>
<u>63</u>	<u>Covid-19-Related Rent Concessions (Amendments to IFRS 16)</u>	<u>May 2020</u>	<u>1 Jun 2020</u>	<u>Oct 2020</u>	<u>Jan 2021</u>
<u>64</u>	<u>Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)</u>	<u>Jun 2020</u>	<u>1 Jan 2021</u>	<u>Dec 2020</u>	<u>Jan 2021</u>
<u>65</u>	<u>Classification of Liabilities as Current or Non-current—Deferral of Effective Date (Amendments to IAS 1)</u>	<u>Jul 2020</u>	<u>1 Jan 2023</u>	<u>TBC</u>	<u>TBC</u>
<u>66</u>	<u>Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</u>	<u>Aug 2020</u>	<u>1 Jan 2021</u>	<u>Jan 2021</u>	<u>Jan 2021</u>



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