



BAKER TILLY

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For the attention of Mei Ashelford

18 March 2015

Dear Madam

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

We welcome the opportunity to comment on the FRC’s Exposure Draft FRED 57 “Draft amendments to FRS 101 *Reduced Disclosure Framework* (2014/15 Cycle)” (“the Exposure Draft”).

We are generally supportive of the proposals

Our responses to the specific questions raised in the Exposure Draft are set out in Appendix 1.

If you would like to discuss any aspect of this response please do not hesitate to contact me.

Yours faithfully

Simon Cooper
Technical Director
Baker Tilly UK Audit LLP



Appendix 1

Question 1 – IAS 24 *Related Party Disclosures*

See the proposed amendment to paragraph 8(j) of FRS 101 and paragraphs 13 to 15 of the Accounting Council’s Advice.

Do you agree with the proposed amendment to permit an exemption against the requirement of paragraph 18A of IAS 24 *Related Party Disclosures*? If not, why not?

We support the FRC’s proposal to amend paragraph 8(j) of FRS 101 which would grant relief from the requirement to make the disclosures prescribed by paragraph 18A of IAS 24 *Related Party Disclosures*. Since FRS 101 currently dis-applies paragraph 17 of IAS 24 regarding disclosure of key management compensation, in our view it would be inconsistent to retain the requirement to disclose amounts incurred for the provision of key management services that are provided by a separate management entity.

Question 2 – IFRS 1 *First-time Adoption of International Financial Reporting Standards*

See the proposed insertion of paragraph 7A into FRS 101 and paragraphs 22 to 23 of the Accounting Council’s Advice.

Do you agree with the proposed amendment to permit an exemption from the requirement of paragraphs 6 and 21 of IFRS 1 *First-time Adoption of International Financial Reporting Standards* to present an opening statement of financial position on transition? If not, why not?

We agree with the proposed amendment to permit an exemption from paragraphs 6 and 21 of IFRS 1. Since the requirement in paragraph 23 of IFRS 1 to provide an explanation of the transition from previous GAAP has been retained in FRS 101 there should be sufficient information disclosed for a user of the accounts with regards to the financial position at the transition date without the need to provide a statement of financial position as at that date.

Question 3 – IFRS 15 *Revenue*

See paragraphs 16 to 18 of the Accounting Council’s Advice.

Do you agree that at this early stage, no exemption should be permitted in FRS 101 from the disclosure requirements of IFRS 15 *Revenue from Contracts with Customers* given that its effective date is not until 1 January 2017, and that for FRS 101 IFRS 15 should be revisited once preparers, users and auditors have had more experience of the required disclosures and are in a better position to assess whether exemptions against all or some of the disclosure requirements of IFRS 15 would be appropriate? If not, why not?

We agree that no exemption should yet be permitted from the disclosure requirements of IFRS 15 but that a watching brief should be kept with regards to whether that



Appendix 1

should continue to be the case once IFRS 15 has been used through at least one accounting cycle.

Question 4 – IFRS 9 *Financial Instruments*

See paragraphs 19 to 21 of the Accounting Council’s Advice.

IFRS 9 *Financial Instruments* amends the requirements of IFRS 7 *Financial Instruments: Disclosures*.

Do you agree that no amendments should be made to the existing exemptions permitted in FRS 101 that allow non-financial institutions exemptions against the disclosure requirements of IFRS 7 (and IFRS 13 *Fair Value Measurement*)? If not, why not?

We agree that no amendments should be made to the existing exemptions permitted in FRS 101 as regards to non-financial institutions and IFRSs 7 and 13 at the current time. At such time that FRS 101 has been subject to more extensive usage the availability of the exemptions should be re-visited and determined whether they should be revised at that time.

Question 5 – Other comments

Do you have any other comments in relation the proposed amendments?

We have no other comments in relation to the proposed amendments.