



By email to: ukfrs@frc.org.uk

Mei Ashelford
Financial Reporting Council
125 London Wall
London
EC2Y 5AS

9th 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 proposed FRS 101, ‘Reduced Disclosure Framework (2014/15 Cycle)’. Our responses to the questions asked by the FRC and other comments are given below.

Question 1 – IAS 24 ‘Related Party Disclosures’.

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 agree with the proposal to permit an exemption against the requirement to disclose the amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity, as this follows the exemption in relation to key management personnel compensation.

However, we consider that it would be useful to clarify whether any of the other disclosure requirements of paragraph 18 of IAS 24 (specifically balances that are outstanding at the reporting date) are also exempt for management entities given these are not exempt under FRS 101.

Question 2 – IFRS 1 ‘First-time Adoption of International Financial Reporting Standards’.

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 proposal 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 the date of transition.

We consider that this is consistent with IFRS for SMEs which does not require an opening balance sheet to be presented but requires reconciliations to be presented which are consistent with the requirement of paragraph 21 of IFRS 1.

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Question 3 – IFRS 15 ‘Revenue from Contracts with Customers’

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 are aware that there are a number of issues raised with the IASB/FASB Joint Transition Resource Group for Revenue Recognition (TRG) which have been forwarded to the IASB/FASB board for further consideration and that these issues may give rise to amendments to IFRS 15. As a consequence, we 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’. We agree that this should be revisited once more experience with disclosures is gained by preparers, users and auditors.

Question 4 – IFRS 9 ‘Financial Instruments’

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?

IFRS 9 amends the requirements of IFRS 7 ‘Financial Instruments: Disclosures’. We note that EFRAG continues to evaluate IFRS 9, and is expected to issue ‘Draft Endorsement Advice’ in April 2015 and this will then require further consideration before ‘Final Endorsement Advice’ is issued, for which there is no current timetabled date.

As a consequence we agree with the current proposal that no amendments should be made to the existing exemptions that allow exemption for non-financial institutions. We also agree that the current position of FRS 101, which does not permit financial institutions to take the exemption from the disclosure requirements of IFRS 7, remain given the nature of such entities.

Question 5 – Other comments

We agree with the editorial amendments to the Application Guidance to FRS 101 and have no further comments.

Please contact Peter Hogarth via Peter.Hogarth@uk.pwc.com if you would like to discuss the contents of this letter.

Yours faithfully,

A handwritten signature in black ink that reads 'PricewaterhouseCoopers LLP'. The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP