GUIDE TO FRS 102 DISCLOSURE

in Relate Accounts Production

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Relate Accounts Production

INTRODUCTION

2014 will bring some of the biggest compliance headaches experienced by accountants for many years.

- On the 1st October 2014, Phase 2 of iXBRL will create the electronic filing of over 80,000 sets of accounts to ROS that will have to pass through their gateway.
- For financial statements with years starting on or after 1st January 2015, FRS 102 becomes mandatory, but in respect of statements with the year ending 31st December 2015 the years ending 31st December 2013 and 2014 will provide the transitional adjustments and plans and programs need to be in place to handle this new accounting regime.
- The new FRSSE (January 2015) for small entities will also come into force for years starting on or after 1st January 2015 and there are likely to be an increasing number of changes to it before it becomes mandatory and thereafter as well.
- October 2014 appears to be a likely adoption date of the new Companies Act 2012 which is going to have a significant number of changes when compared with the existing legislation.

BACKGROUND

It has been some 40 years since the last major change to the accounting regime. In March 2013 the Financial Reporting Council published FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" that is designed to replace all the existing standards (FRSs, SSAPs and UITF Abstracts) for those entities to which it applies. It is based on the international standard, IFRS for SMEs. However, it has been considerably modified so that it is compatible with ROI and UK legislation and regulations and with matters where there is disagreement with the international standard and where our existing standards are more advanced.

FRS 102 (unlike IFRS for SMEs) is mandatory for non-small private entities, where "small" is defined by the local legislation, for periods starting on or after 1st January 2015. The transition date for periods starting on **1st January 2015**, however, is 1st January 2014, because the financial statements for the **previous two periods have to be restated** in accordance with FRS 102 in the financial statements of periods starting on or after 1st January 2015.

Also, small private entities may optionally follow FRS 102. Furthermore, private entities of any size may optionally follow FRS 102 for earlier periods as far back as periods ending 31st December 2012.

Small private entities under old GAAP may optionally adopt the FRSSE (effective April 2008)). Such entities may instead adopt the new FRSSE (effective January 2015) for periods starting before 1st January 2015. If such entities do not follow FRS 102 for periods starting on or after 1st January 2015, then they must adopt the new FRSSE for those periods.

Relate Accounts Production deals with the full old GAAP, the old FRSSE, FRS 102 and the new FRSSE according to these rules within a single template for each relevant entity type. So a user does not have to set up a new dataset each time an entity changes from one accounting regime to another.

The ticked boxes in the table below show the options that are available depending on the size of the entity and year-start date.

SIZE OF PRIVATE ENTITY	YEAR-START 1ST JAN 2015	OLD GAAP	FRSSE (APR 2008)	FRS 102	FRSSE (JAN 2015)
Small	Before	✓	✓	✓	✓
Small	On/after			✓	✓
Non-Small	Before	✓		✓	
Non-Small	On/after			✓	

All the above options are built into Relate Accountants Production.

THE FUTURE OF FRS 102 AND FRSSE

FRS 102 and the FRSSE represent the old and new GAAP respectively. The FRSSE being a reduced version of the old GAAP will always have fundamental differences with the new GAAP, unless it is completely overhauled.

Because of the differences and the on-going transitional difficulties for a small entity growing to a medium or large one, it might be better to rewrite the FRSSE, so that it becomes a reduced version of FRS 102. This would, of course, mean that all existing small entities would have to make the transition, but new ones would go straight to it. All small entities would then find it easier to go to the full FRS 102 when they have to. For the time being, however, each small but growing entity has to make a major transition.

CONSISTENCY OF DISCLOSURES WITH LAWS AND REGULATIONS

Laws and regulations always take precedence and therefore disclosures must be consistent with both laws and regulations and with the new standard whose purpose is still to make the full financial statements true and fair. The new Companies Act will soon be published and will indicate whether FRS 102 applies to entities such as Companies Limited by Guarantee on the basis of their size or not.

The format of the Profit and Loss Account and the Balance Sheet remain essentially unchanged. When FRS 102 was still in draft mode, the ASB restructured the Balance Sheet, but subsequent changes to the standard removed the differences and indicated that the laws and regulations should be followed on these primary statements.

There is, however, room for a little variation. To start with the terminology can be changed to be consistent with the standard, but it must also be consistent with law and regulations and not misleading. The example here shows some change in the terminology such as “Non-current assets” in place of “Fixed assets”, but all such terminology changes are options within the template.

Another possible change on the face of the Balance Sheet is to disclose separately Investment Property. The accounting treatment of Investment Property is very different from other fixed assets and separate disclosure with a separate note may arguably be better practice. Once again we have given the option for separate disclosure within the template.

SCOPE OF FRS 102

The size of FRS 102 is only about one tenth of the size of all the existing standards and abstracts it is replacing. Therefore, in principle, it is much easier to grasp the essentials. However, the reason why the existing standards were extended so much was to deal with all the unanswered detailed queries that arose after the issue of those standards.

There could also be a lot of grey areas arising in FRS 102 as well. So it would not be surprising to see this standard gradually increasing in size. Also, changes to IFRS for SMEs and to regulations and EC directives could also mean new versions of the standard will eventually appear. Because this standard has brought together the previous standards into a reduced single standard does not mean that this will remain so.

The advent of FRS 102 has also meant that existing SORPs are being rewritten to deal with the standard in so far as it applies to specific entity types. Relate Accounts Production will of course deal with these changes insofar as they are of significance to our clients.

THE NEW DISCLOSURE LANGUAGE

These options are available to enable selection of the most suitable terminology:

A There are options to decide on whether to adopt the new terminology for the headings of the primary financial statements (subject to company law); the changes may be adopted individually or collectively; there are also options for the terminology of combinations of statements with corresponding text in the accounting policies.

Profit and Loss Account	Income Statement
Statement of Total Recognised Gains and Losses	Other Comprehensive Income
Balance Sheet	Statement of Financial Position
Reconciliation of Shareholders' Funds	Statement of Changes in Equity
Cash Flow Statement	Statement of Cash Flows

B There are options for other descriptive changes such as:

Tangible assets	Property, plant and equipment
Fixed assets	Non-current assets
Debtors	Receivables
Stock	Inventories
Creditors	Payables
Minority interests	Non-controlling interests
Capital and reserves	Equity
Turnover	Revenue
Net realisable value	Est. selling price less costs to complete & sell

Interest payable and similar charges	Finance costs
Interest receivable and similar income	Finance income/investment income
Net book value	Carrying amounts
Post-balance sheet events	Events after end of reporting period

Of course there are other general changes to the language. “Acquisitions” becomes “Business combinations”. The standard has also introduced “Cash equivalents”, “Cash generating unit”, “Income tax” (in place of “Corporation tax”), “Operating segments” etc.

REMINDERS

In order to help our clients get used to the disclosure requirements of the new standard, there are reminders built into the Compliance Database of the types of entry that are required.

For example, for Investment Property there is a reminder of the requirements to disclose as relevant an explanation of how a fair value was determined, any security pledged and any undeveloped land not at fair value.

Another example is the list of possible exemptions that may be claimed by group companies.

TRANSITION TO FRS 102

When a company changes from one regime to another (whether required and optionally), there is no need to create a new set of data. This in turn enables the FRS 102 transition facility to operate. This is a built-in facility enabling the transitional adjustments to the opening and closing comparative Balance Sheets and to the comparative Profit and Loss Account to be reported as required by the standard. All that is required is that these adjustments are posted using this special routine instead of the standard one.

In Relate Accounts Production the transitional adjustments are entered in two trial balance columns, one for the comparative year and one for the pre-comparative year. The amounts are automatically included in the comparatives and pre-comparatives and reported separately in the notes on the FRS 102 transition.

For a company with year-end 31st December 2015 the adjustments would be to the Balance Sheet of the financial statements with the year-end of 31st December 2013, the Balance Sheet of the financial statements with the year-end of 31st December 2014 and the Profit and Loss Account of the financial statements with the year-end of 31st December 2014. It is therefore advisable to determine what those adjustments are when those two previous years of financial statements are produced. Any early adoption will bring those dates forward. Using Relate Accounts Production you can produce new versions of the financial statements for those two previous years, but of course you are not required to file them. When the time comes to prepare the first financial statements under FRS 102, you can then easily identify the transitional adjustments that need to be made.

Using Relate Accounts Production it is simple to achieve using the following approach:

1. The year-end routine on the previous set of accounts that was filed (i.e. not an FRS 102 version of it) may be run or the trial balance extracted from the client's books in the usual way.
2. Then post the FRS 102 adjusting transactions to the pre-comparatives and comparatives using the special FRS 102 transactional adjustments facility and making sure that the brought forward adjustments in the comparative agree with the adjustments being carried forward from the pre-comparatives.
3. Then do an ordinary journal to adjust the opening balances in the current year to the adjusted closing balances in the comparative year.

There is a facility for automatically checking that brought forward amounts in a particular year agree with carried forward amounts from the preceding year. This will speed the process up.

There is the means to reference each of the transitional adjustments to detailed text that explains how the transitional changes came about, such as these changes in accounting policies:

a. Restatement of goodwill values to accord with the five-year useful economic life presumption
b. Stock values to recognise the prohibition of valuation under LIFO
c. Deferred tax implications

The text may have multiple references where the transitional adjustments caused multiple changes to the reported balances.

STATEMENT OF COMPLIANCE

The standard requires all financial statements to include a statement of compliance. This statement should appear immediately after the primary statements. A normal statement for Republic of Ireland financial statements would typically be as follows:

The financial statements of the company for the year ended 31 December 2013 have been prepared in accordance with generally accepted accounting principles in Ireland and Irish statute comprising the Companies Acts, 1963 to 2012 and in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council, as promulgated by Chartered Accountants Ireland. These are the company's first set of financial statements prepared in accordance with FRS 102 (see note x for an explanation of the transition).

The last sentence is required the first time FRS 102 compliant financial statements are produced and will appear automatically. Also the means is given to report additional disclosures if there is a departure from FRS 102 as required by the standard.

BASIS OF PREPARATION

The basis of preparation discloses the valuation methods used and refer to the accounting policies:

The financial statements have been prepared under the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

If the financial statements have not been prepared on a going concern basis, then the basis of preparation will include:

As explained in note x to the financial statements, the directors do not consider the going concern basis to be appropriate and these financial statements have therefore not been prepared on that basis.

DETAILS OF ENTITY

The first note comprises a statement on the legal form of entity and the country of incorporation.

PERIOD OF FINANCIAL STATEMENTS NOTE

If the current period is not a year, there is the means to disclose:

- The length of the period
- The reason for the longer or shorter period
- The fact that the comparative amounts presented in the financial statements and its notes are not entirely comparable

DISCONTINUED OPERATIONS

Where there are discontinued operations, the Profit and Loss Account shows in columnar form the split between continuing and discontinued operations with totals for both years. The format is in accordance with the illustration in FRS 102, but also conforms to company law.

The example below produced using Relate Accounts Production shows discontinued operations in both the current and comparative years.

GATSBY ANTIQUES LIMITED
PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2013

	Notes	2013 Continuing Operations €	2013 Discounted Operations €	Total €	2012 Continuing operations € as restated	2012 Discounted operations € as restated	Total €
Turnover	5	**53,496,448**	**1,346,789**	**54,843,237**	50,068,237	754,125	50,822,362
Cost of sales		**(51,662,296)**	**(1,067,564)**	**(52,729,860)**	(48,036,542)	(598,543)	(48,635,085)
Gross profit		**1,834,152**	**279,225**	**2,113,377**	2,031,695	155,582	2,187,277
Distribution costs		**(162,644)**	**(43,679)**	**(206,323)**	(184,015)	(27,531)	(211,546)
Administrative expenses		**(1,716,736)**	**(415,765)**	**(2,132,501)**	(1,702,386)	(217,565)	(1,919,951)
Other operating income		**780,663**	**13,653**	**794,316**	447,021	7,527	454,548
Operating profit	6	**735,435**	**(166,566)**	**568,869**	592,315	(81,987)	510,328
Investment income	7	**12,195**	**215**	**12,410**	3,528	-	3,528
Other gains and losses	8	**4,596**	**-**	**4,596**	-	-	-
Interest receivable and similar income	9	**10,806**	**254**	**11,060**	3,398	-	3,398
Interest payable and similar charges	10	**(30,508)**	**(623)**	**(31,131)**	(42,966)	(317)	(43,283)
Profit on ordinary activities before taxation	12	**732,524**	**(166,720)**	**565,804**	556,275	(82,304)	473,971
Tax on profit on ordinary activities		**(116,011)**	**(2,145)**	**(118,156)**	(90,362)	(1,235)	(91,597)
Profit of the year		**616,513**	**(168,865)**	**447,648**	465,913	(83,539)	382,374

STATEMENT OF CHANGES IN EQUITY

This is now a primary statement showing the movements over both the comparative and current years by class of equity (share capital, all other reserves and, in the case of consolidated financial statements, non-controlling interests). It replaces the Reconciliation of Shareholders' Funds and Reserves notes, but also shows the changes in the comparative year.

The Consolidated Statement of Changes in Equity includes the split between amounts of equity that are attributable to the owners of the parent company and to non-controlling interests (minority interests).

The brought forward amounts are shown as restated according to the prior year material errors and changed accounting policies. Note that there is now material errors and not fundamental errors and so there are likely to more of them than previously. The prior year adjustment amount is split between the material errors and the changed accounting policies by an entry in the Compliance Database and these adjustments can be explained in the Prior Year Adjustment note. All the movements during each of the two years are itemised across each category of equity.

This statement is automatically produced and a note is available that should explain the changes that have taken place.

If the only movement in equity is due to profit/loss, dividends paid and prior year material errors and changed accounting policies, then it may be optionally combined with the Income Statement to produce the Statement of Income and Retained Earnings. In company law terms the Profit and Loss Account is extended to show the movement in the Profit and Loss Reserve. The amounts of profit/loss, dividends paid, prior year material errors and changed accounting policies are shown separately. An accounting policy that this option has been chosen is disclosed.

STATEMENT OF CASH FLOWS

Small companies that follow FRS 102 must now produce this statement as well as other companies.

The main change is that there are now only 3 classifications compared with 9 under FRS1 (Revised):

- Operating activities
- Investing activities (except cash equivalents)
- Financing activities

Relate Accounts Production produces the statement in a single form without the need for notes. It uses the indirect method like most statements based on old GAAP. It starts with the profit and then adjusts for items below the operating profit line and then for non-cash items with the movements in working capital shown separately. The cash items below the line are then added back. This results in the cash from operating activities. It is followed by the cash and cash equivalents from investing and financing activities. The total movement is added to the brought forward cash and cash equivalents.

Some cash items may be apply to multiple classifications.

Relate Accounts Production provides the option to split postings across these classifications:

- Interest received
- Interest paid
- Dividends received
- Dividends paid (only Operating Activities and Financing Activities)
- Tax paid
- Tax repaid

Unlike FRS 1 (Revised) the statement shows the movement of both cash and cash equivalents.

There is also a note reconciling the cash and cash equivalents in the Balance Sheet (Statement of Financial Position) with that in the Statement of Cash Flows. The means exists to enter any reconciling entries of amounts such as “Cash and bank balances included in a disposal group for resale”.

The note also must include an explanation of any lack of availability of cash and cash equivalents and other matters (because of foreign exchange controls, legal restrictions etc.). The means to make such entries is provided.

INVESTMENT PROPERTIES

Where it is possible, changes due to fair value accounting are reported in the Profit and Loss Account (Income Statement) with a note reporting “Net gain (loss) arising on changes in fair value of investment property”.

Deferred tax is recognised on these gains and losses and posted to the profit or loss.

On transition, the investment property revaluation reserve balance must be transferred to the profit and loss reserve.

Note that any gain is not realised and therefore not distributable as a dividend. Because such gains are now shown in the Profit and Loss Account, it is no longer easy to determine what is distributable and what isn’t. Therefore some firms may wish to split the Profit and Loss Reserve into two reserves: one distributable, the other not. It is perfectly easy to do this using Relate Accounts Production.

Investment property has its own note, because, when there is fair value uplift in investment property, additional disclosures may be required:

a. Disclosures relating to the fair value of the investment property
b. The security pledged for the investment property (in respect of loan to buy land)
c. The fact that the undeveloped land has not been valued at fair value (because it would involve undue cost or effort)

If fair value cannot be measured reliably without undue cost or effort, the cost less depreciation/ impairment model must be used. This facility is also included.

PROPERTY, PLANT AND EQUIPMENT

It is optional whether "Property, Plant and Equipment" is re-valued. If it is, it can still be carried at fair value and any fair value gain can be reported in equity and reported via Other Comprehensive Income (STRGL).

However, fair value gains on such property can be taken directly to profit and loss to the extent that it reverses a revaluation decrease of the asset which was previously recognised in profit or loss.

Both options are available in Relate Accounts Production.

Fair Value Basis of Certain Financial Instruments
Certain financial instruments (referred to as "Other") may be valued on a fair value basis by posting the change to profit or loss. There are two classes of financial instruments:

Basic: For example, the following are mostly measured at amortised cost:

- Trade debtors
- Trade creditors
- Simple bank loans

Other: For example, the following are mostly measured at fair value with movements recognised in profit or loss:

- Complex loan agreements (such as where interest rates are linked to commodity prices or equity prices)
- Investment in shares (subsidiaries), if can be measured reliably
- Long term inter-company loans (provided no interest applies), the difference arising if the loan is for a fixed term and not a commercial rate
- Derivatives (such as foreign exchange forward contracts, interest rate swaps and cross currency swaps which require associated debtors and creditors retranslated at the year-end rate) - this is the first time derivatives have to be reported in the Balance Sheet and the necessary derivative assets and liabilities are provided in Relate Accounts Production
- Hedge accounting (in specific circumstances only, but FRS 102 may be changed when the simplification of the IFRS9 version is published)

The means to add fair value movements for "Other financial instruments" has been provided in the profit or loss. There are other user-defined "Other financial instruments" as well.

INTANGIBLE FIXED ASSETS

Software and various categories of intangibles that were part of goodwill on acquisitions (Business Combinations) are now treated as separate intangible assets if they can be separately identifiable at fair value.

Examples include:

- Operating licences
- Customer contracts
- Databases
- Domain names
- Software

So Relate Accounts Production provides additional classes of intangible fixed assets to enable separate disclosure.

DEFERRED TAX

There are more occurrences where deferred tax must be accounted for, such as:

- Deferred tax on timing differences re business combinations adjusted against goodwill initially on acquisition (not profit or loss)
- Deferred tax on timing differences arising from revaluing non-monetary assets (such as investment property and property, plant and equipment) revaluations, whether to be sold or not

The means to post such deferred tax is provided.

Note that this requirement is different from IFRS for SMEs which requires “temporary differences” as opposed to “timing differences”. Note also that discounting long-term deferred tax liabilities is no longer permitted.

EMPLOYMENT AND POST-EMPLOYMENT BENEFITS

There is now a requirement to accrue short-term benefits including:

- Wages, salaries and employer’s PRSI
- Paid annual leave and paid sick leave (when the absences are expected to occur within 12 months after the reporting period in which the employees render the related employee service)
- Profit-sharing and bonuses (payable within 12 months after the reporting period in which the employees render the related service)
- Non-monetary benefits such as medical care, housing, cars and free/subsidised goods or services for current employees

There are changes to the disclosure of defined benefit schemes:

- Current service cost and net interest on net scheme assets/liabilities are recognised in profit or

- loss (as opposed to current service cost, interest cost on scheme liabilities and expected return on plan assets).
- Remeasurement of net defined benefit scheme assets and liabilities (as opposed to actuarial gains and losses) are recognised in other comprehensive income (STRGL).
- For Group defined benefit pension plans the defined benefit surplus or deficit is now recognised also on at least one the individual company Balance Sheet.

All the required entries may be made in the Relate Accounts Production.

STOCK (INVENTORIES)

The following disclosures are included:

- The accounting policies adopted in measuring stock, including the cost formula used which would normally be first-in, first-out (FIFO) or weighted average cost (LIFO not allowed anymore)
- The net book value (carrying amount) of stock and the net book value in classifications appropriate to the entity
- The amount of inventories recognised as an expense during the period
- The impairment losses recognised or reversed in profit or loss
- The net book value of stock pledged as security for liabilities

FINANCE LEASING COMMITMENTS

Net Book Value (Carrying Amount), but no longer Depreciation, is disclosed.
Future minimum lease payments disclosed for:

- Under 1 year
- 1 to 5 years
- Over 5 years

A general description must be disclosed of the lessee's significant leasing arrangements such as:

- Information about contingent rent
- Renewal or purchase options and escalation clauses
- Subleases
- Restrictions imposed by lease arrangements.

OPERATING LEASES

It is now non-cancellable operating leases that require disclosure of future minimum lease payments:

- Under 1 year
- 1 to 5 years
- Over 5 years

Lease payments recognised as an expense for all operating leases are to be disclosed.

EXEMPTIONS FROM DISCLOSURE REQUIREMENTS

If a company within a group takes advantage of FRS 102 exemptions, then a note must disclose which of the six exemptions are adopted and the name of the parent of the group in whose consolidated financial statements its financial statements are consolidated and from where those financial statements may be obtained. Shareholders must be notified and not object.

The exemptions are:
- Number of shares outstanding at start and end of current period
- Statement of Cash Flows
- Disclosure of non-basic (other) financial instruments and those stated at fair value
- Hedge accounting
- Share options and information on management and modification re share-based payments
- Management personnel compensation total re Related Party Disclosures

If a group company selects the Statement of Cash Flows to be exempted, it will not be produced.

ACCRUED INCOME RE GOVERNMENT GRANTS

There must be an accounting policy for Government Grants.

The note must detail the nature and amounts recognised in the financial statements, unfulfilled conditions and other contingencies attaching to grants that have been recognised in income. There must also be an indication of other forms of government assistance from which the entity has directly benefited.

If the Performance Model is used, that is recognition of grant income when performance-related conditions have been met, then those details must be disclosed.

ACCOUNTING POLICIES

A range of new or modified accounting policies include:

- The methods for reporting associates and joint ventures in consolidated financial statements (equity method or fair value model or, for investors that are not parent companies, cost model)
- Whether development costs are capitalised or not
- Statement of compliance (as referred to above) including reference to the transition, whether this is the first set of financial statements prepared in accordance with FRS 102 and details of any departure from compliance with FRS 102
- Policies adopted in measuring stock, including the cost formula used (FIFO policy)
- The decision to show the retained earnings on the Profit and Loss Account instead of the Statement of Changes in Equity
- Government grants specifying whether the performance or accrual model is applied

SHARE OWNERSHIP OF THE COMPANY

The share capital note includes information on the shares owned by:

- The company itself
- Subsidiaries
- Associates
- Joint ventures

GOING CONCERN

If the going concern basis is not appropriate, a statement must be made under “Directors’ Responsibilities” such as:

“As explained in note x to the financial statements, the directors do not consider the going concern basis to be appropriate and these financial statements have therefore not been prepared on that basis.”

The option to make such an entry in the Directors’ Responsibility page and to select the break-up basis for the Basis of Preparation policy is available.

NOTE ON SALES AGREEMENT FOR MAJOR DISPOSAL OF ASSETS OR OF A DISPOSAL GROUP

A note is required and is available where there is a binding agreement to sell assets or a group of assets and associated liabilities. The net book values (carrying amounts), facts and circumstances and descriptions must be disclosed.

BUSINESS COMBINATIONS (I.E. ACQUISITIONS)

More classes of Intangible Assets acquired in a Business Combination are now recognised separately from Goodwill and these are provided as referred to above.

Goodwill must have a finite life (not more than 5 years if uncertain) except previous goodwill prior to date of transition, which need not be changed.

A change in the controlling interest in subsidiaries (provided it doesn’t lead to loss of control) is treated as a transaction with equity holders with no impact on profit or loss. The change can be implemented in Relate Accounts Production.

Note that merger accounting is not permitted (but is required for Business Combinations involving Public Benefit Entities).

REDUCED DISCLOSURE

There is now no need to have:

- A statement on the Profit and Loss Account that there are no recognised gains and losses
- A statement on the Profit and Loss Account that there are only continuing operations
- A comparison with historic cost at foot of Statement of Comprehensive Income
- Reconciliation of Shareholders' Funds note and Reserves note as the Statement of Changes in Equity covers them

SUMMARY

These are the important areas of disclosure that entities that will follow FRS 102 will be required to do and are included within the Relate Accounts Production templates. This document is not intended as a definitive account of all FRS 102's requirements, but is useful as a reminder of the key points.

The example set of financial statements produced directly from Relate Accounts Production shows many, but not all, of the required disclosures under the standard. It also shows a few example changes of terminology per the new standard, but these changes are optional in Relate Accounts Production. The only requirement of the standard is that there is no resulting confusion. The terminology used in the company law formats can still be used (as in the example) and even that of the old GAAP, but many may decide that the new terminology is more appropriate.

As time passes, interpretations of the standard may change a little and so will the standard itself. Relate Software will monitor all such developments and make the necessary changes in a timely manner. In the meantime the use of Relate Accounts Software to deal with the transitional issues will help immensely and ensure that the take-up of the standard goes smoothly.

Are you ready for **FRS102**?

FRS102 is a major challenge to firms and needs to be adopted at the earliest possible time. Relate Accounts Production has been enhanced to manage the very difficult transitional arrangements and formats have been updated to include the following:

» Revised Balance Sheet to include additional required detail
» Changes to disclosure of investment property revaluations
» Options on revaluation on property, plant and equipment
» Statement of changes in equity
» Statement of cash flows
» Fair value basis of certain financial instruments
» New intangible fixed asset categories
» New deferred tax accounting
» Revised presentation of discontinued operations
» Treatment of employee benefits
» Notes on share ownership, entity info, going concern
» Notes on period of financial statements, disposal groups
» Exemptions from disclosure requirements for group companies
» Changed accounting policies
» Treatment of inventories
» Finance lease disclosure change
» Disclosure requirements for operating leases

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