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Financial Reporting Council (FRC)
Draft amendments to FRS 101 Reduced
disclosure framework - 2023/24 cycle
(FRED 85)

Response from ICAS

Financial Reporting Council

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About ICAS

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ICAS' diverse membership is made up of over 23,000 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 finance 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.

General comments

ICAS welcomes the opportunity to respond to the Financial Reporting Council's (FRC's) [Financial Reporting Exposure Draft \(FRED\) 85](#) 'Draft amendments to FRS 101 Reduced disclosure framework – 2023/24' which was published on 5 December 2023.

We broadly support the approach taken by the FRC in FRED 85, subject to some specific comments set out in our responses to the consultation questions below.

Consultation questions

Question 1

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

We agree with the proposed amendments to paragraph A2.9B(c) and the related footnote within Appendix II Note on legal requirements. We would, however, question whether "... the due date is based on when the entity expects to settle the liability" appropriately summarises the specific requirements of IAS 1.

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?

We agree that no other amendments to FRS 101 are required except for the following with regard to supplier finance arrangements (amendments to IAS 7 and IFRS 7).

We believe that the new disclosure requirements may be useful to the users of a qualifying entity's financial statements, unless equivalent disclosures are included in the consolidated financial statements of the group in which the qualifying entity is consolidated. Therefore, we recommend that the disclosures in relation to supplier finance arrangements are extended to include qualifying entities unless the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

In order for our comments to be consistent with our comments on FRED 84 (Draft amendments to FRS 102 – Supplier finance arrangements), we would like to propose the following in relation to the FRC's proposed amendments to FRS 102 on disclosures by qualifying entities relating to supplier finance arrangements:

We recommend that paragraph 1.12 of FRS 102 is updated to state that the qualifying entity exemption is conditional on equivalent disclosures being included in the consolidated financial statements of the group in which the entity is consolidated.

Question 3

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

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



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