

# Financial Reporting News

## FRC consults on periodic review of FRS 102

UK and Ireland accounting standards are subject to periodic reviews, at least every five years, to ensure they remain up-to-date and continue to require high-quality and cost-effective financial reporting from entities within their scope.

The Financial Reporting Council (FRC) is starting the next periodic review of FRS 102, including other UK and Ireland accounting standards.

Part of this process is seeking views from stakeholders on areas that might be considered as part of the review. The FRC note that this might include new issues/transactions that should

be addressed, or comments or suggestions in relation to the current requirements. In addition to stakeholder feedback the review will consider recent developments in financial reporting (such as changes in IFRS) and relevant developments in the wider reporting framework.

Any changes to accounting standards that are proposed as a result of the periodic review will be subject to public consultation at a later date, not expected to be before 2022. The effective date for any amendments is currently expected to be 1 January 2024.

Stakeholders can provide comments on any aspect of the standards to [ukfrsperiodicreview@frc.org.uk](mailto:ukfrsperiodicreview@frc.org.uk) by 31 October 2021.

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

## IASB extends the application period for Covid-19 related rent concessions

In May 2020, the International Accounting Standards Board (IASB) amended IFRS 16 Leases, by introducing a practical expedient, to make it easier for lessees to account for Covid-19 related rent concessions such as rent holidays and temporary rent reductions.

In response to calls from stakeholders and due to the ongoing impact of Covid-19, the IASB has recently extended the relief by one year to cover rent concessions that reduce only lease payments due on or before 30th June 2022.

The amendment is effective for financial reporting periods commencing on or after 1st April 2021.

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

## FRC proposes extending application period for accounting requirements covering Covid-19-related rent concessions

The Financial Reporting Council (FRC) has recently issued an Exposure Draft that proposes to extend the application period of requirements that cover the accounting treatment of temporary rent concessions occurring as a direct consequence of the Covid-19 pandemic by one year.

FRED 78 proposes that requirements originally introduced

into FRS 102 and FRS 105 in October 2020 apply to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the requirements are met.

The amendments are proposed to be effective for accounting periods beginning on or after 1 January 2021, with early application permitted.

## Sustainability Reporting

In September 2020, The IFRS Foundation Trustees published a Consultation Paper on Sustainability Reporting (2020 Consultation Paper). The aim of the Consultation Paper was to assess the need for global sustainability reporting standards and the role, if any, that the foundation should play in the development of such standards.

An initial review of the responses received to the 2020 Consultation Paper indicated a growing and urgent demand to improve global consistency and comparability in sustainability, recognition that urgent steps need to be taken and a broad demand for the IFRS Foundation to play a role in this. The Trustees met in early March 2021 to continue their analysis and discussions of the feedback received to the 2020 Consultation Paper.

One of the matters on which the Trustees sought to consult was the establishment of a New Sustainability Standards Board and following their meeting in March 2021 the Trustees have reached the following views about the strategic direction of a new board:

- To focus on information that is material to the decisions of investors, lenders and other creditors;
- To initially focus its efforts on climate-related reporting, while also working towards meeting the information needs of investors on other ESG;
- To build upon the well-established work of the Financial Stability Board's Task Force on Climate related Financial Disclosures (TCFD), as well as work by the alliance of leading standard-setters in sustainability reporting focused on enterprise value;
- By working with standard-setters from key jurisdictions, standards issued by the new board would provide a globally consistent and comparable sustainability reporting baseline, while also providing flexibility for coordination on reporting requirements that capture wider sustainability impacts.

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