

3 March 2025



# **FRC's FRED 86 Draft amendments to FRS 101 Reduced Disclosure Framework – 2024/25 cycle**

Response from ICAS

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## About ICAS

The Institute of Chartered Accountants of Scotland (ICAS) is a global, professional membership organisation and business network for Chartered Accountants. It's also an educator, regulator, examiner and a professional awarding body.

ICAS' diverse membership is made up of over 24,000 world class business professionals who work in the UK and in more than 80 countries around the globe. Members of ICAS are also known by the letters CA, an exclusive professional designation in the UK.

ICAS members operate at the forefront of ethical and sustainable business. Educated, regulated, and led by the highest standards of ethical leadership since 1854, they are at the top of their game. They are trusted professionals, who transform business and support one another for the greater good.

Acting in the public interest is the guiding principle of all that ICAS does and we continually work to maintain trust in the accountancy profession. That ethos is enshrined in the ICAS Code of Ethics – which applies to all members, students and member firms, and is underpinned by our Royal Charter commitment.

ICAS is a member of the Chartered Accountants Worldwide Network, a global family that brings together the members of 15 leading institutes to create a community of over 1.8 million Chartered Accountants and students in more than 190 countries.

Any enquiries should be addressed to Christine Scott, ICAS Head of Charities and Reporting, via [connect@icas.com](mailto:connect@icas.com).

## General comments

ICAS welcomes the opportunity to comment on the Financial Reporting Council (FRC)'s [Financial Reporting Exposure Draft \(FRED\) 86 Draft amendments to FRS 101 Reduced Disclosure Framework – 2024/25 cycle](#).

Our comments on the consultation questions are set out below.

## Consultation questions

### FRS 18 Presentation and Disclosure in Financial Statements

#### Question 1(a)

Amendments are proposed to exempt most qualifying entities from the disclosure requirements in IFRS 18 related to management-defined performance measures. Do you agree with these proposed amendments? Why or why not? (See paragraphs 15 to 20 of the Basis for Conclusions.)

#### Response

On balance, we support the proposed exemption from the disclosure of management-defined performance measures (MPMs) for most qualifying entities applying FRS 101.

It is highly likely that most publicly traded groups will have MPMs in the group's corporate report, which encompass qualifying entities' performance as part of that group.

#### Question 1(b)

Do you agree that qualifying entities should be exempt from the requirements of paragraph 83(b) of IFRS 18, which in some circumstances requires an entity to disclose a disaggregation of specified expenses classified by nature? Why or why not? (See paragraphs 21 to 23 of the Basis for Conclusions.)

#### Response

On balance, we support this exemption on the grounds that this approach is proportionate.

#### Question 1(c)

Amendments are proposed to maintain extant exemptions that apply to requirements in IAS 1 that have been retained in IFRS 18 or moved to other IFRS Accounting Standards by IFRS 18, but, other than as set out above in Questions 1(a) and 1(b), no other exemptions to IFRS 18 requirements are proposed. Do you agree with this approach? Why or why not? (See paragraphs 12 to 14 and paragraph 24 of the Basis for Conclusions.)

#### Response

We support this approach to exemptions arising from the withdrawal of IAS 1 and the implementation of IFRS 18 and related amendments to other IFRS Accounting Standards. This seems like a logical approach.

### IFRS 19 Subsidiaries without Public Accountability: Disclosures

#### Question 2

Do you agree that an entity that applies FRS 101 should not apply IFRS 19? Why or why not? (See paragraphs 32 to 33 of the Basis for Conclusions.)

#### Response

Yes.

We agree that if an entity applies FRS 101, it should not apply IFRS 19. FRS 101 and IFRS 19, while they are designed for a similar purpose, they are structured in a manner that means applying both is not practical.

FRS 101 takes a top-down approach by setting out the disclosure exemptions available, while IFRS 19 takes a bottom-up approach by setting out the disclosures required of subsidiaries without public accountability.

Also, FRS 101 applies where Companies Act accounts are prepared and IFRS 19 will apply in the UK where 'IAS accounts' are prepared in accordance with UK-adopted international accounting standards, meaning that the legal basis for their preparation under the Companies Act 2006 will arise from alternative approaches permitted under that Act.

## **Other topics**

### **Question 3**

Do you have any other comments on the proposed amendments to FRS 101?

### **Response**

We have no further comments on the proposed amendments to FRS 101.

### **Question 4**

Do you agree with the conclusion in the consultation stage impact assessment? Why or why not?

### **Response**


We have no comments to make on the conclusion in the consultation stage impact assessment.




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