

Amendments to FRS 101 and FRS 102 – Notification of shareholders

Financial Reporting Council (FRC)

RPC rating: validated

Description of the measure

The amendments to the FRC's Financial Reporting Standards (FRS) remove the requirement for entities to notify all shareholders that they intend to take advantage of disclosure exemptions afforded to them by applying FRS 101 "Reduced Disclosure Framework" or FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". As this is a removal of a requirement, the FRC considers the change to be deregulatory and permissive.

Impacts of the measure

The assessment states that the measure will potentially affect the population of entities that may apply UK and Ireland accounting standards. This is estimated to be approximately 3.8 million entities. The assessment highlights that firms may incur some negligible familiarisation costs. The measure may lead to costs savings from a reduction in administrative burdens. However, the FRC has been unable to quantify the potential cost savings as consultation with firms did not yield any useful information. The FRC considers it disproportionate to attempt to quantify the benefits for a deregulatory measure that all respondents to the consultation agreed with.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £0.0 million.

Quality of submission

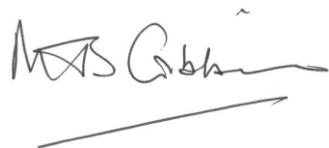
The FRC has provided sufficient information for the RPC to verify the EANDCB figure of zero. Although there may be some small familiarisation costs, the measure is clearly deregulatory and as such is permissive in nature. The RPC notes that while this assessment covers domestic accounting standards, any future assessments should make clear as to whether or not any delayed derogation, as part of an international agreement relating to financial standards, has been taken. The RPC notes that while this assessment covers domestic accounting standards, any future assessments should make clear as to whether or not any delayed derogation, as part of an international agreement relating to financial standards, has been taken.

Regulator assessment

Classification	Qualifying regulatory provision
Equivalent annual net direct cost to business (EANDCB)	£0.0 million
Business net present value	£0.0 million

RPC assessment

Classification	Qualifying regulatory provision
EANDCB – RPC validated ¹	£0.0 million
Business Impact Target (BIT) Score ¹	£0.0 million



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.
