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23 March 2015

Financial Reporting Council
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By email: ukfrs@frc.org.uk

Dear Sir / Madam,

FRED 57 – Draft amendments to FRS 101 *Reduced Disclosure Framework* (2014/2015 Cycle)

We welcome the opportunity to comment on the FRC's FRED 57 – Draft amendments to FRS 101 Reduced Disclosure Framework (2014/2015 Cycle) ("FRED 57"). I am pleased to respond on behalf of BP p.l.c. to the invitation to comment.

We continue to be supportive of the FRC's objective to enable users of accounts to receive high-quality understandable financial reporting proportionate to the size and complexity of the entity and the users' information needs.

Responses to the specific questions posed in FRED 57 are set out in the appendix to this letter.

If you wish to discuss any of our comments further, please do not hesitate to contact me.

Yours sincerely,

Roger Harrington
Vice President and Chief Accounting Officer

Appendix

COMMENTS ON FRED 57 – DRAFT AMENDMENTS TO FRS 101 *REDUCED DISCLOSURE FRAMEWORK* (2014/2015 CYCLE)

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 agree with the proposed amendment as it is in line with the current FRS 101 exemption against paragraph 17 of IAS 24.

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 as we believe it is consistent with the current exemption given from IAS 1.10(f) and supports the FRC's overriding objective in setting accounting standards that enable users of accounts to receive high-quality understandable financial reporting proportionate to the size and complexity of the entity and users' information needs.

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 do not agree with the Accounting Council's advice. We believe that, to the extent the disclosure requirements of IFRS 15 are in addition to those currently required in IAS 18 and IAS 11, disclosure exemptions should be made available in FRS 101 so as not to penalise companies who may choose to early adopt IFRS 15. Taking into account the principles of 'relevance' and 'cost constraint on useful information' (FRED 57 Summary (v)(1)&(2)) that the Accounting Council has advised the FRC to apply, we believe it would be appropriate to include disclosure exemptions from IFRS 15 in FRS 101.

Furthermore, it would be helpful for decisions on disclosure exemptions to be made as soon as possible in relation to all new accounting standards. This will enable companies to be clear on exactly what will need to be disclosed, without the risk that these requirements will be amended after implementation.

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 that allow non-financial institutions exemptions against the disclosure requirements of IFRS 7 and IFRS 13.

Question 5 – Other comments
Do you have any other comments in relation the proposed amendments?

We have no further comments on the specific amendments proposed.

We have two further aspects of IFRS 101 which we believe should be considered however.

We would welcome consideration of transitional relief under FRS101 that would allow prospective application of IAS 21 on conversion. There is no specific exemption in IFRS1 in relation to the application of the guidance in IAS 21, which means that entities converting to FRS101 are required to retrospectively apply a change in functional currency arising solely as a result of conversion to the new GAAP. The retrospective functional currency application required on adopting the 'look to the parent' guidance on transition is inefficient, with little value being added for the reader of the accounts.

Further, we would welcome any opportunity there may be for the Accounting Council to revisit its proposed deferral of the Amendments to IAS27 project until the 2015/16 cycle. This flexibility of approach in the standalone financial statements appears to be worth pursuing and we see no reason for the review of this project to wait until decisions have been made in relation to the implementation of the EU Accounting Directive.