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Financial Reporting Council  
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Submitted by email to [ukfrs@frc.org.uk](mailto:ukfrs@frc.org.uk)

**FRED 57 Draft amendments to FRS 101 *Reduced Disclosure Framework* (2014/ 15 Cycle)**

Dear Sir / Madam,

The Association for Financial Markets in Europe (AFME)<sup>1</sup> is pleased for the opportunity to comment on the above referenced Financial Reporting Exposure Draft ('FRED 57') issued by the Financial Reporting Council ('FRC').

Overall we are supportive of the proposals outlined in FRED 57 and are pleased that the FRC is updating FRS 101 at regular intervals to ensure that the reduced disclosure framework maintains consistency with EU-adopted IFRS.

We would however like to highlight an inconsistency between FRS 100 *Application of Financial Reporting Requirements* ('FRS 100') and FRS 101 *Reduced Disclosure Framework* ('FRS 101') that would result from the proposed amendments in relation to IFRS 1 *First-time Adoption of International Financial Reporting Standards* ('IFRS 1').

Paragraph 2 of FRED 57 states that

"Paragraph 7A is inserted below paragraph 7:

7A On first-time adoption of this standard [ie FRS 101], a qualifying entity shall apply the requirements of IFRS 1 First-Time Adoption of International Financial Reporting Standards except for:

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<sup>1</sup> AFME represents a broad range of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks and other financial institutions. AFME advocates stable, competitive and sustainable European financial markets, which support economic growth and benefit society. AFME is listed on the EU Register of Interest Representatives, registration number 65110063986-76.

- (a) the requirement of paragraph 3 to make an explicit and unreserved statement of compliance with IFRS (see paragraph 10 of this FRS); and
- (b) the requirement of paragraphs 6 and 21 to present an opening statement of financial position at the date of transition.”

On the other hand, paragraph 11(b) of FRS 100 states that

“A qualifying entity transitioning to FRS 101 shall, unless it is applying the EU-adopted IFRS prior to the date of transition (see paragraph 12), apply the requirements of paragraphs 6 to 33 of IFRS 1 as adopted by the EU including the relevant appendices”.

Accordingly, paragraph 11(b) of FRS 100 requires that an entity transitioning to FRS 101 should (unless it is applying EU-adopted IFRS prior to the date of transition) apply paragraphs 6 to 33 of IFRS 1 (and so in particular should apply paragraphs 6 and 21 of IFRS 1), thereby creating an inconsistency between the requirements of FRS 100 and FRS 101 with regard to paragraphs 6 and 21 of IFRS 1. In that case, it is not clear how the provisions would interact, and whether one would take precedence over the other.

We recommend that the inconsistency is removed by having the proposed amendments included in paragraph 11(b) of FRS 100. We would suggest that paragraph 11(b) of FRS 100 be amended to require that an entity transitioning to FRS 101 from a framework other than EU-IFRS should apply paragraphs 6 to 33 with the exception of paragraphs 6 and 21 (or put another way that it should require application of paragraphs 7 to 20 and 22 to 33).

We think that such an approach would also be useful in the context of other transitional provisions. We would recommend that all transitional provisions under IFRS 1 be included within one standard only. Given that FRS 100 already covers the transitional provisions for the various reporting options, we would recommend that relevant amendments should be incorporated into FRS 100.

We trust that these comments are helpful and we would be happy to discuss further.

Yours faithfully



Richard Middleton  
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