Feedback Statement and Impact Assessment

Amendments to Basis for Conclusions – FRS 101 *Reduced Disclosure Framework* – 2022/23 cycle

Financial Reporting Council

May 2023

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Executive Summary

(i) The Financial Reporting Council's (FRC) overriding objective in setting accounting standards is to enable users of accounts to receive high-quality understandable financial reporting proportionate to the size and complexity of the entity and users' information needs.

(ii) In May 2023, the FRC issued *Amendments to Basis for Conclusions FRS 101 Reduced Disclosure Framework - 2022/23 cycle* as a result of the 2022/23 annual review of FRS 101.

(iii) In December 2022, the FRC issued FRED 81 *FRS 101 Reduced Disclosure Framework – 2022/23*, which proposed no amendments to FRS 101. Six responses were received, including from audit firms/practitioners and professional accountancy bodies, and all agreed that no changes were needed to FRS 101 for this cycle.

(iv) Consistently with its proposal, the FRC has decided not to amend FRS 101 in this cycle, and has made minor updates to the Basis for Conclusions to reflect this decision and to update the current adoption and endorsement status of IFRS Accounting Standards.

Introduction & Background

1. The purpose of the FRC is to serve the public interest by setting high standards of corporate governance, reporting and audit and by holding to account those responsible for delivering them.
2. The FRC's overriding objective in setting accounting standards is to enable users of accounts to receive high-quality understandable financial reporting proportionate to the size and complexity of the entity and users' information needs.
3. FRS 101 *Reduced Disclosure Framework* is an optional standard that is intended to enable cost-efficient financial reporting within groups, particularly those applying IFRS Accounting Standards in their consolidated financial statements. Therefore, it is only applied by those qualifying entities that consider it a cost-effective option for the preparation of their individual financial statements.
4. FRS 101 requires an entity to apply IFRS Accounting Standards that have been adopted in the relevant jurisdiction, subject to specified disclosure exemptions. Therefore, without intervention to amend FRS 101, an entity applying FRS 101 would need to provide all the disclosures required by any new IFRS Accounting Standard, or amendment to an IFRS Accounting Standard, that are adopted in the relevant jurisdiction.
5. The FRC carries out an annual review of FRS 101 to consider providing additional disclosure exemptions as IFRS Accounting Standards evolve and to respond to stakeholder feedback about other possible improvements.
6. After carrying out the 2022/23 annual review of FRS 101 the FRC issued FRED 81 *FRS 101 Reduced Disclosure Framework – 2022/23*, which proposed no amendments to FRS 101.
7. The FRC issued FRED 81 on 5 December 2022 for a 12-week comment period that closed on 28 February 2023. The table below sets out the number and category of respondent to the consultation.

Table 1: Category of Respondent

Category of Respondent	Number
Audit Firms/Practitioners	3
Professional Bodies	3
Total	**6**

Feedback Statement

8. FRED 81 posed two questions. The feedback and FRC response are summarised below.

Question 1

Do you agree that no amendments are required to FRS 101 in this cycle? If not, why not?

Table 2: responses to Question 1

Category of response	Number
Agreed	6
Disagreed	-
Total	**6**

9. All respondents agreed that no amendments are required to FRS 101 in this cycle.

FRC response

10. The FRC has proceeded with making no amendments to FRS 101.

Question 2

In relation to the Consultation stage impact assessment, do you have any comments on the costs and benefits identified? Please provide evidence to support your views.

Table 3: responses to Question 2

Category of response	Number
Agreed	1
Disagreed	-
Did not comment	5
Total	**6**

11. Most respondents had no comment on the consultation stage impact assessment, but one respondent agreed with the conclusion.

FRC response

12. The FRC has taken account of this feedback in finalising the Impact Assessment.

Impact Assessment

13. The FRC is committed to a proportionate approach to the use of its powers, making effective use of impact assessments and having regard to the impact of regulation on small enterprises.
14. Because FRS 101 is an optional standard that is intended to enable cost-efficient financial reporting within groups, it is only applied by those qualifying entities that consider it a cost-effective option for the preparation of their individual financial statements.
15. FRS 101 requires an entity to apply IFRS Accounting Standards that have been adopted in the relevant jurisdiction, subject to specified disclosure exemptions. The FRC carries out an annual review of FRS 101 to provide additional disclosure exemptions as IFRS Accounting Standards evolve and to respond to stakeholder feedback about other possible improvements.
16. Given the nature of the amendments issued by the IASB during the past year, the FRC has not made any amendments to FRS 101 in this cycle.
17. Overall, the FRC believes that FRS 101 will continue to have a positive impact on the cost-effectiveness of the preparation of the financial statements.

Appendix

List of respondents to the Consultation:

→ Ernst & Young LLP
→ Chartered Accountants Ireland
→ The Institute of Chartered Accountants in England and Wales
→ The Institute of Chartered Accountants of Scotland
→ KPMG LLP
→ PricewaterhouseCoopers LLP

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