

6 February 2024

Stephen Maloney  
Financial Reporting Council  
8th Floor  
125 London Wall  
London  
EC2Y 5AS

By email: [ukfrs@frc.org.uk](mailto:ukfrs@frc.org.uk)

Dear Mr Maloney,

## Financial Reporting Exposure Draft 85 Draft amendments to FRS 101 *Reduced Disclosure Framework* 2023/24 cycle

We welcome the opportunity to respond to Financial Reporting Exposure Draft 85 Draft amendments to FRS 101 *Reduced Disclosure Framework* 2023/24 cycle (FRED 85).

We support the FRC's overall approach that proposes only minor amendments to FRS 101 for consistency with IAS 1 *Presentation of Financial Statements*. However, we believe that the disclosures from *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7) will also be relevant to the users of a qualifying entity and we propose to expand the scope of these requirements to those entities as well, unless equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Our responses to specific questions are set out in the Appendix to this letter.

If you have any questions, please contact Linda Riedel on 020 7007 0227 or [lriedel@deloitte.co.uk](mailto:lriedel@deloitte.co.uk), or Robert Carroll on 020 7303 2458 or [rcarroll@deloitte.co.uk](mailto:rcarroll@deloitte.co.uk).

Yours sincerely



Veronica Poole

Vice-Chair and UK National Head of Accounting and Corporate Reporting  
Deloitte LLP

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.

## Appendix: Responses to detailed questions

### Question 1

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

We agree with the proposed amendments to FRS 101. The proposed amendments are in line with the Regulations and the effective date of *Classification of Liabilities as Current or Non-current* (Amendments to 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?**

Except for our comment below on *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7), we agree that no other amendments to FRS 101 are required for the IASB projects outlined in paragraph 7 of the Basis for Conclusions. Our comments on the three projects listed in the table in paragraph 7 that required further consideration in this review are below:

- **Non-current Liabilities with Covenants (Amendments to IAS 1):** We agree that the new disclosure requirements from this IASB project should apply to all qualifying entities and therefore no exemption should be provided in FRS 101 related to this project.
- **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7):** In line with our response to FRED 84, we believe that the new disclosure requirements in relation to supplier finance arrangements may also be useful to the users of a qualifying entity's financial statements, except in cases where equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. Since Paragraph 8(h) of FRS 101 permits all qualifying entities to take advantage of exemptions from the disclosure requirements of IAS 7 (which will include the disclosure requirements introduced by these amendments to IAS 7), we propose that the scope of entities covered by the proposed disclosure requirements in relation to *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7) be extended to include qualifying entities unless equivalent disclosures are being included in the consolidated financial statements of the group in which the entity is consolidated.
- **Lack of Exchangeability (Amendments to IAS 21):** We agree that the new disclosure requirements from this IASB project should apply to all qualifying entities and therefore no amendment to FRS 101 is required related to this project.

### Question 3

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

We concur that, except as mentioned in our response to Question 2 above regarding disclosures required by '*Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7)', FRS 101 and the proposed amendments will continue to have a positive impact on the cost-effectiveness of the preparation of financial statements.