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Financial Reporting Council
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Ref: AG/FRC

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Dear Ms Ashelford

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

Introduction

Ernst & Young LLP welcomes the opportunity to comment on FRED 57 Draft Amendments to FRS 101 – *Reduced Disclosure Framework* ('the exposure draft') issued by the Financial Reporting Council ('the FRC').

Overall comments

We have no comments on the proposed amendments other than that we believe that the amendments proposed to paragraph AG 1(g) are mistaken since the IASB editorial amendment to IFRS 5 made in July 2012 was retracted in September 2014.

In addition, we believe that disclosure relief should be provided from some of the requirements of IFRS 15 – *Revenue from Contracts with Customers* for entities applying FRS 101 once the standard has been endorsed by the EU. Our proposals are detailed in our response to Question 3. We do not consider that the FRC's approach of waiting until users and preparers and auditors have had more experience of these disclosures is appropriate. This experience is unlikely to be gleaned until after the first year in which the standard is applied.

If you have any matters arising concerning the content of our response, please do not hesitate to contact me.

Kind Regards

Yours sincerely



Tony Clifford
Partner, Financial Reporting Group

Responses to FRC questions

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 proposed exemption described above.

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 and related notes?

If not, why not?

We agree with the proposed exemptions described above.

Question 3 – IFRS 15 *Revenue*

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 disagree with the proposal and believe that an exemption should be given from the disclosure requirements of paragraphs 116, 118, 120-122 and 128 of IFRS 15 (and amendments should be made to the references to the later paragraphs in paragraph 110) once the standard has been endorsed by the EU. We do not believe that these disclosure exemptions should be conditional on the inclusion of the disclosures in the publicly available consolidated financial statements in which the qualifying entity is included.

Since we believe that most entities will not apply IFRS 15 before its effective date, we do not consider that sufficient experience of the required disclosures will be available prior to the end of the first reporting period in which IFRS 15 is applied. Therefore, we do not believe that the 'wait and see' approach proposed above is appropriate.

The FRC can then review the use of the disclosure exemptions in the light of experience once IFRS 15 is adopted more widely, including expanding the mandated disclosure requirements if necessary.

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 Measurements*)?

If not, why not?

We agree that no amendments should be made to the existing exemptions.

Question 5 – Other Comments

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

We have the following additional comments:

- The changes proposed to paragraph AG1(g) of FRS 101 appear to be in error. The editorial amendment made to paragraph 33 (b) (iv) of IFRS 5 by the IASB in July 2012 was retracted in September 2014. The 2015 versions of the IASBs 'Red' and 'Blue' books both reflect the retraction. We therefore do not believe that this change should be made
- Paragraph 21 of the Accounting Council's Advice contains a factual error since it states that financial institutions are not permitted any exemptions from the disclosure requirements of IFRS 13. However, financial institutions are permitted an exemption from the disclosure requirements of paragraphs 91 to 99 of IFRS 13 in respect of non-financial instruments (e.g. investment property) provided equivalent disclosures are made in the publicly available consolidated financial statements in which the qualifying entity is included.