



**BNY MELLON**

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**By Email:** [ukfrs@frc.org.uk](mailto:ukfrs@frc.org.uk)

12 January 2015

**Re: FRED 56**  
**Draft FRS 104: Interim Financial Reporting**

Dear Sirs

We refer to the above and confirm that BNY Mellon is grateful for the opportunity to comment on FRED 56 – Draft FRS 104 Interim Financial Reporting (“the Exposure Draft”) issued by the FRC.

Our responses to the individual questions are set out below:

**Question 1:**

**Do you agree with the proposal to withdraw the Statement Preliminary announcements issued by the Accounting Standards Board (ASB) in 1998? If not, why not?**

We agree with this proposal.

**Question 2:**

**Do you agree with the proposal to withdraw the Statement Half-yearly financial reports issued by the ASB in 2007 and replace it with interim financial reporting requirements based on IAS 34 Interim Financial Reporting as proposed in draft FRS 104 Interim Financial Reporting? If not, please give your reasons and propose an alternative approach.**

We agree with this proposal and welcome the consistency with the text of IAS 34 Interim Financial Reporting.

**Question 3**

**Draft FRS 104 proposes amendments to the reporting requirements in IAS 34 in order to adapt them for use by entities that apply FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland to prepare the annual financial statements. The Accounting Council’s Advice to the FRC to issue FRED 56 highlights the key changes. Do you agree with the proposed amendments? If not, please give your reasons.**

We have addressed each of the changes separately:

- (a) The disclosure requirements in relation to fair values apply only if the same disclosure would be required in the annual financial statements;**

We agree that this is a sensible approach and note that same ensures that those entities deemed financial institutions will be required to disclose the valuation hierarchy in their interim financial reports. While feedback on the valuation hierarchy required under FRS 104 is not sought in this consultation we do note that the Financial Reporting Council has chosen to diverge from the levels defined in IFRS 7, which themselves were based on the well-known and understood US GAAP levels defined in FAS 157.

To avoid any unintended concern to the users of the financial statements of investment funds, additional quantitative and qualitative disclosure will therefore be required. We would comment that accelerating this disclosure to the interim financial report presents some operational challenges, though as this is both useful and helpful to the users of our financial reports, we do not have any objection in principle.

- (b) Related party disclosures may be omitted for transactions between wholly owned members of a group, since FRS 102 exempts such transactions from disclosure in the annual financial statements;**

We agree that this clarification is helpful.

We suggest that it would also be helpful to note in the Standard that entities reporting under FRS 101 may also omit these disclosures as FRS 101 exempts such transactions from disclosure in the annual financial statements.

- (c) Disclosure requirements that apply when an entity adopts a new accounting framework for the first time have been inserted. Similar disclosures are required under IFRS, although they are not part of IAS 34;**

We agree with this proposal.

- (d) The annual financial statements disclosure requirements in paragraph 26 of IAS 34 concerning significant changes of estimates reported in an interim period have been deleted, because draft FRS 104 addresses only reporting requirements in interim financial reports;**

We agree with this proposal.

- (e) The principle that the frequency of reporting should not affect the measurement of the annual results has been qualified where FRS 102 would prohibit a reversal of an impairment. This is consistent with the requirements in IFRIC 10 Interim Financial Reporting and Impairment;**

We agree with this proposal.

- (f) The illustrative examples accompanying IAS 34 have not been repeated in draft FRS 104.**

We have no comment in this regard.

**Question 4:**

There may be a small number of entities that are required to prepare interim financial reports and apply FRS 101 Reduced Disclosure Framework to prepare the annual financial statements. Paragraph 3A of draft FRS 104 requires that these entities should read references to FRS 102 in draft FRS 104 as the equivalent requirements in EU-adopted IFRS as amended by paragraph AG1 of FRS 101. Do you agree with this proposal? If you believe further changes are necessary to enable these entities to apply draft FRS 104 please state your recommendations and reasons for your proposal.

We agree with this proposal.

**Question 5:**

**Do you agree that applying draft FRS 104 will result in useful information for users of interim financial reports? If not, what additional disclosures should in your view be included or which disclosures should be removed? Please give your reasons.**

Yes we agree that applying draft FRS 104 will provide users of interim financial reports with useful information and we do not believe that there are any disclosures which should be removed. We also do not believe that any additional disclosures are required.

Should you have any queries in relation to our above responses, please do not hesitate to contact us.

Kind regards,

A handwritten signature in black ink that reads "BNY Mellon". The signature is written in a cursive, flowing style.

BNY Mellon