



Department for
Business, Energy
& Industrial Strategy

BUSINESS IMPACT TARGET: SUMMARY TEMPLATE

Non-qualifying Regulatory Provisions
(NQRPs) summary reporting template

Regulator: Financial Reporting Council

Business Impact Target Reporting Period Covered: 17 December 2020 – 16 December 2021

Excluded Category*	Summary of measure(s), including any impact data where available**
Measures certified as being below <i>de minimis</i> (measures with an EANDCB below +/- £5 million)	<p><i>Amendments to FRS 101 – 2019/20 cycle:</i> an exemption from the disclosure of cash flows that would otherwise be required by paragraph 24(b) of IFRS 6 Exploration for and Evaluation of Mineral Resources plus removal of the current condition for the disclosure exemption from paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.</p> <p><i>Amendment to FRS 101 – Effective date of IFRS 17:</i> change to the effective date of the revised definition of ‘qualifying entity’ in FRS 101 to maintain alignment with the effective date of IFRS 17.</p> <p><i>Amendments to FRS 104 – Going concern:</i> an explicit requirement for management to assess an entity’s ability to continue as a going concern and disclose any related material uncertainties when preparing interim financial reports.</p> <p><i>Amendments to FRS 102 – Interest rate benchmark reform (Phase 2):</i> to address the financial reporting implications arising from the actual replacement of interest rate benchmarks.</p> <p><i>Amendments to FRS 101 – 2020/21 cycle:</i> to provide exemptions from certain of the disclosures that would otherwise be required by IAS 16 Property, Plant and Equipment.</p> <p>FRED 79 <i>FRS 101 – 2021/22 cycle.</i> (The FRED proposes making no changes to FRS 101 as a result of this year’s annual review.)</p> <p>International Standard on Quality Management (UK) <i>Quality Management For Firms That Perform Audits Or Reviews Of Financial Statements, Or Other Assurance Or Related Services Engagements</i></p> <p>International Standard on Quality Management (UK) 2 <i>Engagement Quality Reviews</i></p> <p>International Standard on Quality Management (UK) 220 <i>Quality Control For An Audit Of Financial Statements.</i></p> <p><i>Revised International Standard for review Engagement (UK) 2410 (ISRE (UK) 2410) Review of Interim Financial</i></p>

Excluded Category*	Summary of measure(s), including any impact data where available**
	<i>Information performed by the Independent Auditor of the Entity.</i>
<i>EU Regulations, Decisions and Directives and other international obligations, including the implementation of the EU Withdrawal Bill and EU Withdrawal Agreement</i>	<i>Amendments to UK and Republic of Ireland accounting standards – UK exit from the European Union: to update UK and Republic of Ireland accounting standards for changes in UK company law following the UK's exit from the European Union.</i>
<i>Measures certified as concerning EU Withdrawal Bill operability measures</i>	N/A
Pro-competition	N/A
Systemic Financial Risk	N/A
Civil Emergencies	<p><i>Amendments to FRS 102 and FRS 105 – Covid-19-related rent concessions: requirements for recognising any changes in operating lease payments that arise from Covid-19-related rent concessions.</i></p> <p><i>Amendments to FRS 102 and FRS 105 – Covid-19-related rent concessions beyond 30 June 2021: extend the time conditions that apply to the existing requirements in FRS 102 and FRS 105 which specify how changes in operating lease payments that arise from Covid-19-related rent concessions should be recognised.</i></p>
Fines and Penalties	<p>At 21 November 2020, there were 49 investigations (including one preliminary enquiry) involving audit and financial reporting with a total of 97 subjects under investigation.</p> <p>During the period from 21 November 2020 to 16 December 2020: 1 further investigation commenced into 2 further subjects; 1 preliminary enquiry closed with 1 subject; and 1 investigation closed with 2 subjects; case closed for 1 subject.</p> <p>As at 17 December 2020, there were 48 investigations (and no preliminary enquiries) with a total of 95 subjects under investigation for audit and financial reporting. Of these 95 subjects, 71 are under the Audit Enforcement Procedure, 2 are under the Actuarial Scheme and the rest under the Accountancy Scheme.</p> <p>During the period from 17 December 2020 to 23 November 2021: 13 further investigations commenced into 26 further subjects; 1 investigation went to tribunal with tribunal imposed sanctions imposed upon 2 subjects; 6 investigations concluded with settlements made with 11 subjects; 2 investigations closed with 3 subjects; and 2</p>

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	<p>Scheme case extensions to include an additional 5 subjects.</p> <p>Total financial sanctions imposed at Tribunal were £13,500,000 whilst Total financial sanctions imposed at settlement were £9,362,500 (£5,604,675 after discounts).</p> <p>In respect of non-financial sanctions imposed upon subjects: there were 13 reprimands/severe reprimands; there were 15 requirements; there were 9 declarations; and there were 3 exclusions.</p> <p>As at 23 November 2021 there were 52 investigations (including no preliminary enquiries) with a total of 110 subjects under investigation for audit and financial reporting. Of these 110 subjects, 83 are under the Audit Enforcement Procedure and the rest under the Accountancy Scheme. Of the 52 investigations, 3 investigations with 7 subjects are closed awaiting publication or publication decision.</p>
Misuse of Drugs	N/A
Measures certified as relating to the safety of tenants, residents and occupants in response to the Grenfell tragedy	N/A
Casework	<p>Audit inspections: the FRC delivered 149 inspections for 2020/21 and is currently forecast to deliver 162 for 2021/22.</p> <p>Corporate reporting review: Since 1 November 2020, the FRC has completed its 2020/21 corporate reporting monitoring cycle by opening a further 56 reviews (54 routine and 2 thematic) and writing an additional 67 opening substantive letters to companies. It has started its 2021/22 monitoring cycle by opening 194 reviews (107 routine and 87 thematic). To date, it has written 41 opening substantive letters as part of these reviews.</p> <p>Monitoring visits: Professional Oversight Team has conducted monitoring visits, using remote working methods, at four Recognised Supervisory Bodies (RSB) and five Recognised Qualifying Bodies (RQB) for statutory audit purposes; and at one RSB and one RQB for local audit purposes.</p>
Education, communications and promotion	N/A
Activity related to policy development	<p>Consultation: proposed revisions to the Audit Firm Governance Code</p> <p>Consultation: seeking views on amendments made to the Audit Enforcement Procedure</p>

Excluded Category*	Summary of measure(s), including any impact data where available**
	<p>Consultation: FRED 78 Draft amendments to FRS 102 & FRS 105 – Covid-19-related rent concessions beyond 30 June 21</p> <p>Call for feedback: Technical Actuarial Standards Post Implementation Review</p> <p>Consultation: Third Country Auditors (Fees) Instrument 2021</p> <p>Consultation: draft 2021/22 Strategy, Plan & Budget</p> <p>Consultation: the proposed revision of the standards for an audit firm’s responsibilities to design, implement and operate a system of quality management.</p>
Changes to management of regulator	N/A

* For detailed guidance on the exclusion categories, please see <https://www.gov.uk/government/publications/better-regulation-framework>

** Complete the summary box as ‘Following consideration of the exclusion category there are no measures for the reporting period that qualify for the exclusion.’ where this is appropriate.