



DRAFT AMENDMENTS TO FRS 101 REDUCED DISCLOSURE FRAMEWORK 2023/24 CYCLE

Issued 4 March 2024

ICAEW welcomes the opportunity to comment on the draft amendments to FRS 101 *Reduced Disclosure Framework* – 2023/24 cycle published by Financial Reporting Council on 5 December 2023, a copy of which is available from this [link](#).

For questions on this submission please contact our Corporate Reporting Faculty team at crf@icaew.com quoting REP 24/24.

We are broadly in agreement with the draft amendments proposed to FRS 101 *Reduced Disclosure Framework*. We suggest that the FRC reviews the wording of FRS 101.A2.9B(c) (and the accompanying footnote) and considers removing the exemption from disclosures required by IAS 7 *Statement of Cash Flows* with respect to disclosure of supplier finance arrangements.

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ANSWERS TO SPECIFIC QUESTIONS

Question 1

Do you agree with the proposed amendments to FRS 101? If not, why not?

1. We recommend that the FRC takes the opportunity to review the wording of FRS 101.A2.9B(c) (and the accompanying footnote which explains the position for periods beginning before 1 January 2024) in order to more closely align the language used to reflect the requirements in IAS 1.69.
2. Additionally, we recommend removing references to “due date” and referring instead to the “classification” of a liability under UK-adopted international accounting standards in both FRS 101.A2.9B(c) (and the accompanying footnote).

Question 2

Do you agree that no other amendments to FRS 101 are required for the IASB projects outlined in paragraph 7 of the Basis for Conclusions?

3. We agree that no other amendments to FRS 101 are required with respect to *Non-current Liabilities with Covenants* (Amendments to IAS 1) or *Lack of Exchangeability* (Amendments to IAS 21). We agree with the FRC that these disclosures are likely to be beneficial to the users of the financial statements of qualifying entities and that therefore the disclosure requirements should apply.
4. We recommend that further amendments are made to FRS 101 with respect to disclosures relating to supplier finance arrangements.
5. We note that entities applying FRS 101 are exempted from the presentation and disclosure requirements of IAS 7 *Statement of Cash Flows*. In cases where the entity’s qualifying status is based on inclusion in a parent entity’s consolidated financial statements, those consolidated financial statements may not provide disclosures related to supplier finance arrangements. There may therefore be a number of companies that do not disclose details of supplier finance arrangements in either the single entity or the consolidated financial statements. This creates the risk that investors and other users of the financial statements do not have access to the information they need about an entity’s supplier finance arrangements.
6. The proposed supplier finance arrangement disclosures are in part related to liquidity risk. We therefore recommend that qualifying entities are only provided an exemption from supplier finance arrangement disclosures required by IAS 7.44H (except IAS 7.44H(b)(ii); see below) if equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. Such an exemption would mirror the exemption from IFRS 7 *Financial Instruments: Disclosures* permitted by FRS 101.8(d).
7. Conversely, we would question the usefulness of the information required by sub-paragraph IAS 7.44H(b)(ii) to users of the entity’s financial statements as the information relates to an arrangement between the finance provider and the supplier rather than the entity itself. We agree that qualifying entities should be provided an exemption from this requirement.

Question 3

Do you agree with the conclusion in the consultation stage impact assessment? If not, why not?

8. We agree with the conclusion in the consultation stage impact assessment that FRS 101 will continue to have a positive impact on the cost-effectiveness of the preparation of financial statements. We believe that this will still be the case if qualifying entities are required to disclose information on their supplier finance arrangements if equivalent disclosures are not included in the consolidated financial statements of the group in which the entity is consolidated.