Key areas of Financial Statements Affected:

Area	Topic	FRS 102
Assets	Property, Plant & Equipment	- Option to conduct a one off valuation to bring assets up to their fair value on date of transition and then elect to continue with either historic cost of fair value approach. - Requirement to consider the need to breakdown PPE into separate components to depreciate over their individual useful lives (previously optional, now compulsory). - Definition of a depreciable amount changes – previously residual values were calculated on acquisition, now they are required to be regularly reviewed.
	Acquired goodwill and intangibles	- Introduction of more specific intangible assets separable from goodwill e.g. customer lists, brands, mastheads etc during acquisition accounting. - Amortisation, assumed over 5 years where useful economic life cannot be reliably estimated (Previously amortisation assumed over maximum life 20 years).
	Investment property	- Requirement to use fair value through profit and loss (FVTPL) unless this cannot be measured reliably without undue cost or effort, in which case use cost. (Previously mandatory revaluation to open market value through STRGL.)
	Investment entities	- FVTPL allowed where interest in the subsidiary meets the widened definition of 'held exclusively with a view to resale'.
Liabilities	Income Tax	- Timing difference plus approach. - Deferred tax is also recognised on FV differences on business combinations in consolidated financial statements, and on asset revaluations.
	Leases	- Changes to definition of finance lease, but unlikely to result in restatement of current classifications. - Operating Lease disclosure changes - disclosure of total liability to the end of the contract (Previously disclosure of annual commitment only)
	Government Grants	- Option to adopt the performance model rather than the traditional accruals model.
Other	Share based payments	- Relaxation on need to use option pricing model where appropriate to the circumstance of the entity. (Previously no option available)
	Multi-employer pension schemes	- No exemption from defined benefit accounting in individual accounts where entities in the scheme are under common control.
	Financial instruments	- Increased rules on financial instruments i.e. in general 'basic' financial instruments at cost, and 'complex' instruments e.g. derivatives, at FVTPL. - Simplified hedging requirements and no requirement to separate embedded derivatives.

		- (Previously there was very few rules on measurement of financial instruments unless companies adopted FRS 26)
	Foreign currency	- Transactions recorded in functional currency (i.e. this may not necessarily be domestic currency) and presented in presentational currency, cannot use a contracted rate.