

## 1 New edition of FRS 100 issued (Lecture A814 – 6.09 minutes)

On 18 November 2022, the FRC issued a revised edition of FRS 100 following a public consultation through FRED 80 *Draft amendments to FRS 100 Application of Financial Reporting Requirements Application Guidance – The Interpretation of Equivalence*.

The Application Guidance contained in FRS 100 was amended in November 2022 to reflect changes in company law and decisions on equivalence following the UK's departure from the EU. The revised guidance is immediately effective and is based on current legal requirements. The structure of the Application Guidance is as follows:

Section	Relevant paragraphs
Introduction	AG1 to AG4
Assessing equivalence	AG5 to AG6
The exemptions from consolidation	AG7 to AG22
The exemptions in financial reporting standards	AG23 to AG28

Claiming exemption from preparing consolidated financial statements requires an analysis of whether the framework (or specified elements of it) applied in practice are equivalent to another framework (or specified elements of it).

References to equivalence to another framework do not mean compliance with *every* aspect of that framework. Instead, it is necessary to consider whether the basic requirements of that framework are met (especially the requirements to give a true and fair view). The revised Application Guidance clarifies that a qualitative approach is more in keeping with the deregulatory nature of the exemption rather than a requirement to consider the detailed requirements on a checklist basis.

### 1.1 Equivalent GAAPs

The UK government has recognised the equivalence to UK-adopted IFRS of the following GAAPs, which includes those GAAPs previously recognised by the EC as equivalent to EU-adopted IFRS:

- GAAP of Canada
- GAAP of the People's Republic of China
- GAAP of Japan
- GAAP of the Republic of Korea

- GAAP of the United States of America
- IFRS as adopted by the EU
- IFRS as issued by the IASB