



Financial Reporting Council

November 2022

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# FRS 100

# Application of Financial Reporting Requirements

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**FRS 100**

**Application of Financial Reporting  
Requirements**

FRS 100 *Application of Financial Reporting Requirements* is an accounting standard. It is issued by the Financial Reporting Council, as a prescribed body, for application in the United Kingdom and the 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.

### **FRS 100 Application of Financial Reporting Requirements**

- (ii) This FRS sets out the financial reporting requirements for UK and Republic of Ireland entities. Financial statements (whether consolidated financial statements or individual financial statements) that are within the scope of this FRS must be prepared in accordance with the following requirements:
  - (a) If the financial statements are those of an entity that is eligible to apply FRS 105, they may be prepared in accordance with that standard.
  - (b) If the financial statements are those of an entity that is not eligible to apply FRS 105, or of an entity that is eligible to apply FRS 105 but chooses not to do so, they must be prepared in accordance with FRS 102, adopted IFRS or, if the financial statements are the individual financial statements of a qualifying entity, FRS 101.<sup>1</sup>
- (iii) FRS 101 sets out an optional reduced disclosure framework which addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of adopted IFRS.
- (iv) FRS 102 is a single financial reporting standard that applies to the financial statements of entities that are not applying adopted IFRS, FRS 101 or FRS 105.
- (v) FRS 105 sets out the financial reporting requirements for micro-entities, as defined in law, choosing to apply the micro-entities regime.

### **Organisation of FRS 100**

- (vi) Terms defined in the Glossary (Appendix I) are in **bold type** the first time they appear in FRS 100 and the Application Guidance.
- (vii) This edition of FRS 100 issued in November 2022 updates the edition of FRS 100 issued in March 2018 for the following:
  - (a) *Amendments to FRS 101 Reduced Disclosure Framework – 2018/19 cycle* issued in July 2019;
  - (b) *Amendment to FRS 101 Reduced Disclosure Framework – Effective date of IFRS 17* issued in October 2020;
  - (c) *Amendments to UK and Republic of Ireland accounting standards – UK exit from the European Union* issued in December 2020;
  - (d) *Amendments to FRS 100 Application of Financial Reporting Requirements – The Interpretation of Equivalence* issued in November 2022;
  - (e) editorial amendments to paragraph A3.1 to reflect changes in legislation since the previous edition of FRS 100;

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<sup>1</sup> Under company law in the Republic of Ireland, certain entities are permitted to prepare 'Companies Act financial statements' under a financial reporting framework based on accounting standards other than those issued by the FRC. Please refer to Appendix III *Republic of Ireland legal references* for further details.

- (f) amendments to the footnotes to paragraph 9 and the definition of a small entity, and Appendix III *Republic of Ireland legal references*, to reflect changes introduced by the *European Union (Qualifying Partnerships: Accounting and Auditing) Regulations 2019* applicable to qualifying partnerships for accounting periods beginning on or after 1 January 2020; and
- (g) some minor typographical or presentational corrections.



# FRS 100

## Application of Financial Reporting Requirements

### Objective

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- 1 The objective of this Financial Reporting Standard (FRS) is to set out the applicable financial reporting framework for entities preparing financial statements in accordance with legislation, regulations or accounting standards applicable in the United Kingdom and Republic of Ireland.

### Scope

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- 2 This FRS applies to financial statements that are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss for a period.
- 3 [Deleted]

### Basis of preparation of financial statements

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- 4 Financial statements (whether consolidated financial statements or **individual financial statements**) that are within the scope of this FRS, and that are not required by the **Act** or other legislation or regulation to be prepared in accordance with **adopted IFRS**, must be prepared in accordance with the following requirements:
  - (a) If the financial statements are those of an entity that is eligible to apply **FRS 105**, they may be prepared in accordance with that standard<sup>2</sup>;
  - (b) If the financial statements are those of an entity that is not eligible to apply FRS 105, or of an entity that is eligible to apply FRS 105 but chooses not to do so, they must<sup>3</sup> be prepared in accordance with **FRS 102**, adopted IFRS<sup>4</sup> or, if the financial statements are the individual financial statements of a **qualifying entity**, **FRS 101**.<sup>5</sup>

### Application of statements of recommended practice (SORPs)

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- 5 If an entity's financial statements are prepared in accordance with FRS 102, **SORPs** will apply in the circumstances set out in those SORPs.
- 6 When a SORP applies, an entity, other than a **small entity** applying the small entities regime in FRS 102, shall state in its financial statements the title of the SORP and whether its financial statements have been prepared in accordance with the SORP's

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<sup>2</sup> The eligibility criteria for applying FRS 105 are set out in legislation and FRS 105. In establishing whether the eligibility criteria have been met, turnover and balance sheet total shall be measured in accordance with FRS 105; the measurement of turnover and balance sheet total in accordance with FRS 101 or FRS 102 need not be considered.

<sup>3</sup> Under company law in the Republic of Ireland, certain entities are permitted to prepare 'Companies Act financial statements' under a financial reporting framework based on accounting standards other than those issued by the FRC. Please refer to Appendix III *Republic of Ireland legal references* for further details.

<sup>4</sup> Some entities are prohibited by law from applying adopted IFRS. For example, section 395(2) of the Act states that 'the individual accounts of a company that is a charity must be Companies Act individual accounts', and section 403(3) of the Act mirrors this for the group accounts of a parent company that is a charity.

<sup>5</sup> Individual accounts that are prepared by a company in accordance with FRS 101, FRS 102 or FRS 105 are Companies Act individual accounts (in the UK, in accordance with section 395(1)(a) of the Act, and in Ireland, in accordance with sections 290(3)(a) and 290(4)(a) of the *Companies Act 2014*), whereas individual accounts that are prepared by a company in accordance with adopted IFRS are IAS individual accounts (in the UK, in accordance with section 395(1)(b) of the Act, and in Ireland, in accordance with sections 290(3)(b) and 290(4)(b) of the *Companies Act 2014*).

provisions that are currently in effect<sup>6</sup>. In the event of a departure from those provisions, the entity shall give a brief description of how the financial statements depart from the recommended practice set out in the SORP, which shall include:

- (a) for any treatment that is not in accordance with the SORP, the reasons why the treatment adopted is judged more appropriate to the entity's particular circumstances; and
- (b) brief details of any disclosures recommended by the SORP that have not been provided, and the reasons why they have not been provided.

A small entity applying the small entities regime in FRS 102 is encouraged to provide these disclosures.

- 7 SORPs recommend particular accounting treatments and disclosures with the aim of narrowing areas of difference and variety between comparable entities. Compliance with a SORP that has been generally accepted by an industry or sector leads to enhanced comparability between the financial statements of entities in that industry or sector. Comparability is further enhanced if users are made aware of the extent to which an entity complies with a SORP, and the reasons for any departures. The effect of a departure from a SORP need not be quantified, except in those rare cases where such quantification is necessary for the entity's financial statements to give a true and fair view.
- 8 Entities whose financial statements do not fall within the scope of a SORP may, if the SORP is otherwise relevant to them, nevertheless choose to comply with the SORP's recommendations when preparing financial statements, provided that the SORP does not conflict with the requirements of the framework adopted. Where this is the case, entities are encouraged to disclose that fact.

## Statement of compliance

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- 9 Where an entity prepares its financial statements in accordance with FRS 101 or FRS 102, it shall include a statement of compliance in the notes to the financial statements in accordance with the requirements set out in the relevant standard unless it is a small entity applying the small entities regime in FRS 102, in which case it is encouraged to include a statement of compliance in the notes to the financial statements.<sup>7</sup>

## Date from which effective and transitional arrangements

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- 10 An entity shall apply this FRS for accounting periods beginning on or after 1 January 2016. Early application of this FRS is permitted, providing an entity also applies the edition of FRS 101, FRS 102 and FRS 105 effective for accounting periods beginning on or after 1 January 2016 and is subject to the early application provisions set out in those standards. An entity choosing not to apply these amendments to accounting periods beginning before 1 January 2016 shall not adopt the associated amendments made to FRS 101, FRS 102 nor FRS 105 to accounting periods beginning before 1 January 2016. If an entity applies this FRS before 1 January 2016 it shall disclose that fact, unless the entity is a **micro-entity** or a small entity. A small entity is encouraged to provide this disclosure.

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<sup>6</sup> The provisions of a SORP will cease to have effect, for example, to the extent that they conflict with a more recent financial reporting standard.

<sup>7</sup> Irish small entities, other than qualifying partnerships, are required to include a statement of compliance.

### Triennial review 2017

- 10A In December 2017 amendments were made to this FRS as a result of the triennial review 2017. An entity shall apply the amendments to this FRS as set out in the *Triennial review 2017 amendments* for accounting periods beginning on or after 1 January 2019. Early application is permitted provided that all the amendments to this FRS are applied at the same time.

### 2018/19 cycle of amendments to FRS 101

- 10B In July 2019 amendments were made to this FRS as a result of the 2018/19 cycle of amendments to FRS 101 to change the definition of a qualifying entity for the purposes of FRS 100 and FRS 101 to exclude entities that are both required to apply Schedule 3 to the Regulations (or similar) and have contracts that are within the scope of IFRS 17 *Insurance Contracts*. These amendments are effective for accounting periods beginning on or after 1 January 2023.

If an entity applies the July 2019 amendments to FRS 101 early, these amendments to FRS 100 shall be applied at the same time.

### UK exit from the European Union

- 10C In December 2020 amendments were made to this FRS to reflect changes in UK company law following the UK exit from the European Union. An entity shall apply these amendments for accounting periods beginning on or after 1 January 2021.

Similar amendments were made to FRS 101, FRS 102, **FRS 103**, **FRS 104** and FRS 105. If an entity applies the amendments to these FRSs early, these amendments to FRS 100 shall be applied at the same time, other than the amendments to paragraph A2.4. The amendments to paragraph A2.4 are effective for accounting periods beginning on or after 1 January 2021.

### The Interpretation of Equivalence

- 10D In November 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 exit from the European Union. The amendments are effective immediately, and reflect changes in UK legal requirements that came into effect for accounting periods beginning on or after 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.

### Transitional arrangements

- 11 On first-time application of this FRS, or when an entity changes the basis of preparation of its financial statements within the requirements of this FRS, it shall apply the transitional arrangements relevant to its circumstances as follows:
- (a) An entity transitioning to adopted IFRS shall apply the transitional arrangements set out in IFRS 1 *First-time Adoption of International Financial Reporting Standards* as adopted in the relevant jurisdiction, when applicable.
  - (b) A qualifying entity transitioning to FRS 101 shall, unless it is applying adopted IFRS prior to the **date of transition** (see paragraph 12), apply the requirements of paragraphs 6 to 33 of IFRS 1 as adopted in the relevant jurisdiction including the relevant appendices except for the requirement of paragraphs 6 and 21 to present an opening statement of financial position at the date of transition; references to **IFRSs** in IFRS 1 are interpreted to mean adopted IFRS as amended in accordance with paragraph 5(b) of FRS 101.

- (c) An entity transitioning to FRS 102 shall apply the transitional arrangements set out in that standard.
- (d) An entity transitioning to FRS 105 shall apply the transitional arrangements set out in that standard.
- 12 A qualifying entity applying adopted IFRS<sup>8</sup> prior to the date of transition to FRS 101 will then be preparing Companies Act individual accounts<sup>9</sup> and thus will no longer be preparing IAS individual accounts<sup>10,11</sup>. It shall consider whether amendments are required to comply with paragraph 5(b) of FRS 101, but it does not reapply the provisions of IFRS 1. Where amendments to the recognition, measurement and disclosure requirements of adopted IFRS in accordance with paragraph 5(b) of FRS 101 are required, the entity shall determine whether the amendments have a material effect on the first financial statements presented. Where there is:
- (a) no material effect, the qualifying entity shall disclose that it has undergone transition to FRS 101 and a brief narrative of the disclosure exemptions adopted, for all periods presented; or
- (b) a material effect, the qualifying entity's first financial statements shall include:
- (i) a description of the nature of each material change in accounting policy;
- (ii) reconciliations of its equity determined in accordance with adopted IFRS to its equity determined in accordance with FRS 101 for both the date of transition to FRS 101 and for the end of the latest period presented in the entity's most recent annual financial statements prepared in accordance with adopted IFRS; and
- (iii) a reconciliation of the profit or loss determined in accordance with adopted IFRS to its profit or loss determined in accordance with FRS 101 for the latest period presented in the entity's most recent annual financial statements prepared in accordance with adopted IFRS.
- 13 Where paragraph 12(b) applies but it is impracticable to apply the amendments retrospectively, a qualifying entity shall apply the amendments to the earliest period for which it is practicable to do so, and it shall identify the data presented for prior periods that are not comparable with data for the period in which it prepares its first financial statements that conform with the reduced disclosure framework set out in FRS 101.

## **Withdrawal of previous accounting standards**

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- 14 Other than as noted in paragraph 15A, all previous SSAPs, FRSs and UITF Abstracts<sup>12</sup> were superseded on the early application of this FRS, and withdrawn for accounting periods beginning on or after 1 January 2015.
- 15 The following statements were also withdrawn:
- *Statement of Principles for Financial Reporting;*
  - *Statement of Principles for Financial Reporting – Interpretation for public benefit entities;*

<sup>8</sup> In the UK, for the purposes of paragraph 12, adopted IFRS refers to EU-adopted IFRS for accounting periods beginning before 1 January 2021.

<sup>9</sup> In the UK, in accordance with section 395(1)(a) of the Act. In Ireland, in accordance with sections 290(3)(a) and 290(4)(a) of the *Companies Act 2014*.

<sup>10</sup> In the UK, in accordance with section 395(1)(b) of the Act. In Ireland, in accordance with sections 290(3)(b) and 290(4)(b) of the *Companies Act 2014*.

<sup>11</sup> Further relevant information can be found at paragraph A2.14 of Appendix II *Note on legal requirements*.

<sup>12</sup> The list of SSAPs, FRSs and UITF Abstracts withdrawn is included in earlier editions of this FRS, which are available on the FRC website.

- *Reporting Statement: Retirement Benefits – Disclosures;*
- *Reporting Statement: Preliminary announcements; and*
- *Reporting Statement: Half-yearly financial reports.*

15A The *Financial Reporting Standard for Smaller Entities* (effective January 2015) (FRSSE) is superseded on the early application of the amendments set out in *Amendments to FRS 100* (and the related amendments to other accounting standards, particularly FRS 102 and FRS 105) issued in July 2015 and the early application of *The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015* (SI 2015/980), and is withdrawn for accounting periods beginning on or after 1 January 2016.

## Application Guidance

### *The Interpretation of Equivalence*

*This application guidance is an integral part of this FRS.*

#### Introduction

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- 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**.<sup>13</sup> 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*.<sup>14</sup> 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)).
- 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 an equivalent basis is used.

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<sup>13</sup> 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.

<sup>14</sup> 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.



AG4 This Application Guidance provides guidance on interpreting the meaning of equivalence in the circumstances set out in paragraphs AG1 to AG3.

## **Assessing equivalence**

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AG5 Use of the exemptions referred to in paragraphs AG1 to AG3 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**

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### **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 recognised<sup>15</sup> the equivalence to UK-adopted international accounting standards of the following Generally Accepted Accounting Principles (GAAP), which include those GAAPs previously recognised by the European Commission as equivalent to EU-adopted IFRS:

<b>GAAP</b>
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 date of publication of this FRS, 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 *International Financial Reporting Standard for Small and Medium-sized Entities (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.

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<sup>15</sup> Correct at the date of publication of this FRS. 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>.



- AG14 In the context of section 401(2) 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:
- (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:

<b>GAAP</b>	<b>Applicable from</b>
IFRS as issued by the IASB <sup>16</sup>	1 January 2009
GAAP of Japan	1 January 2009
GAAP of the United States of America	1 January 2009
GAAP of the People's Republic of China	1 January 2012
GAAP of Canada	1 January 2012
GAAP of the Republic of Korea	1 January 2012

<sup>16</sup> Provided that the notes to the audited financial statements contain an explicit and unreserved statement that these financial statements comply with international financial reporting standards in accordance with IAS 1 *Presentation of Financial Statements*.

AG18 At the date of publication of this FRS, the equivalence of FRS 102 or UK-adopted international accounting standards to EU-adopted IFRS has not been formally determined under the mechanism referred to in paragraph AG17.

***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:

- (a) are prepared in accordance with FRS 102, subject to consideration of any departures from the Accounting Directive; or
- (b) are prepared using 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**

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### **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 (such as the requirement to measure the goods or services received on a fair value basis), 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.

## Appendix I Glossary

*This appendix is an integral part of this FRS.*

<b>Accounting Directive</b>	Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013
<b>Act</b>	The Companies Act 2006
<b>adopted IFRS</b>	<p><b>IFRS</b> that have been adopted in the relevant jurisdiction.</p> <p>In the UK, this refers to <b>UK-adopted international accounting standards</b>.</p> <p>In the Republic of Ireland, this refers to <b>EU-adopted IFRS</b>.</p>
<b>date of transition</b>	The beginning of the earliest period for which an entity presents full comparative information under a given standard in its first financial statements that comply with that standard.
<b>EU-adopted IFRS</b>	<b>IFRS</b> that have been adopted in the European Union in accordance with EU Regulation 1606/2002.
<b>FRS 101</b>	FRS 101 <i>Reduced Disclosure Framework</i>
<b>FRS 102</b>	FRS 102 <i>The Financial Reporting Standard applicable in the UK and Republic of Ireland</i>
<b>FRS 103</b>	FRS 103 <i>Insurance Contracts</i>
<b>FRS 104</b>	FRS 104 <i>Interim Financial Reporting</i>
<b>FRS 105</b>	FRS 105 <i>The Financial Reporting Standard applicable to the Micro-entities Regime</i>
<b>IAS / IFRS</b>	<p>Standards and interpretations issued (or adopted) by the International Accounting Standards Board (IASB). They comprise:</p> <ul style="list-style-type: none"> <li>(a) International Financial Reporting Standards;</li> <li>(b) International Accounting Standards; and</li> <li>(c) Interpretations developed by the IFRS Interpretations Committee (Interpretations Committee) or the former Standing Interpretations Committee (SIC).</li> </ul>
<b>IAS Regulation</b>	EU Regulation 1606/2002
<b>individual financial statements</b>	<p>The accounts that are required to be prepared by an entity in accordance with the <b>Act</b> or relevant legislation, for example:</p> <ul style="list-style-type: none"> <li>(a) 'individual accounts', as set out in section 394 of the Act;</li> <li>(b) 'statement of accounts', as set out in section 132 of the Charities Act 2011; or</li> <li>(c) 'individual accounts', as set out in section 72A of the Building Societies Act 1986.</li> </ul> <p>Separate financial statements are included in the meaning of this term.</p>

<b>micro-entity</b>	<p>A micro-entity is:</p> <ul style="list-style-type: none"> <li>(a) a company meeting the definition of a micro-entity as set out in section 384A of the <b>Act</b><sup>17</sup>, and not prevented from applying the micro-entity provisions by section 384B of the Act;</li> <li>(b) an LLP which qualifies as a micro-entity and is not prevented from applying the micro-entity provisions in accordance with Regulation 5A of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (SI 2008/1911); or</li> <li>(c) A qualifying partnership that would meet the definition of a micro-entity as set out in section 384A of the Act, and not be prevented from applying the micro-entity provisions by section 384B of the Act, if the partnership were a company.</li> </ul>
<b>qualifying entity (for the purposes of FRS 100 and FRS 101)</b>	<p>A member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation<sup>18</sup>.</p> <p>The following are not qualifying entities:</p> <ul style="list-style-type: none"> <li>(a) charities;</li> <li>(b) entities that are both required to apply Schedule 3 to the <b>Regulations</b> and have contracts that are within the scope of IFRS 17 <i>Insurance Contracts</i>; and</li> <li>(c) entities that are not companies but are both required to apply requirements similar to those in Schedule 3 to the Regulations<sup>19</sup> and have contracts that are within the scope of IFRS 17.</li> </ul>
<b>small entity</b>	<p>A small entity is:</p> <ul style="list-style-type: none"> <li>(a) a company meeting the definition of a small company as set out in section 382 or 383 of the <b>Act</b><sup>20</sup> and not excluded from the small companies regime by section 384;</li> <li>(b) an LLP qualifying as small and not excluded from the small LLPs regime, as set out in LLP Regulations; or</li> <li>(c) any other entity that would have met the criteria in (a) had it been a company incorporated under company law.</li> </ul>

<sup>17</sup> Irish micro-entities shall refer to the *Companies Act 2014*.

<sup>18</sup> As set out in section 474(1) of the Act.

<sup>19</sup> Requirements that are similar to those in Schedule 3 to the Regulations include:

(a) Schedules 1 and 2 to the *Friendly Societies (Accounts and Related Provisions) Regulations 1994* (SI 1994/1983);

(b) Schedule 1 to the *Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008* (SI 2008/1950);

(c) *Syndicate Accounting Byelaw No 8 of 2005*; and

(d) *The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008* (SI 2008/565).

<sup>20</sup> Irish small entities (including qualifying partnerships that are required to comply with Part 6 of the *Companies Act 2014*, in accordance with the *European Union (Qualifying Partnerships: Accounting and Auditing) Regulations 2019* (SI No. 597 of 2019)) shall refer to sections 280A and 280B of the *Companies Act 2014*.

<b>Statement of Recommended Practice (SORP)</b>	An extant Statement of Recommended Practice developed in accordance with <i>Policy on Developing Statements of Recommended Practice (SORPs)</i> . SORPs recommend accounting practices for specialised industries or sectors. They supplement accounting standards and other legal and regulatory requirements in the light of the special factors prevailing or transactions undertaken in a particular industry or sector.
<b>UK-adopted international accounting standards</b>	<b>IAS</b> that have been adopted for use within the UK in accordance with the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/685).



## Appendix II

### Note on legal requirements

#### Introduction

- A2.1 This appendix provides an overview of how the requirements in FRS 100 address United Kingdom company law requirements. It is therefore written from the perspective of a company to which the *Companies Act 2006* applies.<sup>21</sup> Appendix III discusses the Republic of Ireland legal references.
- A2.2 Many entities that are not constituted as companies apply accounting standards promulgated by the FRC for the purposes of preparing financial statements that present a true and fair view. A brief consideration of the legal framework for some other entities can be found at A2.20 and A2.21. For those entities that are within the scope of a SORP, the relevant SORP may provide more details on the legal framework.
- A2.3 References to the Act in this appendix are to the *Companies Act 2006*. References to the Regulations are to *The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008* (SI 2008/410).

#### Applicable accounting framework

- A2.4 Group accounts of certain parent entities (those with securities admitted for trading on a UK regulated market on their balance sheet date) are required by section 403(1) of the Act to be prepared in accordance with UK-adopted international accounting standards.<sup>22</sup>
- A2.5 All other entities, except those that are eligible and choose to apply FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime*, must apply either FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, UK-adopted international accounting standards or, for financial statements that are the individual financial statements of a qualifying entity, FRS 101 *Reduced Disclosure Framework*.<sup>23</sup>
- A2.6 Section 395(1) of the Act states:
- ‘A company’s individual accounts may be prepared—
- (a) in accordance with section 396 (“Companies Act individual accounts”), or
  - (b) in accordance with UK-adopted international accounting standards (“IAS individual accounts”).’
- Section 403(2) of the Act states:
- ‘The group accounts of other companies may be prepared—
- (a) in accordance with section 404 (“Companies Act group accounts”), or

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<sup>21</sup> Some charities are also companies, and are therefore required to apply the requirements of both the *Companies Act 2006* and the *Charities Act 2011*.

<sup>22</sup> Group accounts of Irish parent entities, with securities admitted for trading on a regulated market in an EU Member State on their balance sheet date, are required by Article 4 of EU Regulation 1606/2002 (IAS Regulation) to be prepared in accordance with EU-adopted IFRS.

<sup>23</sup> Under company law in the Republic of Ireland, certain entities are permitted to prepare ‘Companies Act financial statements’ under a financial reporting framework based on accounting standards other than those issued by the FRC. Please refer to Appendix III for further details.

- (b) in accordance with UK-adopted international accounting standards (“IAS group accounts”).’

A2.7 Accounts prepared in accordance with UK-adopted international accounting standards are therefore either IAS individual accounts or IAS group accounts. All other accounts are classified as either ‘Companies Act individual accounts’, including those of qualifying entities applying FRS 101, or ‘Companies Act group accounts’ and are therefore required to comply with the applicable provisions of Parts 15 and 16 of the Act and with the Regulations.

### ***Financial reporting by small entities***

A2.8 *The Small Companies and Groups (Accounts and Directors’ Report) Regulations 2008* (SI 2008/409) set out the legal framework for both the micro-entities regime and the small companies regime, with the eligibility criteria for both set out in Part 15 of the Act. FRS 105 and FRS 102 contain notes on legal requirements applicable to these regimes.

A2.9–A2.12 [Deleted]

### ***Financial reporting by charitable companies***

A2.13 Section 395(2) of the Act states that ‘the individual accounts of a company that is a charity must be Companies Act individual accounts’, and section 403(3) of the Act mirrors this for a parent company that is a charity.

### ***Moving between IAS accounts and Companies Act accounts***

A2.14 Sections 395 and 403 of the Act restrict an entity’s ability to move from preparing IAS individual accounts to preparing Companies Act individual accounts and from preparing IAS group accounts to preparing Companies Act group accounts respectively. A company or group is permitted to switch from IAS accounts to Companies Act accounts preparation:

- (a) if there is a ‘relevant change in circumstance’ (as defined in the Act); or
- (b) for financial years ending on or after 1 October 2012, for a reason other than a relevant change of circumstance, once in a five-year period.<sup>24</sup>

A2.15 For example, provided the condition in section 395(4A) is met, a subsidiary company which previously prepared IAS individual accounts is permitted to move to preparing Companies Act individual accounts in applying FRS 101 or FRS 102, providing it is also complying with other requirements of the Act, such as those relating to consistency of financial reporting within groups.

### ***Consistency of financial reporting within groups***

A2.16 Section 407 of the Act requires that the directors of the parent company secure that individual accounts of a parent company and each of its subsidiaries<sup>25</sup> are prepared using the same financial reporting framework, except to the extent that in the directors’ opinion there are good reasons for not doing so.

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<sup>24</sup> *The Companies and Limited Liability Partnership (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012* (SI 2012/2301)

<sup>25</sup> This only applies to accounts of subsidiaries that are required to be prepared under Part 15 of the Act.



In addition, consistency is not required in the following situations:

- (a) when the parent company does not prepare consolidated accounts; or
- (b) when some subsidiaries are charities (consistency is not needed between the framework used for these and for other subsidiaries).

Where the directors of a parent company prepare IAS group accounts and IAS individual accounts, there only has to be consistency across the individual financial statements of the subsidiaries.

A2.17 All companies, other than those which elect or are required to prepare IAS individual accounts in accordance with law, prepare Companies Act individual accounts.

A2.17A When a group includes insurers, the fact that some group entities are excluded from the scope of FRS 101 may be a factor that the directors take into account when considering whether there are good reasons for not preparing all subsidiary accounts using the same financial reporting framework.

### **Applicability of UK company law to entities preparing IAS accounts**

A2.18 Entities that prepare IAS accounts, either voluntarily or because they are required to do so by law, only need apply certain sections of the Act as it relates to financial reporting. They are not required to comply with Schedules 1 and 6 to the Regulations (for companies and groups), nor with Schedules 2 or 3 (for banks and insurance companies). Schedules 4, 5, 7 and 8 to the Regulations are, however, still applicable.

A2.19 The sections of Parts 15 and 16 of the Act that contain financial reporting requirements applying to IAS accounts, as well as to Companies Act accounts, are as follows (in some cases the requirements only apply to companies meeting certain criteria):

Section 410A	<i>Off-balance sheet arrangements;</i>
Section 411	<i>Employee numbers and costs;</i>
Section 412	<i>Directors' benefits: Remuneration;</i>
Section 413	<i>Directors' benefits: Advances, credit and guarantees;</i>
Sections 414A to 414D	<i>Strategic Report;</i>
Sections 415 to 419A	<i>Directors' Report;</i>
Sections 420 to 421	<i>Directors' Remuneration Report; and</i>
Section 494	<i>Services provided by auditor and associates and related remuneration.</i>

### **Entities not subject to company law**

A2.20 Many entities that may apply FRS 102 are not companies, but are nevertheless required by their governing legislation or other regulation or requirement, to prepare financial statements that present a true and fair view of the financial performance and financial position of the reporting entity. However, the FRC sets accounting standards within the framework of the Act and therefore it is the company law requirements that the FRC primarily considered when developing FRS 102. Entities preparing financial statements within other legal frameworks will need to satisfy themselves that FRS 102 does not conflict with any relevant legal obligations.

A2.21 However, the FRC notes the following:

<b>Legislation</b>	<b>Overview of requirements</b>
Building Societies Act 1986	<p>The annual accounts of a building society shall give a true and fair view of the income and expenditure for the year and the balance sheet shall give a true and fair view of the state of affairs of the society at the end of the financial year.</p> <p>Regulations make further requirements about the form and content of building society accounts, which do not appear inconsistent with the requirement of FRS 102.</p>
Charity law in England and Wales: Charities Act 2011 and regulations made thereunder	<p>All charities are required to prepare accounts. The regulations require financial statements (other than cash-based receipts and payments accounts prepared by smaller charities) to present a true and fair view of the incoming resources, application of resources and the balance sheet, and to be prepared in accordance with the SORP. Company charities prepare their accounts in accordance with UK company law to give a 'true and fair view'.</p> <p>The Charities SORP (FRS 102) is compatible with the legal requirements, clarifying how they apply to accounting by charities applying FRS 102.</p> <p>UK company law prohibits charities from preparing IAS accounts.</p>
Charity law in Scotland: Charities and Trustee Investments Act (Scotland) 2005 and regulations made thereunder	<p>All charities are required to prepare accounts. The regulations require financial statements (other than cash-based receipts and payments accounts prepared by smaller charities) to present a true and fair view of the incoming resources, application of resources and the balance sheet, and to be prepared in accordance with the SORP. These regulations apply equally to company charities.</p>
Charity law in Northern Ireland: Charities Act (Northern Ireland) 2008 and regulations made thereunder	<p>All charities are required to prepare accounts. The regulations require financial statements (other than cash-based receipts and payments accounts prepared by smaller charities) to present a true and fair view of the incoming resources, expenditure of resources and the balance sheet, and to be prepared in accordance with FRS 102 and the SORP.</p> <p>Company charities prepare their accounts in accordance with UK company law to give a 'true and fair view'.</p>

Legislation	Overview of requirements
Co-operative and Community Benefit Societies Act 2014	<p>Every Society shall prepare a revenue account and a balance sheet giving a true and fair view of the income and expenditure and state of affairs of the Society.</p> <p>FRS 102 does not appear to give rise to any legal conflicts for Societies. However, Societies often carry out activities that are regulated and may be required to comply with additional regulations on top of the legal requirements and accounting standards. Some Societies fall within the scope of SORPs, which reflect the requirements of FRS 102.</p>
Friendly Societies Act 1992	<p>Every society shall prepare a balance sheet and an income and expenditure account for each financial year giving a true and fair view of the affairs of the society and its income and expenditure for the year.</p> <p>The Regulations<sup>26</sup> make further requirements about the form and content of friendly society accounts, which do not appear inconsistent with the requirements of FRS 102.</p>
The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996	<p>The accounts of pension funds within the scope of the regulations should show a true and fair view of the transactions during the year, assets held at the end of the year and liabilities of the scheme, other than those to pay pensions and benefits.</p> <p>FRS 102 includes retirement benefit plans as a specialised activity.</p>

<sup>26</sup> *The Friendly Societies (Accounts and Related Provisions) Regulations 1994* (as amended)

## Appendix III

### *Republic of Ireland legal references*

#### Introduction

A3.1 The table below outlines the provisions in the *Companies Act 2014* corresponding to the provisions of the [UK] *Companies Act 2006* (the Act) and *The [UK] Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008* (the Regulations) (SI 2008/410) referred to in this FRS, unless the UK legal reference in this FRS is already footnoted with an Irish reference, or written separately in an Irish context.

Company law is structured differently in the two jurisdictions. The *Companies Act 2014* consists of 27 'Parts' such that:

- Parts 1 to 14 (along with the relevant Schedules) apply to private companies limited by shares (LTDs);
- Parts 16 to 24 cover the other types of companies under the *Companies Act 2014* – eg designated activity companies (DACs), public limited companies (PLCs), and companies limited by guarantee (CLGs); and
- Parts 15, 25, 26 and 27 cover Functions of the Registrar and of Regulatory and Advisory Bodies; Miscellaneous provisions; reports on Payments to Governments; and Statutory Audit, respectively.

The provisions of Parts 1 to 14 also apply to the other types of companies, unless disapplied or modified by the relevant Part (eg Part 16 for DACs). References in the text of this FRS, including in the table below, are to the primary source of requirements in Parts 1 to 14 of, and the relevant Schedules to, the *Companies Act 2014* as pertaining to a private company limited by shares. For other company types, reference should be made to the relevant Part of the *Companies Act 2014* as applicable.

A3.2 General references are made in this FRS to UK legislation such as the '*Companies Act 2006*', 'the Act', '*The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008* (SI 2008/410)', 'the Regulations', '*The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008* (SI 2008/409)', '*The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015* (SI 2015/980)', '*The Companies and Limited Liability Partnership (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012* (SI 2012/2301)' and '*The Small Companies (Micro-entities' Accounts) Regulations 2013* (SI 2013/3008). In an Irish context reference should be made to the relevant sections and paragraphs of Irish company law and the IAS Regulation. Such general references are not dealt with in the table below. References in the text to 'IAS accounts' are to be read as 'IFRS financial statements' in Irish company law. IFRS financial statements are within the scope of the IAS Regulation.

For the purposes of the table below, where general references are made in the text of this FRS to Schedules to the Regulations, the approach taken is that the corresponding Schedule to the *Companies Act 2014* is referenced. For example, a reference to Schedule 1 to the Regulations would correspond to a reference to Schedule 3 to the *Companies Act 2014* (Accounting principles, form and content of entity financial statements). The corresponding Irish reference used for Schedule 3 to the Regulations is the *European Union (Insurance Undertakings: Financial Statements) Regulations 2015* (SI No. 262 of 2015), as amended by the *European Union (Insurance Undertakings: Financial Statements) (Amendment) Regulations 2016* (SI No. 213 of 2016) (Insurance Undertakings Regulations 2015 (as amended)).

Where reference is made in this Appendix to Schedule 3 to the *Companies Act 2014*, Irish entities applying the Credit Institutions Regulations 2015 (the *European Union (Credit Institutions: Financial Statements) Regulations 2015* (SI No. 266 of 2015)) or the Insurance Undertakings Regulations 2015 (as amended) should read the references as referring to the corresponding paragraphs in those regulations where applicable. The requirements of Schedule 3 to the *Companies Act 2014* are not necessarily the same as those contained in the Credit Institutions Regulations 2015 or in the Insurance Undertakings Regulations 2015 (as amended) in all cases. References should be made to the specific requirement as appropriate.

A3.3 The following Irish legislation is also referenced in the table below:

- *Building Societies Act, 1989*;
- *Charities Act 2009*;
- *Industrial and Provident Societies (Amendment) Act, 1978*;
- *Friendly Societies (Amendment) Act, 1977*;
- *Friendly Societies Regulations, 1988* (SI No. 74 of 1988);
- *Pensions Act, 1990*; and
- *Occupational Pension Schemes (Disclosure of Information) Regulations, 2006* (SI No. 301 of 2006).

### **Companies Act financial statements under Irish company law**

A3.4 Certain entities are permitted under Irish company law to prepare their Companies Act financial statements under a financial reporting framework based on accounting standards other than those issued by the Financial Reporting Council (FRC). Specifically, and subject to certain conditions:

- Pursuant to section 279 of the *Companies Act 2014*, relevant holding companies are permitted to prepare 'Companies Act entity financial statements' and/or 'Companies Act group financial statements' in accordance with US GAAP, as modified to ensure consistency with Irish company law.
- Investment companies subject to Part 24 of the *Companies Act 2014* or the *European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011* (SI No. 352 of 2011) may adopt an alternative body of accounting standards, being standards which apply in the United States of America, Canada or Japan in preparing 'Companies Act entity or group financial statements' or 'Companies Act entity financial statements' respectively.

Such entities, therefore, may adopt standards other than those issued by the FRC in preparing Companies Act financial statements under Irish company law.

### **Other notes**

#### ***Applicability of Irish company law to entities preparing EU-adopted IFRS ('IFRS') financial statements***

A3.5 Paragraphs A2.18 and A2.19 provide information regarding the applicability of UK company law to entities preparing IAS accounts.

Irish companies that prepare IFRS financial statements, either voluntarily or because they are required to do so by law, are not required to comply with the financial reporting requirements of the *Companies Act 2014*, except as provided for in sections 292 and 295 of the *Companies Act 2014*. The provisions of these sections



shall also apply to the IFRS financial statements of credit institutions and to the IFRS financial statements of insurance undertakings except to the extent that they are disapplied or modified by the Credit Institutions Regulations 2015 or the Insurance Undertakings Regulations 2015 (as amended) respectively.

The sections of the *Companies Act 2014* that contain the financial reporting requirements applying to IFRS financial statements are contained primarily in Part 6 of the *Companies Act 2014*. IFRS financial statements are not required to comply with the provisions of Schedules 3, 3A, 3B, 4 and 4A, as applicable; however, while such provisions may not be legally required, the disclosure requirements of IFRS may contain similar requirements.

### **Qualifying partnerships**

A3.6 There are a number of references in this FRS to Limited Liability Partnerships (LLPs) and legislation relating thereto. The structure and scope of the legislation applicable to partnerships is different in the two jurisdictions, therefore no corresponding Irish legislation is referenced in the table below.

A3.6A Irish partnerships that meet the definition of a qualifying partnership set out in the *European Union (Qualifying Partnerships: Accounting and Auditing) Regulations 2019* (SI No. 597 of 2019) are required to comply with Part 6 of the *Companies Act 2014* in accordance with Part 4 of those regulations. Irish qualifying partnerships are eligible to apply the micro-entities regime and the small companies regime, provided they meet the relevant conditions.

A3.6B Part 4 of the *European Union (Qualifying Partnerships: Accounting and Auditing) Regulations 2019* does not require qualifying partnerships to comply with the requirement in Part 6 of the *Companies Act 2014* to prepare financial statements in accordance with applicable accounting standards. However, Part 4 of those regulations does require qualifying partnerships to comply with the requirement in Part 6 of the *Companies Act 2014* to prepare financial statements that give a true and fair view of the assets, liabilities and financial position as at the financial year end date and of the profit or loss for the financial year. This FRS applies to financial statements intended to give a true and fair view.

### **Other**

A3.7 The following tables are intended as a reference guide to the corresponding or similar provisions in Irish law and do not purport to be complete. As such, it may be necessary to make reference to other Irish law as appropriate. It should be noted too that not all Irish legal provisions directly correspond to UK legal provisions and reference should be made to Irish law for an understanding of the relevant requirements. For example, references to 'UK-adopted international accounting standards' in UK company law correspond to provisions in Irish law that refer to EU-adopted IFRS. It should also be noted that various sections and paragraphs referenced may have been amended by legislation subsequent to the issuing of this FRS, and reference should be made to such amended text where applicable.

## FRS 100 Application of Financial Reporting Requirements

	UK references	RoI references	
Paragraph	Act and the Regulations (unless otherwise stated)	Companies Act 2014	Other legislative reference
4(b) (Footnote 4)	Sections 395(2) and 403(3)	Sections 290(5) and 293(5) respectively require a company or a group 'not trading for the acquisition of gain by its members' to prepare Companies Act entity financial statements or Companies Act group financial statements.	
10B	Schedule 3 to the Regulations		Insurance Undertakings Regulations 2015 (as amended) Refer also to paragraph A3.2 of this Appendix.

## Appendix I Glossary

	UK references	RoI references	
Paragraph	Act and the Regulations (unless otherwise stated)	Companies Act 2014	Other legislative reference
'individual financial statements'	Section 394	Section 290	
'individual financial statements'	Section 132 of the Charities Act 2011		Section 48 of the Charities Act 2009 provides that certain charities are to prepare an annual statement of accounts, the form and content of which can be prescribed by Regulations of the Minister. At the date of publication of this FRS, no Regulations regarding the form and content of charities' annual statements of accounts have been published. Charity companies are required to prepare financial statements, which give a true and fair view in accordance with the Companies Act. Sections 290(5) and 293(5) of the Companies Act 2014 respectively require that a company or a group 'not trading for the acquisition of

	UK references	RoI references	
Paragraph	Act and the Regulations (unless otherwise stated)	Companies Act 2014	Other legislative reference
			gain by its members' must prepare Companies Act financial statements (ie not IFRS financial statements), and this provision may apply to many Irish charity companies.
'individual financial statements'	Section 72A of the Building Societies Act, 1986		Section 77 of the Building Societies Act, 1989 requires the preparation of (a) an income and expenditure account giving a true and fair view of its income and expenditure for that year, (b) a balance sheet giving a true and fair view of the state of its affairs as at the end of that year, (c) a statement of the source and application of funds giving a true and fair view of the manner in which its business has been financed and in which its financial resources have been used during that year, and also requires (d) that the annual accounts shall also contain, whether in the form of notes or otherwise, such supplementary information as is required by or under that Act.
'qualifying entity' (Footnote 18)	Section 474(1) of the Act	Section 274(5)	
'qualifying entity' and Footnote 19	Schedule 3 to the Regulations		Insurance Undertakings Regulations 2015 (as amended) Refer also to paragraph A3.2 of this Appendix.
'qualifying entity' (Footnote 19)	Schedules 1 and 2 to the Friendly Societies (Accounts and Related Provisions) Regulations 1994		There is no corresponding legislation in Ireland.



	<b>UK references</b>	<b>RoI references</b>	
<b>Paragraph</b>	<b>Act and the Regulations (unless otherwise stated)</b>	<b>Companies Act 2014</b>	<b>Other legislative reference</b>
'qualifying entity' (Footnote 19)	Schedule 1 to the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008		There is no corresponding legislation in Ireland.
'qualifying entity' (Footnote 19)	Syndicate Accounting Byelaw No 8 of 2005		There is no corresponding legislation in Ireland.
'qualifying entity' (Footnote 19)	The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008		There is no corresponding legislation in Ireland.
'small entity'	LLP Regulations	Refer to paragraph A3.6 of this Appendix.	
'UK-adopted international accounting standards'	The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019		There is no corresponding legislation in Ireland.

**Appendix II Note on legal requirements**

	UK references	RoI references	
Paragraph	Act and the Regulations (unless otherwise stated)	Companies Act 2014	Other legislative reference
A2.1 (Footnote 21)	Charities Act 2011		Section 48 of the Charities Act 2009 provides that certain charities are to prepare an annual statement of accounts, the form and content of which can be prescribed by Regulations of the Minister. At the date of publication of this FRS, no Regulations regarding the form and content of charities' annual statements of accounts have been published. Charity companies are required to prepare financial statements, which give a true and fair view in accordance with the Companies Act. Sections 290(5) and 293(5) of the Companies Act 2014 respectively require that a company or a group 'not trading for the acquisition of gain by its members' must prepare Companies Act financial statements (ie not IFRS financial statements), and this provision may apply to many Irish charity companies.
A2.6	Section 395(1)	Sections 290(3), 290(4)	
A2.6	Section 396	Section 291	
A2.6	Section 403(2)	Sections 293(3), 293(4)	
A2.6	Section 404	Section 294	
A2.7	Parts 15 and 16 of the Act	Part 6	
A2.8	Part 15 of the Act	Part 6	

	<b>UK references</b>	<b>RoI references</b>	
<b>Paragraph</b>	<b>Act and the Regulations (unless otherwise stated)</b>	<b>Companies Act 2014</b>	<b>Other legislative reference</b>
A2.13	Sections 395(2) and 403(3)	Sections 290(5) and 293(5) respectively require a company or a group 'not trading for the acquisition of gain by its members' to prepare Companies Act entity financial statements or Companies Act group financial statements.	
A2.14	Sections 395 and 403	Sections 290 and 293	
A2.15	Section 395(4A)	Section 290(6A)	
A2.16	Section 407	Section 296	
A2.16 (Footnote 25)	'... accounts of subsidiaries that are required to be prepared under Part 15 of the Act'	'... financial statements of subsidiaries that are required to be prepared under the Companies Act 2014'	
A2.18	'Entities that prepare IAS accounts, either voluntarily or because they are required to do so by law, only need apply certain sections of the Act as it relates to financial reporting. They are not required to comply with Schedules 1 and 6 to the Regulations (for companies and groups), nor with Schedules 2 or 3 (for banks and insurance companies). Schedules 4, 5, 7 and 8 to the Regulations are, however, still applicable.'	Refer to paragraph A3.5 of this Appendix.	

	UK references	RoI references	
Paragraph	Act and the Regulations (unless otherwise stated)	Companies Act 2014	Other legislative reference
A2.19	<p>'The sections of Parts 15 and 16 of the Act that contain financial reporting requirements applying to 'IAS accounts.....'</p> <p>Section 410A Section 411 Section 412 Section 413 Sections 414A to 414D Sections 415 to 419A Sections 420 to 421 Section 494</p>	Refer to paragraph A3.5 of this Appendix.	
A2.21	Building Societies Act 1986		Building Societies Act, 1989
A2.21	Charities Act 2011 and regulations made thereunder		<p>Section 48 of the Charities Act 2009 provides that certain charities are to prepare an annual statement of accounts, the form and content of which can be prescribed by Regulations of the Minister. At the date of publication of this FRS, no Regulations regarding the form and content of charities' annual statements of accounts have been published. Charity companies are required to prepare financial statements, which give a true and fair view in accordance with the Companies Act.</p> <p>Sections 290(5) and 293(5) of the Companies Act 2014 respectively require that a company or a group 'not trading for the acquisition of gain by its members' must prepare Companies Act financial statements (ie not IFRS financial statements), and this provision may apply to many Irish charity companies.</p>

	<b>UK references</b>	<b>RoI references</b>	
<b>Paragraph</b>	<b>Act and the Regulations (unless otherwise stated)</b>	<b>Companies Act 2014</b>	<b>Other legislative reference</b>
A2.21	Co-operative and Community Benefit Societies Act 2014		Section 30 of Part IV of the Industrial and Provident Societies (Amendment) Act, 1978; Regulations 4 and 5 of the Friendly Societies Regulations, 1988, pursuant to Section 3 of the Friendly Societies (Amendment) Act, 1977
A2.21 and Footnote 26	Friendly Societies Act 1992 and the Friendly Societies (Accounts and Related Provisions) Regulations 1994 (as amended)		Regulations 4 and 5 of the Friendly Societies Regulations, 1988, pursuant to Section 3 of the Friendly Societies (Amendment) Act, 1977
A2.21	The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996		Section 56 of the Pensions Act, 1990; Regulation 5 and paragraphs 1 and 2(a)(ii) of Schedule A to the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006

## Approval by the FRC

*FRS 100 Application of Financial Reporting Requirements* was approved for issue by the Financial Reporting Council on 1 November 2012.

*Amendments to FRS 100 Application of Financial Reporting Requirements* was approved for issue by the Financial Reporting Council on 1 July 2015.

*Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Triennial review 2017 – Incremental improvements and clarifications* was approved for issue by the Financial Reporting Council on 6 December 2017.

*Amendments to FRS 101 Reduced Disclosure Framework – 2018/19 cycle* was approved for issue by the Financial Reporting Council on 4 July 2019.

*Amendment to FRS 101 Reduced Disclosure Framework – Effective date of IFRS 17* was approved for issue by the Financial Reporting Council on 29 September 2020.

*Amendments to UK and Republic of Ireland accounting standards – UK exit from the European Union* was approved for issue by the Financial Reporting Council on 2 December 2020.

*Amendments to FRS 100 Application of Financial Reporting Requirements – The Interpretation of Equivalence* was approved for issue by the Financial Reporting Council on 3 November 2022.

## **Basis for Conclusions**

### **FRS 100 Application of Financial Reporting Requirements**

*This Basis for Conclusions<sup>27</sup> accompanies, but is not part of, FRS 100 Application of Financial Reporting Requirements and summarises the main issues considered by the Financial Reporting Council (FRC) in developing FRS 100.*

*Feedback from a number of exposure drafts and consultation documents has been considered in the development of FRS 100 (see Table 1 at the end of this Basis for Conclusions). Unless otherwise stated, respondents to the consultations supported the proposals made; detailed feedback statements to all consultations are available on the FRC website.*

*The effective dates and any transitional arrangements for FRS 100, and any amendments to it, are set out in the FRS.*

#### **Objective**

- 1 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.
- 2 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.

#### **A differential financial reporting system and the elimination of 'public accountability'**

- 3 In the early stages of developing this FRS, a differential financial reporting system was proposed based on three tiers of entities using public accountability and size as differentiators. The proposals would have extended the application of EU-adopted IFRS<sup>28</sup> to those entities with public accountability<sup>29</sup>. Whilst there was some support for a differential financial reporting system, entities that would be required to apply EU-adopted IFRS did not support the proposal, principally on the basis of costs and benefits.

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<sup>27</sup> This Basis for Conclusions replaces the Accounting Council's Advice included in previous editions of FRS 100.

<sup>28</sup> This reflects the requirements and options in UK company law at the time, prior to the UK exit from the European Union (see paragraph 35 of this Basis for Conclusions).

<sup>29</sup> It was proposed that an entity had public accountability if: (a) as at the reporting date, its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or (b) as one of its primary businesses, it holds assets in a fiduciary capacity for a broad group of outsiders and/or it is a deposit taking entity for a broad group of outsiders. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds or investment banks.

- 4 It was concluded that public accountability (and therefore the differential financial reporting system) could be eliminated if the proposals were extended to include additional requirements for entities with publicly traded debt or equity, and for financial institutions. As a result, it was then proposed that the majority of extant financial reporting standards were replaced with a single standard based on the *International Financial Reporting Standard for Small and Medium-sized Entities* (IFRS for SMEs) (what is now FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*), which would apply to a broader group of entities.
- 5 Respondents supported the removal of the public accountability criteria and the proposal not to extend the application of EU-adopted IFRS beyond that already required by company law or other legislation or regulation.

### **Applicable financial reporting standards**

- 6 For accounting periods beginning on or after 1 January 2015, but before 1 January 2016, the following FRSs were applicable in the UK and Republic of Ireland:
- (a) FRS 100 *Application of Financial Reporting Requirements*;
  - (b) FRS 101 *Reduced Disclosure Framework*;
  - (c) FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
  - (d) FRS 103 *Insurance Contracts*;
  - (e) FRS 104 *Interim Financial Reporting*; and
  - (f) The Financial Reporting Standard for Smaller Entities (effective January 2015) (the FRSSE).
- 7 For accounting periods beginning on or after 1 January 2016, the following FRSs are applicable in the UK and Republic of Ireland<sup>30</sup>:
- (a) FRS 100 *Application of Financial Reporting Requirements*;
  - (b) FRS 101 *Reduced Disclosure Framework*;
  - (c) FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
  - (d) FRS 103 *Insurance Contracts*;
  - (e) FRS 104 *Interim Financial Reporting*; and
  - (f) FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime*.

### **FRS 101 Reduced Disclosure Framework**

- 8 FRS 101 sets out an optional reduced disclosure framework which addresses the financial reporting requirements for individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of adopted IFRS. Disclosure exemptions are available to a qualifying entity in its individual financial statements.
- 9 FRS 101 was developed in response to concerns that arose from earlier consultations that a move to the IFRS for SMEs for subsidiaries of entities that apply EU-adopted IFRS would require recognition and measurement differences to be monitored and

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<sup>30</sup> For micro-entities in the Republic of Ireland, FRS 105 was effective from 1 January 2017.



maintained at group level, and yet the alternative of a move to EU-adopted IFRS would increase disclosure in comparison to current accounting standards.

- 10 A qualifying entity may apply the reduced disclosure framework regardless of the financial reporting framework applied in the consolidated financial statements of the group.
- 11 Further details regarding the development of FRS 101 are set out in the Basis for Conclusions accompanying that FRS.

### **FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland***

- 12 FRS 102 replaced accounting standards applicable in the UK and Republic of Ireland with a single FRS developed from the IFRS for SMEs. FRS 102 applies to general purpose financial statements and the financial reporting of entities including those that are not constituted as companies and those that are not profit-oriented. FRS 102 applies to the financial statements of entities that are not applying adopted IFRS, FRS 101 or FRS 105.
- 13 Further details on the development of FRS 102 are set out in the Basis for Conclusions accompanying that FRS.

### **FRS 103 *Insurance Contracts***

- 14 FRS 103 and the accompanying non-mandatory implementation guidance consolidate existing financial reporting requirements and guidance for insurance contracts and are based on IFRS 4 *Insurance Contracts* extant in 2013 (except to the extent that it was amended by IFRS 13 *Fair Value Measurement*), the requirements of FRS 27 *Life Assurance* and elements of the Association of British Insurers' *Statement of Recommended Practice on Accounting for Insurance Business* (the ABI SORP).
- 15 An entity applying FRS 102, whether or not it is an insurance company, shall also apply FRS 103 to insurance contracts (including reinsurance contracts) that it issues and reinsurance contracts that it holds, and to other financial instruments that it issues with a discretionary participation feature.
- 16 Further details on the development of FRS 103 are set out in the Basis for Conclusions accompanying that FRS.

### **FRS 104 *Interim Financial Reporting***

- 17 FRS 104 replaced the Statement *Half-yearly financial reports*. FRS 104 is based on the interim financial reporting requirements set out in IAS 34 *Interim Financial Reporting* and is intended for use in the preparation of interim reports by entities that apply FRS 102 when preparing their annual financial statements. Entities applying FRS 101 to prepare the annual financial statements may also use FRS 104 as a basis for their interim financial reports.
- 18 FRS 104 does not require any entity to prepare an interim report, nor does it change the extent to which law or regulation may require the preparation of such a report.
- 19 Further details on the development of FRS 104 are set out in the Basis for Conclusions accompanying that FRS.

## **FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime***

- 20 In November 2013, *The Small Companies (Micro-entities' Accounts) Regulations 2013* (SI 2013/3008) were made which amended *The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008* (SI 2008/409). The amendment introduced a new optional reporting framework for companies that meet the qualifying criteria of a micro-entity. FRS 105 was developed in response to this change of UK company law.
- 21 FRS 105 is based on FRS 102, but its accounting requirements are adapted to satisfy the legal requirements applicable to micro-entities and to reflect the simpler nature and smaller size of micro-entities.
- 22 The application of the micro-entities regime is optional; however, a micro-entity that chooses to prepare its financial statements in accordance with the micro-entities regime is required to apply FRS 105. A company that qualifies for this regime, but chooses not to apply it, is required to apply another financial reporting standard.
- 23 Further details on the development of FRS 105 are set out in the Basis for Conclusions accompanying that FRS.

## **The *Financial Reporting Standard for Smaller Entities (FRSSE)***

- 24 Consistent with earlier proposals, the FRSSE was updated and retained for an initial period following the application of FRS 102, with a view to consulting again on its future in the short to medium term.
- 25 The EU Accounting Directive (Directive 2013/34/EU) was implemented in the UK in 2015 (and in the Republic of Ireland in 2017). In doing so, changes were made to company law to reflect new legal requirements and to take advantage of new options that became available.
- 26 The majority of respondents supported proposals to withdraw the FRSSE and replace it with a new section (Section 1A *Small Entities*) in FRS 102, effective for accounting periods beginning on or after 1 January 2016<sup>31</sup>, and for Section 1A to set out the presentation and disclosure requirements applicable to small entities, whilst the recognition and measurement requirements of the remainder of FRS 102 would apply.
- 27 Eligibility for the small companies regime is set out in company law. Section 1A applies to companies eligible for the small companies regime, LLPs eligible for the small LLPs regime and any other entity that would have met the criteria for the small companies regime had they been companies.
- 28 Further details on the development of Section 1A of FRS 102 are set out in the Basis for Conclusions accompanying that FRS.

## **Statements of Recommended Practice (SORPs)**

- 29 In earlier proposals, it was recommended that almost all SORPs be withdrawn. Respondents questioned this, with many noting that SORPs contribute to improving the quality of financial reporting in the UK. An alternative approach was proposed, and respondents supported the proposal to streamline the number of SORPs in issue

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<sup>31</sup> For small entities in the Republic of Ireland, Section 1A was effective from 1 January 2017.

resulting in SORPs being either updated for consistency with FRS 102 or withdrawn as follows:

<b>SORP</b>	<b>Accounting Council's Advice</b>
Accounting for insurance business	A separate consultation was undertaken and the SORP was consequently withdrawn
Accounting for oil & gas	Withdrawn
Authorised funds	Updated for consistency with FRS 102
Banking segments	Withdrawn
Charities	Updated for consistency with FRS 102
Financial reports of pension funds	Updated for consistency with FRS 102 to supplement Section 34 of FRS 102
Further and higher education	Updated for consistency with FRS 102
Investment companies	Updated for consistency with FRS 102
Leasing	Withdrawn
Limited liability partnerships	Updated for consistency with FRS 102
Registered social housing providers	Updated for consistency with FRS 102

- 30 In response to a request for clarification as to the role of the SORPs, reference to the application of SORPs is included in this FRS and in Section 10 *Accounting policies, estimates and errors* of FRS 102, to note that they are a source of guidance on accounting policies. In December 2017 a reference was also added to Section 1 *Scope* of FRS 102.

### **The Interpretation of Equivalence**

- 31 FRS 101 and FRS 102 permit certain exemptions from disclosures, which are in some cases subject to equivalent disclosures being included in the consolidated financial statements of the group in which the entity is consolidated. Clarification on interpreting the meaning of the term equivalence is included in the Application Guidance *The Interpretation of Equivalence* to this FRS.
- 32 Amendments were made to the Application Guidance in July 2015 as a result of the implementation of the EU Accounting Directive (Directive 2013/34/EU).
- 33 Alongside these amendments, clarification was given relating to the meaning of equivalent disclosures included in the consolidated financial statements in relation to intra-group balances eliminated on consolidation. Provided that relevant disclosures have been made in the consolidated financial statements, the exemption is permitted when intra-group balances have been eliminated on consolidation. This is subject to any disclosures that are required by law.

- 33A Amendments were made to replace the Application Guidance in November 2022 to reflect changes in UK company law following the UK exit from the European Union. Together with jurisdictional decisions about equivalence made by both UK and non-UK authorities in relation to the UK's financial reporting requirements, these changes may have an impact on the determination of equivalence and hence on the availability of relevant exemptions. In drafting the revised Application Guidance the FRC considered how much guidance could be given in terms of conclusions that directors of UK and Republic of Ireland entities might reach under section 401(2)(b) subparagraph (ii) of the Act or section 300(4)(b) subparagraph (ii) of the *Companies Act 2014* respectively. The revised 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. 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. The 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.

### **Withdrawn publications**

- 34 Paragraphs 14 and 15A of this FRS sets out the accounting standards which were withdrawn for accounting periods beginning on or after 1 January 2015. Paragraph 15 sets out the statements that were also withdrawn.

### **UK exit from the European Union**

- 35 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. FRS 100 was amended in December 2020 to reflect these changes. This included amending the references to 'EU-adopted IFRS' to read 'adopted IFRS', which incorporates the accounting standards referred to in both UK and Irish company law (UK-adopted international accounting standards and EU-adopted IFRS, respectively).

**Table 1****Exposure drafts and consultation documents**

Feedback to the following exposure drafts and consultation documents has been considered in the development of FRS 100.

More detailed information on the early development of current UK and Republic of Ireland accounting standards can be found on the FRC website.

Exposure draft		Date of issue	Finalised as	Date of issue	Mandatory effective date
FRED 43	<i>Application of Financial Reporting Requirements</i>	Oct 2010	FRS 100 <i>Application of Financial Reporting Requirements</i>	Nov 2012	1 Jan 2015
FRED 46	<i>Application of Financial Reporting Requirements (revised)</i>	Jan 2012			
Consultation Document	<i>Accounting standards for small entities – Implementation of the EU Accounting Directive</i>	Sep 2014	Amendments to FRS 100 <i>Application of Financial Reporting Requirements</i>	Jul 2015	1 Jan 2016
FRED 60	<i>Draft amendments to FRS 100 Application of Financial Reporting Requirements and FRS 101 Reduced Disclosure Framework</i>	Feb 2015			
Request for information	<i>Request for comments on the implementation of FRS 102 in order to inform the future development of FRS 102</i>	Mar 2016	Amendments to FRS 102 <i>The Financial Reporting Standard applicable in the UK and Republic of Ireland – Triennial review 2017 – Incremental improvements and clarifications</i>	Dec 2017	1 Jan 2019
FRED 67	<i>Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Triennial review 2017 – Incremental improvements and clarifications</i>	Mar 2017			
FRED 70	<i>Draft Amendments to FRS 101 Reduced Disclosure Framework – 2018/19 cycle</i>	Jan 2019	Amendments to FRS 101 <i>Reduced Disclosure Framework – 2018/19 cycle</i>	Jul 2019	1 Jan 2023 <sup>32</sup>
N/A			Amendment to FRS 101 <i>Reduced Disclosure Framework – Effective date of IFRS 17</i>	Oct 2020	1 Jan 2023
N/A			Amendments to UK and Republic of Ireland accounting standards – <i>UK exit from the European Union</i>	Dec 2020	1 Jan 2021

<sup>32</sup> Originally, the amendments' effective date was for accounting periods beginning on or after 1 January 2021. This date aligned with the original effective date of IFRS 17 *Insurance Contracts*. In October 2020, the effective date was aligned with the revised effective date of IFRS 17.

Exposure draft		Date of issue	Finalised as	Date of issue	Mandatory effective date
FRED 80	<i>Draft Amendments to FRS 100 Application of Financial Reporting Requirements – Application Guidance The Interpretation of Equivalence</i>	May 2022	<i>Amendments to FRS 100 Application of Financial Reporting Requirements – The Interpretation of Equivalence</i>	Nov 2022	Financial statements approved after 18 Nov 2022





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