NEW FRAMEWORK COMPARISON – AN OVERVIEW

	Micro entities – FRS 105[4]	Small entities – FRSSE 2015	Small entities – FRS 102 section 1A[4]	Non-small entities – FRS 102
Qualifying Criteria (meet 2 out of 3, for 2 consecutive years)	Turnover ≤ £632k Gross assets ≤ £316k [1] Employees ≤ 10	Turnover ≤ £6.5m Gross assets ≤ £3.26m [1] Employees ≤ 50 BUT possibility that can apply to small companies under the new size criteria [2]	Turnover ≤ £10.2m Gross assets ≤ £5.1m [1] Employees ≤ 50	If don't meet small entity criteria
Effective Date	Periods starting on / after 1 January 2016 Early adoption permitted for periods ending on/after 30 September 2013	Periods starting on / after 1 January 2015 Early adoption permitted for periods starting on/after 1 January 2013 **PLEASE NOTE**: for accounting periods commencing on/after 1 January 2016, FRS 102 section 1A will apply, therefore restricting the use of FRSSE 2015 to one year.	Periods starting on / after 1 January 2016 Early adoption permitted for periods starting on/after 1 January 2015 *e.g. for a March year end, the first period mandatorily impacted is 31/03/17*	Periods starting on / after 1 January 2015 Early adoption permitted for periods ending on/after 31 December 2012
Transition Date	N/A – No significant transitional impact unless need to reverse revaluations.	N/A – No significant transitional impact except for intangibles.	Opening day of the comparative period *(e.g. for a 31/12/16 year end, transition date is 01/01/15. For a 30/06/17 year end, transition is 01/07/15)*	Opening day of the comparative period *(e.g. for a 31/12/15 year end, transition date is 01/01/14)*

	Micro entities – FRS 105[4]	Small entities – FRSSE 2015	Small entities – FRS 102 section 1A[4]	Non-small entities – FRS 102
Measurement and Recognition Basis	Predominately FRS 102 however: • finance costs cannot be capitalised; • government grants have to be accounted for under the performance method; • revaluations are not permitted; • No requirement to FV account (however, amortised cost is still required); and • accounting for deferred tax and equity-settled share-based payments is optional	Per old FRSSE, other than: • useful economic life of intangible asset is 5 years maximum unless a longer period can be justified; and • change to related party group disclosure exemptions to bring them in line with full "old" GAAP.	FRS 102	FRS 102
Content of Financial Statements	• Profit & Loss Account (specific format) • Balance Sheet (main headings only) • 2 notes (Directors advances, credits and guarantees, and Financial commitments)	• Directors' Report • Profit & Loss Account • Balance Sheet • All existing notes	• Directors' Report • Profit & Loss Account • Balance Sheet • 13 specific notes required by law • Other notes recommended (to show true and fair view)	• Directors' Report • Strategic Report • Balance Sheet • Statement of Comprehensive Income • Statement of Cash Flows • Statement of Changes in Equity • All notes

	Micro entities – FRS 105[4]	Small entities – FRSSE 2015	Small entities – FRS 102 section 1A[4]	Non-small entities – FRS 102
Filing Requirements **(Also see Section 444 exemptions below)**	Full financial statements	Full financial statements or abbreviated accounts	As approved by members, so either: • Full financial statements; or • Abridged accounts (as full, but P&L account starts from Gross Profit and balance sheet is main headings only)	Full financial statements
S444 Exemption Available (to not file Directors' Report and/or Profit And Loss Account)	"Yes"	Yes	Yes	No [6]
Statutory Audit Required [3]	No	No	Expectation not, but still to be confirmed. NB: If entity **early adopts** the new size criteria (in order to qualify as small), an audit will be required for that year.	Yes
Scoped Out	• Charities • LLPs • Subsidiaries that are included in a consolidation.	• Any non-qualifying entity	• Any non-qualifying entity	N/A

	Micro entities – FRS 105[4]	Small entities – FRSSE 2015	Small entities – FRS 102 section 1A[4]	Non-small entities – FRS 102
Benefits	• Minimal disclosure in the public domain • Simple to prepare • Automatically show a true and fair view • No need to revalue investment properties • Fair value accounting avoided as is the need to account for equity-settled share-based payments	• No significant change from FRSSE (2008) • Familiar • Gives entities the chance to get used to the idea of a new framework	• Limited disclosure • Uses full FRS 102 principles for measurement and recognition	• Easier to use than IFRS!
Disadvantages	• Accounting still primarily based on IFRS • More information will need to go into the tax computation • Maybe commercially damaging to credit rating and not fit for purpose when potential financiers, suppliers and customers review them • Amortised cost calculations still needed, which may be challenging. • Different P&L format • Could be difficult to justify fees	• Shelf life of one year • Delaying the inevitable • Lacking modernity	• FRS 102 measurement principles without modification thus challenging • The limited disclosures required by law might conflict with the overarching requirement for these financial statements to give a true and fair view. • Related party transactions which are not on normal commercial terms will be put on public record	• Full application of FRS 102 • Full disclosure required • Related party transactions will be put on public record

SUPPORTING NOTES

1. For the avoidance of doubt, "Gross assets" means Fixed assets + current assets

2. Please note that if an entity early adopts the new size criteria, it appears that FRSSE 2015 could be used for the 2015 year end. However, there is an expectation that additional clarity will be issued on this point, as the intention of the new legislation is understood to be that if the new size criteria are used, the new accounting framework should also be used.

3. The consideration as to whether the entity requires an audit only considers the size of the company above. If an entity is part of a group, users need to consider the size of the group worldwide and the presence of any listed entity in the group to determine whether the entity is exempt from audit

4. Key thing to note – FRS 105 and FRS 102 Section 1A are still at Exposure Draft stage (FRED 58 and 59 respectively) at the time of preparing this schedule (June 2015).

5. Please note that this summary does not take into account the possibility of using FRS 101 nor IFRS.

6. Small entities are not prevented from using full FRS 102. However, this summary assumes that small entities will take advantage of one of the available small company reporting frameworks. If a small entity adopts full FRS 102 voluntarily, the section 444 exemption would still be available.