

FRED 82 Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs – Periodic Review

A public consultation issued by FRC

Comments from ACCA to the FRC
28 April 2023
Ref: TECH-CDR-2037

ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

We're a thriving global community of **241,000** members and **542,000** future members based in **178** countries and regions, who work across a wide range of sectors and industries. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance, and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business, and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in our purpose. We believe that accountancy is a cornerstone profession of society and is vital in helping economies, organisations, and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities.

And through our cutting-edge research, we lead the profession by answering today's questions and preparing for the future. We're a not-for-profit organisation. Find out more at accaglobal.com.

Further information about ACCA's comments on the matters discussed here can be requested from the below contacts or UKpolicy@accaglobal.com:

Glenn Collins
Head of Technical & Strategic Engagement - UK
glenn.collins@accaglobal.com

Clíodhna Walsh
Senior Policy Manager – EEMA & UK
clíodhna.walsh@accaglobal.com

ACCA welcomes the opportunity to provide views in response to the FRC's exposure draft (ED) ('FRED 82') for draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs ('the Standards') – Periodic Review.

GENERAL COMMENTS:

Broadly, ACCA is supportive of the proposed amendments, which focus on updating accounting requirements to reflect changes in IFRS Accounting Standards, particularly with respect to revenue and leases, together with other incremental improvements and clarifications.

FRED 82 is timely given the IASB's exposure draft for the third edition of the *IFRS for SMEs Accounting Standard* earlier this year. In our response to the IFRS consultation¹ we highlighted that ACCA agrees that national standards should be substantially consistent with the principles of global standards, subject to the constraints of the needs of different users (i.e. simplified for SMEs).

We believe that maintaining alignment of standards is important in order to:

- Maintain the quality of accounting;
- Provide comparability between companies both within a country and internationally;
- Make financial statements easier to understand; and
- Reduce complexity for preparers and auditors.

As already suggested to the IASB, ACCA would support field testing some of the proposals with SMEs, their auditors and users of their financial statements in order to identify implementation challenges. For example, we expect the proposals for the 'on-balance sheet model' from *IFRS 16 Leases* and the five-step revenue recognition model proposals to be more difficult to implement.

ACCA would be happy to work with the FRC to facilitate suitable feedback sessions in the form of roundtables or expert interviews so that any application guidance is as useful as possible.

We are concerned that the implementation date for the changes allows limited time for businesses to adapt.

We also consider that the changes proposed be introduced at the same time as:

- the changes contained within the Economic Crime and Corporate Transparency Bill, and
- the planned revision of Statements of Recommended Practice (SORPs) especially

¹ ACCA's response to Exposure draft (ED) on the Third edition of the IFRS for SMEs Accounting Standard: https://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2023/march/acca_response_ed_third_edition_ifrs_smes_accounting_standard.html

the SORP for Charities.

Finally, as stated, ACCA would be keen to be involved in the development of application guidance.