

Response to FRC FRED 52: Draft Amendments to the Financial Reporting Standard for Smaller Entities (effective April 2008) – micro-entities

12 February 2014

INTRODUCTION

ICAS welcomes the opportunity to comment on the FRED 52: Draft amendments to the Financial Reporting Standard for Smaller Entities (effective April 2008) – micro-entities.

The ICAS Charter requires it to act primarily in the public interest, and our responses to consultations are therefore intended to place the public interest first. Our Charter also requires us to represent our members' views and to protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

Any enquiries should be addressed to Amy Hutchinson, Assistant Director, Technical Policy.

RESPONSE TO THE EXPOSURE DRAFT

Question 1

Do you agree with the proposed amendments to the FRSSE for micro-entities? If not, why not?

Overall we agree with the proposed amendments to the FRSSE for micro-entities. We also have the following recommendations:

- Proposed paragraph 2 (c) currently states that investment properties should be accounted for in accordance with paragraphs 6.19 to 6.26. This should state paragraphs 6.19 to 6.22, which cover recognition at cost – paragraphs 6.23 to 6.26 cover revaluation, which is not relevant to micro entities.
- The proposed amendments do not contain the full definition of a micro-entity, i.e. it does not set out the types of entity excluded from the regime. We believe it would be more helpful if the FRSSE included the full definition, as it does for small companies.
- Some guidance on the transition to the micro-entity provisions would be useful specifically, this
 should refer to the situation where companies that have previously carried fixed assets or
 investment properties at valuation, are now required to use cost.