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Our ref blp/kad

For the attention of Mei Ashelford

30 January 2015

Dear Sirs

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

We welcome the opportunity to comment on FRED 57 – Draft amendments to FRS 101 *Reduced Disclosure Framework* (2014/15 Cycle) ('FRED 57').

We support the proposals set out in FRED 57, subject to some observations on the drafting of paragraph 7A of FRS 101 as noted in our response to Question 2 in the attached appendix.

We set out in appendix 1 our responses to the specific questions raised.

If you wish to discuss any of the points, please contact Lynn Percy on 0207 694 8075 or Karen Duncan on 0121 232 3874.

Yours faithfully

KPMG LLP

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Enclosures: Appendix 1

Appendix 1

Responses to specific questions raised in the consultation document

Q1: 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?

Yes; for the reasons stated in the Accounting Council Advice on FRED 57 we agree with the proposed amendment.

Q2: 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? If not, why not?

Yes; for consistency with the requirements on transition to FRS 102 and the exemption from presenting a “third balance sheet” for changes in accounting policy under FRS 101, we agree with the proposed exemption from presenting an opening statement of financial position on transition to FRS 101.

However, we have two observations in respect of the proposed amendment:

- Paragraph 11(b) of FRS 100 deals with the first time adoption of FRS 101. The proposed amendment should also be reflected in that paragraph.
- The text of draft paragraph 7A of FRS 101 also includes an exemption from the requirement in paragraph 3 of IFRS 1 to make an explicit and unreserved statement of compliance with IFRS. That paragraph does not in fact “require” a statement of compliance with IFRSs but provides guidance on what constitutes an entity’s first IFRS financial statements. We suggest that the wording of this element of draft paragraph 7A should be revised to state that the references to IFRS in paragraph 3 of IFRS 1 are replaced with references to FRS 101. We note that whilst a definition of first-time adopter of FRS 102 is given in the glossary to that standard, there is no equivalent definition given in FRS 101; paragraph 10 of FRS 101 (cross-referred to from draft paragraph 7A) deals only with the general requirement for a statement of compliance.

Q3: Do you agree that at this early stage, no exemption should be permitted in FRS 101 from the disclosure requirements if 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?

Yes; we agree with the proposed approach.

Q4: 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?

Yes; we agree with the proposed approach.

Q5: Do you have any other comments in relation to the proposed amendments?

Subject to our observations on draft paragraph 7A (see our response to Question 2 above), we have no further comments on the proposed amendments.

