

# Financial Reporting News

## January 2022 editions of accounting standards issued

In January 2022, the FRC released its current editions of UK and Ireland accounting standards. These editions reflect the amendments made since the previous editions were issued in 2018, as well as changes in Irish company law, resulting in a single up-to-date reference point for each standard.

In addition, the FRC has issued revised editions of the Foreword to Accounting Standards and Overview of the financial reporting framework that reflect developments in accounting standards, legislation and regulation.

The documents issued are:

a. Foreword to Accounting Standards;

- b. Overview of the financial reporting framework;
- c. FRS 101 Reduced Disclosure Framework;
- d. FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- e. FRS 103 Insurance Contracts;
- f. Implementation Guidance to accompany FRS 103 Insurance Contracts;
- g. FRS 104 Interim Financial Reporting; and
- h. FRS 105 The Financial Reporting Standard applicable to the Micro-entities Regime.

A new edition of FRS 100 will be issued following changes to this standard expected later this year.

Source: [www.frc.org.uk](http://www.frc.org.uk)

## Proposed amendment to IAS 1 Presentation of Financial Statements to improve the information companies provide about long-term debt with covenants.

The International Accounting Standards Board (IASB) has proposed amendments to IAS 1 Presentation of Financial Statements to improve the information companies provide about long-term debt with covenants.

IAS 1 requires a company to classify a liability as non-current only if the company has a right to defer settlement of the liability for

at least 12 months after the reporting date. However, such a right is often subject to the company complying with covenants after the reporting date. For example, a company might have long-term debt that could become repayable within 12 months if the company fails to comply with covenants after the reporting date.

A number of alterations to the presentation and disclosure regarding covenants have been announced.

To access the exposure draft, refer to the following link.

Source: [www.ifrs.org](http://www.ifrs.org)

## FRC consults on annual review of FRS 101

The Financial Reporting Council (FRC) has published Financial Reporting Exposure Draft 79 'FRS 101 Reduced Disclosure Framework – 2021/22 cycle' (FRED 79) proposing no amendments to FRS 101 'Reduced Disclosure Framework'.

FRS 101 Reduced Disclosure Framework is an optional standard that is intended to enable cost-efficient financial reporting within groups, particularly those applying adopted IFRS 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.

Please click 00 FRED 79-title 1..2 ([frc.org.uk](http://frc.org.uk)) to access the consultation paper on the FRC website.

Source: [www.frc.org.uk](http://www.frc.org.uk)

## IAASA publishes Information Note "Applying IFRS 9 Financial Instruments – expected credit losses"

IFRS 9 Financial Instruments, which sets out an impairment model based on an expected credit loss (ECL) model for financial instruments, became effective in 2018.

Since its first application, IAASA has examined how banks have applied the key judgements in IFRS 9. IAASA's Information Note is based on observed trends in the application of IFRS 9 by banks and, in particular, since the start of the COVID-19 pandemic.

The key messages in the Information Note are available here.

In addition, refer to Wayne Bartlett's article on this topic within this edition.

Source: [www.iaasa.ie](http://www.iaasa.ie)