

FRS 102 1A – DISCLOSURE AND PRESENTATION FAQs

(Lecture A616 – 12.49 minutes)

1.1 *Do small companies have to disclose the presentation currency?*

Yes! Neither the Appendix to FRS 102, Section 1A *Small Entities*, nor the Companies Act 2006 expressly require the disclosure. However, the exclusions in disclosure, contained in Section 1, for small companies, do not extend to Section 3.23d. So the disclosure is required, despite the fact it has no asterisk next to it.

There is an argument that including the pound sign (£) is sufficient, which most people seem to accept. However, there are other currencies that use this symbol other than the British Pound Sterling.

1.2 *Is a stock note needed in small company accounts?*

Generally, no. There is no requirement in FRS 102, Section 1A. Occasionally, the Companies Act 2006 disclosure might be needed in respect of the relevant Arabic numerals as follows:

1. Stocks
2. Payments on account

But this will be very rare.

1.3 *Exactly what disclosures are needed in relation to investment properties in small company accounts?*

1. Opening balances, movements in the year and closing balances
2. The significant assumptions underlying the valuation models and techniques used to determine the fair value

1.4 *Is a director an employee for disclosure purposes?*

Views differ and no conclusive guidance exists.

Some say, no. Directors are directors not employees, even when on the payroll.

Alternatively, there is a view that directors are always employees when engaged in any sort of employment role.

In reality, nobody cares much unless the number is near a threshold such as 10 for micro-entities or 50 for small companies!

This remains a matter for personal judgement.

1.5 *In the statement of compliance do you have to mention Section 1A?*

Firstly, let us not forget that the statement of compliance is an encouraged presentation and not a requirement. Nevertheless, everybody seems to, quite rightly, feel suitably encouraged to include it.

Also, do not forget that there will be a statement of compliance with the small company regime on the balance sheet.

There is no definitive view on whether to specifically mention Section 1A in the FRS 102 statement of compliance, but there is a consensus that it would be a good idea.

It could read as follows:

The financial statements have been prepared using FRS 102 The Financial Reporting Standard applicable in the UK and the Republic of Ireland, including the disclosure and presentation requirements of Section 1A, applicable to small companies.

The exact wording of this can differ and sometimes accountants forget that Section 1A contains only the presentation and disclosure requirements (recognition and measurement is based on full FRS 102), so accounts cannot be prepared only in accordance with that one section, alone.

1.6 *Do you have to disclose which version of FRS 102 is being used?*

No. Except where there is a requirement to disclose early adoption of new version of the Standard.