



Transition Checklist

PREPARING FOR FRS 102 – THE NEW UK GAAP

market leaders for financial training

Transition Checklist

This document represents the text of the PowerPoint displays that are used during the presentation of the seminar:

Preparing for FRS 102 – the New UK GAAP

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CHECKLIST 1: PROJECT PLAN

These checklists can be completed for each entity within the group or for the group as a whole.

Step	Action	Guidance	Sign off
1.	Identify first FRS 102 period end	Accounting period commencing on or after 1 December 2015	
2.	Identify date of transition	The beginning of the earliest period for which an entity presents full comparative information in a given standard in its first financial statements that comply with that standard.	
3.	Decide on form and content of financial statements	Old UK GAAP or FRS 102 terminology?	OLD / FRS 102
		Single or double income statement?	SINGLE / DOUBLE
		Cash flow statement required?	YES / NO
		Statement of income and retained earnings?	YES / NO
		Group accounts required?	YES / NO
4.	Identify relevant sections of FRS 102	Complete transition checklist 2	
5.	Consider accounting policy choices	Complete transition checklist 3	
6.	Consider available exemptions and decide whether or not to take advantage	Complete transition checklist 4	
7.	Review agreements, contracts and other issues which may need to be amended before transition	Leases	
		Employment contracts	
		Financial instruments	
		Loan agreement	
8.	Restate the balance sheet at the date of transition applying the recognition and measurement of principles and taking account of the exemptions adopted at step 5, ensuring that the exceptions in section 35 are complied with. <i>Note: tax effects can be dealt with here or in step 11 below.</i>	Recognise all assets and liabilities whose recognition is required by FRS 102	
		Exclude assets or liabilities which would not be recognised under FRS 102	
		Reclassify items under UK GAAP such that they are classified as under FRS 102	
		Measure all assets and liabilities according to the requirements of FRS 102	
		Adjust net effect against opening equity (i.e. equity at date of transition.)	
9.	Restate the comparative figures on the same basis as in step 8. <i>Note: tax effects can be dealt with here or in step 11 below.</i>	See above	
10.	Prepare draft figures for the current year in accordance with FRS 102 and taking into account the exemptions and exceptions identified above.	See above	

Step	Action	Guidance	Sign off
11.	Prepare the tax computations for the first year of adoption of FRS 102	Restate current and deferred tax liabilities at date of transition (<i>see 8 above</i>).	
		Restate tax charge and tax liabilities in adjusted comparative figures (<i>see 9 above</i>).	
		Compute tax based on taxable profit for the year including adjustment income or expense as appropriate (<i>see 10 above</i>).	
		Compute deferred tax charge and liability for first year of compliance with FRS 102	
12.	Finalise financial statements incorporating tax charges and balances from above steps.		
13.	Prepare the required reconciliations and explanation required by Section 35.	Prepare reconciliation between equity at the date of transition and end of comparative period under old GAAP and FRS 102	
		Prepare reconciliation between the profits for the year as reported under old GAAP, and FRS 102	
		Explain transition	

CHECKLIST 2 – WHICH SECTIONS OF FRS 102 APPLY

This checklist is designed to identify whether sections of FRS 102 apply.

Section	Subject	Reference	Sign off
1	Scope	Section 1	YES
2	Concepts and pervasive principles	Section 2	YES
3	Financial statement presentation	Section 3	YES
4	Statement of financial position	Section 4	YES
5	Statement of comprehensive income and income statement	Section 5	YES
6	Statement of changes in equity	Section 6	YES
7	Statement of cash flows	Section 7	YES
8	Notes to the financial statements	Section 8	YES
	Each of the above will apply to all entities		
9	Consolidated and separate financial statements		
9.1	Does the entity have an investment in subsidiaries requiring the preparation of group accounts?		YES / NO
9.2	Does the entity have any intermediate payment arrangements?	9.33 – 9.38	YES / NO
10	Accounting policies	Section 10	YES
	Will apply to all entities		
11	Basic financial instruments		
11.1	Does entity have any basic financial instruments at amortised cost?	Section 11	YES / NO
11.2	Does entity have any investments in non-convertible preference shares and non-puttable ordinary shares	11.14(d)	YES / NO
11.3	Does entity have any debt instruments which can be designated as fair value through profit and loss account if doing this results in more relevant information	11.14(b)	YES / NO
12	Other financial instruments issues		
12.1	Does entity have any non-basic financial instruments e.g. Derivative financial instrument or complex loans	Section 12	YES / NO
12.2	Does the entity use hedging instruments as part of a hedging strategy?	12.15 – 12.25 and FRED 52	YES / NO
13	Inventories		
13.1	Does entity have inventories?	Section 13	YES / NO
14	Investments in associates		
14.1	Does entity have investments in associates?	Section 14	YES / NO
15	Investments in joint ventures		
15.1	Does the entity have any investments in joint ventures?	Section 15	YES / NO
16	Investment property		
16.1	Does entity have Investment property?	Section 16	YES / NO
16.2	Is any investment property Mixed use property?	16.4	YES / NO
16.3	Is any investment property used for the provision of social benefits?	16.3A	YES / NO
17	Property plant and equipment		
17.1	Does entity have any property, plant and equipment?	Section 17	YES / NO
18	Intangible assets other than goodwill		
18.1	Does entity have any acquired intangible assets?	Section 18	YES / NO
18.2	Does entity have any internally generated intangibles?	18.8A– 18.D & 18.10	YES / NO
18.3	Is the entity involved in research and development?	18.8E-18.8K	YES / NO
19	Business combinations and goodwill		

19.1	Has entity made any acquisitions before the date of transition?	Section 19	YES / NO
19.2	Has entity been involved in any group reconstructions?	19.27 – 19.33	YES / NO
20	Leases		
20.1	Does entity have finance leases as lessee?	20.9 – 20.14	YES / NO
20.2	Does entity have operating leases as lessee?	20.15 – 20.16	YES / NO
20.3	Does entity have finance leases as lessor?	20.17 -20.23	YES / NO
20.4	Does entity have operating leases as lessor?	20.24 – 20.31	YES / NO
20.4	Has entity been involved in sale and lease back transactions?	20.32 – 20.35	YES / NO
20.6	Did entity receive any lease incentives?	20.15A	YES / NO
21	Provisions and contingencies		
21.1	Is entity required to include any provisions other than for deferred tax?	21. 1 – 21.11, 21.14 – 21.17A plus appendix	YES / NO
21.2	Does entity have any onerous contracts?	21.11A	YES / NO
21.3	Does the entity expect to make future operating losses?	21.11B	YES / NO
21.4	Is the entity considering restructuring?	21.11C & D	YES / NO
21.5	Does entity have any contingent liabilities?	21.12	YES / NO
21.6	Does entity have any contingent assets?	21.13	YES / NO
22	Liabilities and equity		
22.1	Does entity have liabilities and equity?	Section 22	YES / NO
22.2	Does entity have any convertible debt?	22.13 – 22.15	YES / NO
22.3	Does entity have any Treasury shares?	22.16	YES / NO
22.4	Does entity have Non-controlling interest?	22.19	YES / NO
22.5	Did entity issue equity?	22.7 – 22.10	YES / NO
22.6	Did entity make any distributions?	22.17 – 18	YES / NO
23	Revenue		
23.1	General principles	23.1 – 23.18 and 23.30 -23.32	YES
23.2	Does entity generate revenue on deferred payment terms?	23.5	YES / NO
23.3	Does entity have any transactions with more than one component?	23.8 – 23.9	YES / NO
23.4	Does entity sell goods?	23.10 – 23.13	YES / NO
23.5	Does entity render of services?	23.14 – 23.16	YES / NO
23.6	Does entity have any construction contracts?	23.17 – 23.27	YES / NO
23.7	Does entity have any interest receivable, royalties and dividends receivable?	23.28 – 23.29	YES / NO
24	Government grants		
24.1	Has the entity received any government grants?	Section 24	YES / NO
25	Borrowing costs		
25.1	Does entity wish to adopt a policy of capitalising borrowing costs?	Section 25	YES / NO
26	Share based payments		
26.1	Does entity have any equity settled share-based payment transactions?	26.3 – 26.13	YES / NO
26.2	Does entity have any cash-settled share-based payment transactions?	26.3 – 26.6 & 26.14	YES / NO
26.3	Were there any modifications, cancellations and settlements?	26.13	YES / NO
26.4	Do the share based payment transactions carry cash alternatives?	26.15	YES / NO
26.5	Are there any group plans?	26.16	YES / NO
26.6	Are there any government mandated plans?	26.17	YES / NO

27	Impairment of assets		
27.1	Impairment review of inventories annually is required	27.2 – 27.4	YES
27.2	Is there evidence of impairment of Goodwill?	27.5 – 27.23 & 27.24 – 27	YES / NO
27.3	Is there evidence of impairment of Other intangible assets	27.5 – 27.23	YES / NO
27.4	Is there evidence of impairment of Property plant and equipment?	27.5 – 27.23	YES / NO
27.5	Is there evidence of a reversal of an impairment loss?	27.28 – 27.31	YES / NO
28	Employee benefits		
28.1	Does entity have employment costs?	28.1 – 28.5	YES / NO
28.2	Does entity have any accumulating short term compensated absences	28.6 – 28.7	YES / NO
28.3	Does entity have profit-sharing or bonus plans?	28.8	YES / NO
28.4	Does entity provide pension benefits under a defined contribution pension plan	28.9- 28.13A	YES / NO
28.5	Does entity provide pension benefits under a defined benefit pension plan	28.9 – 28.12 & 28.14 – 28.28	YES / NO
28.6	Did the entity provide any termination benefits?	28.31 – 28.37	YES / NO
28.7	Does entity provide pension benefits under a multi-employer plan	28.38	YES / NO
28.9	Does entity provide pension benefits under a group plan	28.38	YES / NO
29	Income tax		
29.1	Is the entity liable to taxation?	Section 29	YES / NO
30	Foreign currency translation		
30.1	Does the entity have any foreign currency transactions?	30.2 – 30.11	YES / NO
30.2	Does the entity have an investment in a foreign operation?	30.12 – 30.13	YES / NO
30.3	Did entity change its functional currency?	30.14 – 30.16	YES / NO
30.4	Does entity use a presentation currency other than its functional currency?	30.17- 30.23	YES / NO
31	Hyperinflation		
31.1	Does the entity operate in a hyperinflationary economy?	Section 31	YES / NO
32	Events after the end of the reporting period		
32.1	Will apply to all entities		YES
33	Related party disclosures		
33.1	Will apply to all entities		YES
34	Specialised activities		
	Does entity operate in any of the following areas:		
34.1	Agriculture?	34.2 – 34.10A	YES / NO
34.2	Extractive industries?	34.11 – 34.11C	YES / NO
34.3	Service concession arrangements?	34.12 – 34.16	YES / NO
34.4	Financial institution?	34.17 – 34.33	YES / NO
34.5	Retirement benefit plans?	34.34 – 34.48	YES / NO
34.6	Heritage assets?	34.49 – 34.56	YES / NO
34.7	Funding commitments?	34.57 – 34.63	YES / NO
34.8	Public benefit entity incoming resources from non-exchange transactions?	PBE 34.64 – 34.66	YES / NO
34.9	Public benefit entity combinations?	PBE 34.75 – 34.86	YES / NO
34.10	Public benefit entity concessionary loans?	PBE 34.87- 34.97	YES / NO

CHECKLIST 3 – ACCOUNTING POLICY CHOICE CHECKLIST

1	FRS 102 Section 9 – Treatment in separate financial statements		
1.1	Has entity an investment in Subsidiaries?		YES / NA
	<i>Cost less impairment</i>		
	<i>Fair value with changes in other comprehensive income</i>		
	<i>Fair value with changes in fair value with changes in profit and loss account</i>		
1.2	Has entity an investment in Associates?		YES / NA
	<i>Cost less impairment</i>		
	<i>Fair value with changes in other comprehensive income</i>		
	<i>Fair value with changes in fair value with changes in</i>		
1.3	Has entity an investment in Joint ventures?		YES / NA
	<i>Cost less impairment</i>		
	<i>Fair value with changes in other comprehensive income</i>		
	<i>Fair value with changes in fair value with changes in</i>		
2	FRS 102 Section 11 – treatment of certain debt instruments		
2.1	Does the entity have any debt instruments which satisfy the requirements of section 11.14 (b) permitting inclusion at fair value through profit and loss as it provides more relevant information?		YES / NA
	<i>Effective interest method</i>		
	<i>Fair value through profit and loss account</i>		
3	FRS 102 – other financial instrument issues		
3.1	Has entity any non-basic debt instruments?		YES / NA
	<i>Follow Section 11 and 12</i>		
	<i>Recognition and measurement of IAS 39 and disclosure requirements of FRS 102 sections 11 and 12</i>		
	<i>Recognition and measurement of IFRS 9 and disclosure requirements of FRS 102 sections 11 and 12</i>		
3.2	Does entity have any hedging instruments?		YES / NA
	<i>Apply hedge accounting</i>		
	<i>Do not apply hedge accounting</i>		
4	FRS 102 – Section 14 Investments in associates		
4.1	Is the entity a non-parent investor with an investment in an associate?		YES / NA
	<i>Cost model</i>		
	<i>Fair value model</i>		
	<i>Fair value with changes in profit and loss account</i>		
5	FRS 102 – Section 15 Investments in joint venture		
5.1	Is the entity a non-parent investor with an investment in a jointly controlled entity?		YES / NA
	<i>Cost model</i>		
	<i>Fair value model</i>		
	<i>Fair value with changes in profit and loss account</i>		
6	FRS 102 – Section 17 Property, plant and equipment		YES / NA
6.1	For each class of property plant and equipment, the entity has an accounting policy choice after initial recognition.	Cost model	
		Revaluation model	

7	FRS 102 – Section 18 Intangible assets other than goodwill		YES / NA
6.2	For each class of intangible assets the entity has an accounting policy choice, provided that reliable valuations can be made.	Cost model	
		Revaluation model	
8	FRS 102 – Section 21 Provisions and contingencies		
8.1	Does the entity have any financial guarantee contracts?		YES / NA
	<i>FRS 102 Section 21</i>		
	<i>Entity has chosen to apply IAS 39</i>		
	<i>Entity has elected under FRS 103 to continue insurance contract accounting</i>		
9	Government grants		YES / NA
9.1	For each class of government grants, the entity has an accounting policy choice for recognition and measurement	Performance model	
		Accrual model	
10	FRS 102 Section 25 Borrowing costs		YES / NA
10.1	Inventory	Capitalise	
		Not capitalise	
10.2	Property, plant and equipment	Capitalise	
		Not capitalise	
11	FRS 102 Section 30 Foreign currency translation		YES / NA
11.1	Does entity wish to use a presentation currency other than its functional currency?	Yes	
		No	
12	FRS 102 Section 34		
12.1	Does the entity have any biological assets and / or related biological produce?		YES / NA
	<i>Fair value model</i>		
	<i>Cost model</i>		
12.2	Does the entity have any public benefit entity concessionary loans?		YES/NA
	<i>Follow sections 11 & 12</i>		
	<i>Follow section 34.90 – 34.97</i>		

CHECKLIST 4: TRANSITION EXEMPTION CHOICES

The questions in the checklist should be answered in relation to the date of transition. If it is impracticable to restate at the date of transition FRS 102 35.11 requires the restatement and exemptions to be considered at the earliest date it is practicable to do so.

Ref.	Exemption	Choice	
1.	Has entity made any business combinations, including group reconstruction before the date of transition	YES / NO	
	<i>Restate under Section 19</i>		
	<i>Continue under old GAAP. May not</i>		
2.	Does entity have Share based payments?	YES / NO	
	<i>Restate under Section 26</i>		
	<i>Continue under old GAAP</i>		
3.	Does entity wish to use fair value as deemed cost?		
	<i>Property plant and equipment</i>	YES / NO	
	<i>Investment property</i>	YES / NO	
	<i>Intangible asset</i>	YES / NO	
4.	Does entity wish to use revaluation as deemed cost? (If No restate under FRS 102)		
	<i>Property plant and equipment</i>	YES / NO	
	<i>Investment property</i>	YES / NO	
	<i>Intangible asset</i>	YES / NO	
5.	Does the entity have an investment in subsidiaries, associates or joint ventures?	YES / NO	
	<i>Subsidiaries</i>	<i>Cost under Section 9</i>	
		<i>Carrying value under previous GAAP as deemed cost</i>	
	<i>Associates</i>	<i>Cost under Section 9</i>	
		<i>Carrying value under previous GAAP as deemed cost</i>	
	<i>Joint ventures</i>	<i>Cost under Section 9</i>	
<i>Carrying value under previous GAAP as deemed cost</i>			
6.	Does the entity have any compound financial instruments where the liability is no longer outstanding at the date of transition?	YES / NO	
	<i>Separate</i>		
	<i>Do not separate</i>		
7.	Does the entity have any Service concession arrangements	YES / NO	
	<i>Restate under FRS 102 34.12E to 34.16A</i>		
	<i>Continue under old GAAP</i>		
8.	Does the entity have any Extractive activities – where accounted for exploration and development costs for oil and gas in development phases?	YES / NO	
	<i>Follow FRS 102 34.11</i>		
	<i>Follow transitional provisions in 35.10 (j)</i>		
9.	Does entity have an arrangements containing a lease?	YES / NO	
	<i>For each lease determine whether an arrangement constitutes a lease</i>	<i>At date of commencement of lease</i>	
		<i>At date of transition</i>	

10.	Does entity have to include an initial measurement of the cost of decommissioning in the cost of property plant and equipment?	YES / NO
	<i>Measure at date obligation arose</i>	
	<i>Measure at date of transition</i>	
11.	Is the entity a dormant company where there are no transactions to record other than might arise on restatement to FRS 102?	YES / NO
	<i>Retain old accounting policies</i>	
	<i>Adopt FRS 102</i>	
12.	Does entity have deferred development costs under SSAP 13	YES / NO
	Restate under FRS 10 2 Section 18	
	Use carrying value under SSAP 13 as deemed cost at date of transition	
13.	Does entity wish to capitalise borrowing costs?	YES / NO
	<i>For each category of asset, property plant and equipment or inventory, accounting policy choice between</i>	<i>Capitalise from date of borrowing</i>
		<i>Capitalise from date of transition</i>
14.	Did entity receive any lease incentives where the term of lease commenced before date of transition?	YES / NO
	<i>Restate under Section 20.15A over term of lease</i>	
	<i>Continue under UITF 28 over shorter of lease term and date rent reset to market rate</i>	
15.	Did the entity enter any public benefit combinations before the date of transition?	
	<i>Restate under PBE 34.75 to PBE 34.86</i>	
	<i>Continue under old GAAP – may not continue for any later business combinations once any business combination restated</i>	
16.	Does subsidiary become a first time adopter later than its parent?	YES / NO
	Measure at the carrying amounts that would be included in the consolidate accounts based on the parent’s date of transition	
	Measure at the carrying amounts required by FRS 102 at the subsidiary’s date of transition	
17.	Does the entity have any previously recognised debt instruments which meet the criteria for designating at fair value through profit and loss account? (see FRS 11.14 and 11.8)	YES / NO
	<i>Restate based on designation at date of initial recognition</i>	
	<i>Designate at date of transition</i>	

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