



Smailes Goldie
CHARTERED ACCOUNTANTS

Upcoming Changes to FRS 102 What You Need to Know



If you're in the world of finance or accounting, you've probably heard plenty of discussion around the big changes coming to FRS 102.

These updates are the most significant since the standard was first introduced, and if your business prepares accounts under UK GAAP, they're going to matter a lot.

To help you prepare, we've broken the changes down in a way that's easy to understand so you don't have to waste time trawling through Government guidance.

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If you want to talk it through in person, we're here for that too, so be sure to contact our expert team for individual support and guidance.

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We're here to help



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Revenue: New rules, new thinking

Section 23 is getting completely reworked.

The old guidance based on recognising risks and rewards is being removed.

Instead, a new five-step model based on IFRS 15 is in.

You'll now need to:



This will change when and how revenue appears in your accounts.

If your business has complex contracts, staged delivery, or bundled services, it's time to take a fresh look at your systems and data to make sure you are ready for the changes.

The change will be implemented from 1 January 2026, but early adoption is allowed.

Leases are almost all going on the balance sheet

Section 20 is being rewritten to introduce a single model for lease accounting, inspired by IFRS 16.

Most leases, even those we used to call operating leases, will now appear on the balance sheet.

This means that you can expect to see increased assets and liabilities.

This could impact your gearing ratios, earnings before interest, taxes, depreciation, amortisation and even borrowing arrangements.

If you lease property, vehicles, or equipment, now's the time to review your lease portfolio.



Fair value and concepts are being given a tidy-up

Sections 2 and 2A are being updated to reflect the IFRS 2018 Conceptual Framework and provide guidance on fair value measurement.

These are being pulled together into a new section.

If your accounts use fair value (think investment properties, financial instruments, or certain assets on acquisition), this gives you structure and clarity.

It also improves consistency with IFRS.

The change will be implemented from 1 January 2026, but early adoption is allowed.



Are more presentation options on the way?

In July 2025, the FRC published FRED 87, a consultation on refreshing the 'adapted format' options for profit and loss/balance sheet presentation.

If you're using adapted formats under company law, you may get more flexibility. This consultation closed on 10 September 2025.

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It's expected that this will come into force on 1 January 2027, though this is yet to be determined.
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What has already changed?

Now that we've run through the changes that are coming, it's worth reflecting on what has already been implemented so you can make sure you are currently compliant.



New Disclosures for supplier finance arrangements

If your business uses supplier finance such as reverse factoring, new rules mean you'll have to disclose more.

This will particularly centre on the nature, terms and liquidity risks of these arrangements.

As this is ultimately a transparency move, you'll need to ensure you're tracking this data and presenting it clearly in your notes to the accounts.

This came into effect on 1 January 2025.

Company size thresholds changed with new limits and new status

Following updates to UK and Irish law, the financial thresholds that determine company size (micro, small, medium, large) have changed.

Your business may have shifted category, and that could have affected your filing obligations, audit requirements, and the format of your accounts. You should check, if you haven't already, how your business is currently classified.

This change came into effect in Ireland on 1 January 2024 and in the UK on 6 April 2025.



Seek professional help

Keeping up with the FRS 102 changes can take a lot of effort, so be sure to get in touch if you want to know more.

We are on hand to help you stay compliant so that you can continue to build a thriving business without the stress.

If you'd like to discuss the impact of the FRS 102 changes, get in touch with our team today.

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