



January 2026

## FRS 102 factsheet – Periodic Review 2024 Disclosure

The Periodic Review 2024 amendments to FRS 102 are applicable for accounting periods beginning on or after 1 January 2026. Early application is permitted, provided that all amendments are applied at the same time.

*Note that amendments in respect of supplier finance arrangements published at the same time are applicable from 1 January 2025.*

### Summary

The two major amendments introduced under the Periodic Review 2024 relate to revenue and leases. In respect of revenue a new five-step approach to revenue recognition has been introduced for all contracts with customers. This requires the identification of distinct goods or services promised to the customer in exchange for consideration. In respect of leases the distinction between an operating lease and a finance lease for lessees has been removed which will result in the recognition of an asset and liability being brought on-balance sheet (subject to certain exemptions for short-term leases and leases of low-value assets).

Note that the amendments for revenue similarly apply to FRS 105 (micro-entities) but the lease amendments don't.

These amendments will have a significant impact on disclosure, not just in terms of explaining the transition but throughout the primary statements and notes to the financial statements. We detail the key changes for both revenue and lease disclosures as well as other key disclosures arising from the Periodic Review 2024 to FRS 102.

Note that this factsheet covers only FRS 102 not amendments to FRS 105. The amendments to FRS 102, section 1A for small companies are considered in a different factsheet.

### Transition disclosures

Transition options differ which affects the disclosure requirements:

	Revenue	Leases
Transition provisions	<p><b>Choice of approach:</b></p> <p>Modified retrospective approach where comparatives aren't restated but the cumulative effect of initially applying the amendments are recorded as an adjustment to the opening balance of retained earnings at the date of initial application.</p> <p>Or</p> <p>Full retrospective approach in accordance with section 10 of FRS 102. Comparatives are restated and the new accounting policy is applied as if it had always been applied. The opening balances of the comparative period are adjusted with a corresponding adjustment to the opening balance of equity.</p>	<p><b>Modified retrospective approach required:</b></p> <p>Comparatives are not restated. Instead the cumulative effect of initially applying the amendments are recorded as an adjustment to the opening balance of retained earnings at the date of initial application.</p>

	Revenue	Leases
Practical expedients	<p>Practical expedients available in respect of:</p> <ul style="list-style-type: none"> <li>Completed contracts which begin and end in the same reporting period or are completed by the beginning of the earliest period presented need not be restated.</li> <li>Completed contracts with variable consideration may use the transaction price at the date the contract was completed rather than estimating variable consideration in comparative reporting periods.</li> <li>Contracts modified prior to the date of initial application need not be retrospectively adjusted for the modification.</li> <li>For prior periods presented no quantitative or qualitative explanation of the significance of unsatisfied performance obligations is required.</li> </ul>	<p>Practical expedients available to the lessee in respect of:</p> <ul style="list-style-type: none"> <li>Reassessing at the date of initial application whether a contract contains a lease.</li> <li>Leases may be recognised at an amount previously calculated under IFRS 16 Leases for the purposes of inclusion in consolidated financial statements.</li> <li>Use of a single discount rate for a portfolio or leases with reasonably similar characteristics.</li> <li>Inclusion of any onerous leases provision in the right of use asset based upon any provision recognised immediately before the date of initial application.</li> <li>Leases expiring within 12 months of the date of initial application are not required to be recognised.</li> <li>Lessee may use hindsight, such as in determining the lease term.</li> </ul> <p>Sale and leaseback transactions aren't permitted to be reassessed at the date of initial application.</p>

	Revenue	Leases
Disclosure	<p>Modified retrospective approach:</p> <ul style="list-style-type: none"> <li>The amount of the adjustment to revenue and profit or loss for the effect of applying the revision and an explanation of the reason for significant changes.</li> <li>An explanation if it's impracticable to determine the amounts of the revisions.</li> <li>Details of any practical expedients taken.</li> </ul> <p>Fully retrospective approach:</p> <ul style="list-style-type: none"> <li>The nature of the changes.</li> <li>The amount of the adjustment to the current period and the preceding period for each financial statement line affected.</li> <li>An explanation if it is impracticable to determine the adjustments.</li> <li>Details of any practical expedients taken.</li> </ul>	<p>Disclosure required:</p> <ul style="list-style-type: none"> <li>The amount of the adjustment to profit or loss for the effect of applying the revisions.</li> <li>An explanation if it's impracticable to determine the amount of any adjustment.</li> <li>A description of the transitional provisions applied.</li> <li>Practical expedients adopted upon adoption.</li> </ul>

## Revenue

### Profit and loss account

- If the full retrospective approach is adopted the prior year profit and loss account would show as restated.
- Revenue from contracts with customers must be disclosed separately from other sources of revenue, this can be done on the face of the profit and loss account or separately in the notes to the financial statements.
- The impairment losses arising on any receivables or contract assets arising from contracts with customers should be disclosed separately from other contracts either on the face of the profit and loss account or separately in the notes to the financial statements.

## Balance sheet

Where there is a difference between the transfer of goods or services and the timing of payment there will be a resulting contract asset or liability. The standard is not prescriptive as to whether contracts and assets should be shown separately on the face of the balance sheet. However, using the provisions of section 4 of FRS 102 relating to the statement of financial position it is necessary to distinguish between current and non-current assets and liabilities and also present additional line items where relevant to an understanding of the financial position. Therefore, depending upon the size and nature of contract assets and liabilities it may be necessary to show these on the face of the balance sheet but otherwise they should be shown in the notes to the financial statements.

A contract asset occurs where goods or services have been transferred prior to payment being received. This only becomes a trade receivable when the right to consideration becomes unconditional, which occurs only when the passage of time is required before payment of that consideration, for example when a good has been delivered to, and accepted by, a customer, or when all milestones attached to the contract are met. It's specifically required for sufficient information to be provided to distinguish between trade receivables and contract assets.

The standard does allow for alternative descriptions of 'contract liability', 'contract asset' and 'trade receivable' to be used.

## Statement of changes in equity

Depending upon whether a full retrospective approach or a modified retrospective approach is adopted upon transition the impact of transition is reflected in the opening retained earnings of the comparative period or the opening retained earnings at the date of application respectively.

## Accounting policies

The revenue accounting policies would need to be updated to include information about performance obligations in contracts with customers including a description of:

- When a performance obligation is typically satisfied (eg on shipment, on delivery or when services are rendered).
- Significant payment terms (eg when payment is typically due, whether the contract includes a financing transaction, whether the consideration is variable).
- The nature of goods or services the entity has promised to transfer including highlighting any promises to arrange for another party to transfer goods or services (ie if acting as agent).
- Obligations for returns, refunds and other similar obligations.
- Types of warranties and related obligations.

Where performance obligations are performed over time the method used to recognise revenue must be disclosed eg a description of the output or input methods and how these methods are applied.

Any permitted options taken should also be explained, for example:

- Not adjusting for the time value of money when the period between the transfer of goods or service and customer payments is 12 months or less (23.60).
- Recognition of costs to obtain a contract as an asset (23.113).
- Expensing costs to obtain a contract where the asset would be amortised over one year or less (23.114).

## Critical accounting judgements and sources of estimation uncertainty

Consideration would need to be given as to whether the revisions give rise to critical accounting judgements or sources of estimation uncertainty for example, principal versus agent considerations of assessments of variable consideration.

## Notes to the financial statements

### Revenue

Revenue from contracts with customers must be disaggregated into categories to depict how revenues and cash flows are affected by economic factors. For example, by:

- Type of good or service (eg major product line).
- Geographical market (eg country or region).
- Market or type of customer (eg government and non-government customers).
- Timing of transfer of goods or services (eg services transferred at a point in time versus over time).
- Revenue earned as agent or principal.

Where operating segments are presented, it should be possible to understand how the disaggregated revenue relates to the revenue information disclosed for each reportable segment.

The Companies Act requirement to disclose turnover for each class of business and each geographical market also still needs to be considered.

## Performance obligations and contract balances

### Additional disclosures are required regarding performance obligations:

- The opening and closing balances of receivables, contract assets and contract liabilities, if not otherwise separately presented or disclosed.
- Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period.
- Revenue recognised in the reporting period from performance obligations satisfied or partially satisfied in previous periods (eg changes in estimates of variable consideration).

A quantitative or qualitative explanation is required of the significance of unsatisfied performance obligations and when they are expected to be satisfied. Although this isn't required if the duration of the contract is one year or less or if revenue is recognised based on the right to invoice in accordance with paragraph 23.103.

Disclosure is required of the closing balances of assets recognised from the costs incurred to obtain or fulfil a contract with a customer by main category of asset (eg costs to obtain contract, pre-contract costs and set-up costs) as well as any amortisation or impairment losses recognised in the reporting period.

## Leases

### Profit and loss account

There will be changes to the way in which leases will impact the profit and loss account for lessees. The previous operating lease charge within administrative expenses will be replaced by depreciation on the right of use asset and a finance charge on the lease liability. This will affect operating profit. Rental payments on short term leases or low value items will continue to be treated as operating expenses.

### Balance sheet

Operating leases will be presented as a right of use asset on the balance sheet with a lease liability. For both right of use assets and lease liabilities it's necessary for these to be separated either on the face of the balance sheet or disclosed in the notes to the financial statements. If not presented separately in the balance sheet the notes to the financial statements must identify in which line items the right of use asset and lease liability are included. The requirements of section 4 of FRS 102 should be considered as to whether the separate disclosure would be required in order for users of the financial statements to understand the financial position.

### Statement of changes in equity

As a modified retrospective approach is required upon adoption of the revised leasing provisions the impact of transition is reflected in the opening retained earnings at the date of initial application.

## Cash flow statement

Although the underlying cash flows associated with lease payments wouldn't change under the revisions to FRS 102 the presentation in the cash flow statement would look different. Previously operating lease payments would form part of operating cash flows. Under the amended standard capital repayments on the lease liability would show as part of financing cash flows with the interest element being included either within financing or operating depending upon the accounting policy.

An adjustment to operating profit for the depreciation on the right of use asset would be seen as a non-cash item in the notes to the financial statements.

## Accounting policies

As with the amendments to revenue, the leasing accounting policy will need to be re-written to reflect the revised accounting treatment. In addition, a general description must be given of significant leasing arrangements and the accounting policies may be an appropriate place to include this. Specifically quantitative and qualitative information is required of:

- Information about future cash outflows to which the lessee is potentially exposed that aren't reflected in the measurement of lease liabilities, including variable lease payments, extension options and termination options, residual value guarantees and leases not yet commenced to which the lessee is committed.
- Information about restrictions or covenants imposed by leases.
- The types of discount rate used in calculating lease liabilities and the proportion of the total lease liability calculated using each of those types of discount rate.
- Information about sale and leaseback transactions.

Where practical expedients have been used in applying the standard this fact should be disclosed, specifically the portfolio application (20.13) and the option to elect not to separate non-lease components from lease component (20.33).

## Critical accounting judgements and sources of estimation uncertainty

As with the revenue amendments consideration would need to be given as to whether the lease revisions give rise to critical accounting judgements or sources of estimation uncertainty for example, discount rate considerations, identification of whether a contract contains a lease.

## Notes to the financial statements

### Operating profit/finance expense

Disclosure is required of elements of income and expenditure relating to leasing arrangements:

- Interest expense on lease liabilities.
- The expense relating to short-term leases (unless the term is one month or less).
- The expense relating to low-value assets (unless relating to a short-term lease already disclosed).
- The expense relating to variable lease payments not included in the measurement of lease liabilities.
- Income from subleasing right of use assets.
- Total cash outflow for leases.
- Gains and losses arising from sale and leaseback transactions.

### Right of use assets

The right of use asset must be disclosed by class of underlying asset to include the gross carrying amount and the beginning and end of the reporting period.

These must be reconciled to show separately:

- Additions.
- Disposals.
- Acquisitions through business combinations.
- Revaluations.
- Impairment losses recognised or reversed in profit or loss.
- Depreciation.
- Other changes.

Only one period of reconciliation is required.

Specific disclosures are required for right-of-use assets meeting the definition of investment property, heritage assets or if a lessee measures right-of-use assets at revalued amounts.

### Lease liabilities

Lease liabilities must be disclosed separately from other liabilities within current and non-current liabilities or the line items in the balance sheet that include those amounts must be disclosed along with carrying amounts.

Where a lease liability has been remeasured as a result of a lease modification and has used an unchanged discount rate, this fact must be disclosed along with the carrying amount at the end of the reporting period of lease liabilities remeasured in that manner.

### Lease commitments

For lessees accounting for short-term leases or leases of low-value assets as expenses this fact should be disclosed along with the lease commitments for these items for each of the following periods:

- a. Not later than one year.
- b. Later than one year and not later than five years.
- c. Later than five years.

## Other disclosure amendments

### Accounting policies

Disclosure is required of material accounting policy information (as opposed to significant accounting policies). The definition of material in this context is that an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the users of general purpose financial statements make based on those financial statements.

## Notes to the financial statements

### Going concern

Management is required to disclose the fact that the financial statements have been prepared on a going concern basis in addition to a confirmation that they have considered information about the future together with any significant judgements made in assessing the entity's ability to continue as a going concern.

### Supplier finance arrangements

Additional disclosures were added to FRS 102 2024 in relation to supplier finance arrangements, the effective date is 1 January 2025 (a year earlier than all other amendments). Specific disclosure is required of:

- Key terms and conditions of arrangements.
- The carrying amounts and associated line items presented in the balance sheet of the financial liabilities and the range of payment due dates for such liabilities as well as comparable trade payables not part of a supplier finance arrangement.
- The type and effect of non-cash changes in the carrying amounts of the financial liabilities eg the effect of business combinations or exchange differences.

Note that if an entity is a qualifying entity included in equivalent group disclosures, FRS 102 provides an exemption from making the supplier finance arrangement disclosures in its individual accounts.

### Financial Instruments

The revisions to FRS 102 prohibit switching to or newly adopting the recognition and measurement provisions of IAS 39 except for consistency with group accounting policies. They continue to allow the option to apply the recognition and measurement provision of IFRS 9. Where this choice is made additional disclosure requirements have been added by the amendments. This includes an explanation of the inputs, assumptions and estimation techniques used to determine expected credit losses as well as a reconciliation from the opening balance to the closing balance of the allowance for expected credit losses.

## Share capital

Where there is more than one class of share capital disclosure is required of dividends paid (in aggregate and per share) separately for each class of share capital.

## Defined benefit pension schemes

Additional disclosures have been added to the reconciliation of the defined benefit obligation to include contributions to the plan, payments from the plan, the effect of changes in foreign exchange rates and the effect of business combinations and disposals.

When applicable the basis used to determine the limit on recognising a plan surplus must be disclosed.

## Business combinations

Additional disclosures are included relating to:

- The primary reasons for the business combination and a description of how the acquirer obtained control of the acquiree.
- The amount of any non-controlling interest in the acquiree recognised at the acquisition date.
- For contingent consideration arrangements the amount recognised at the acquisition date, a description of the arrangement and the basis for determining the amount of the payment and an estimate of the range of outcomes (if not possible the reasons why should be disclosed). If the maximum amount of the payment is unlimited, the acquirer should disclose that fact.
- For contingent liabilities not recognised because fair value cannot be measured reliably a description of the nature of the liability along with an estimate of its financial effect, uncertainties relating to the amount of timing outflow and the possibility of any reimbursement should be given.
- Where the initial accounting for a business combination is incomplete by the end of the reporting period, this fact is disclosed along with the line items for which provisional amounts have been recognised.

## Related parties

Additional related party disclosure has been added for commitments to do something if a particular event occurs or does not occur in the future.

## Qualifying entities

The list of disclosures from which qualifying entities (eg certain subsidiaries using the reduced-disclosure regime) may take exemption has been expanded to include some of the new lease and revenue disclosures such as:

- Total cash outflow for leases.
- Certain lessor disclosures.
- Revenue categorisation disclosures.

Note that this factsheet doesn't cover the amendments to disclosure requirements for small entities which are covered separately.

## FRS 102 (2024 amendments) – high level disclosure checklist

Step	Action Item	Done (✓)
1	<p>Transition disclosures</p> <ul style="list-style-type: none"> <li>• If an entity applies these amendments early (early adoption), disclose this fact, except small entities in the Republic of Ireland which are only encouraged to do so.</li> <li>• Explain transition approach (modified or full retrospective for revenue, and modified retrospective for leases).</li> <li>• For the full retrospective approach for revenue restate comparative figures and explain the nature of the changes and the amount of the adjustment for both periods for each financial statement line affected.</li> <li>• Quantify and explain adjustments to revenue, profit/loss, and equity.</li> <li>• Disclose practical expedients adopted.</li> <li>• State if it's impracticable to determine adjustments.</li> </ul>	
2	<p>Revenue from contracts with customers</p> <ul style="list-style-type: none"> <li>• Disaggregate revenue by category (eg, product line, geography, customer type, timing, agent/principal).</li> <li>• Separate disclosure of revenue from contracts with customers and other sources.</li> <li>• Disclose impairment losses on receivables/contract assets separately.</li> <li>• Distinguish contract assets, contract liabilities, and trade receivables.</li> <li>• Disclose opening/closing balances of receivables, contract assets, and contract liabilities.</li> <li>• Revenue recognised from contract liabilities at period start.</li> <li>• Revenue recognised from performance obligations satisfied in previous periods.</li> <li>• Quantitative/qualitative explanation of unsatisfied performance obligations and expected timing.</li> <li>• Disclose closing balances of assets recognised from costs to obtain/fulfil contracts, by category.</li> <li>• Disclose amortisation/impairment losses on contract cost assets.</li> <li>• Update accounting policy to describe performance obligations, payment terms, nature of goods/services, agent/principal, returns/refunds/warranties, and methods for recognising revenue.</li> <li>• Disclose critical accounting judgements and estimation uncertainties (eg, principal vs agent, variable consideration).</li> <li>• When revenue is recognised over time, disclose the method(s) used to measure progress (input/output) and any changes in method during the period.</li> <li>• Where applicable, disclose refund liabilities and the asset classified as inventory for goods expected to be returned.</li> </ul>	

FRS 102 (2024 amendments) – high level disclosure checklist

Step	Action Item	Done (✓)	Step	Action Item	Done (✓)
3	<p>Leases – for lessees</p> <ul style="list-style-type: none"> <li>• Disclose right-of-use assets and lease liabilities separately (balance sheet or notes).</li> <li>• Identify line items including right-of-use assets and lease liabilities if not presented separately.</li> <li>• Disclose impact of transition on opening retained earnings.</li> <li>• Disclose future cash outflows not reflected in lease liabilities (variable payments, options, guarantees, leases not yet commenced).</li> <li>• Disclose restrictions/covenants imposed by leases.</li> <li>• Disclose types of discount rates used and proportions.</li> <li>• Disclose information about sale and leaseback transactions.</li> <li>• Disclose practical expedients used (portfolio application, non-separation of components).</li> <li>• Disclose critical accounting judgements and estimation uncertainties (eg, discount rate, lease identification).</li> <li>• Disclose interest expense on lease liabilities.</li> <li>• Disclose expense for short-term/low-value leases.</li> <li>• Disclose expense for variable lease payments not included in lease liabilities.</li> <li>• Disclose income from subleasing right-of-use assets.</li> <li>• Disclose total cash outflow for leases.</li> <li>• Disclose gains/losses from sale and leaseback transactions.</li> <li>• Reconcile right-of-use assets by class (additions, disposals, acquisitions, revaluations, impairments, depreciation, other changes).</li> <li>• Disclose right-of-use assets meeting definition of investment property, heritage assets, or measured at revalued amounts.</li> <li>• Disclose lease liabilities separately within current/non-current liabilities or identify line items and carrying amounts.</li> <li>• Disclose lease liabilities remeasured using unchanged discount rate.</li> <li>• Disclose lease commitments for short-term/low-value leases by time band.</li> <li>• Where a lease modification is accounted for using an unchanged discount rate, disclose that fact and the carrying amount of the remeasured lease liabilities at the reporting period.</li> </ul>		4	<p>Supplier finance arrangements</p> <ul style="list-style-type: none"> <li>• Disclose key terms and conditions*.</li> <li>• Disclose carrying amounts and balance sheet line items for related liabilities.</li> <li>• Disclose range of payment due dates for liabilities and comparable trade payables*.</li> <li>• Disclose type/effect of non-cash changes in carrying amounts*.</li> <li>• Entities implementing supplier finance arrangements for the first time aren't required to disclose comparative information for the items marked with an asterisk (*) in this section*.</li> </ul>	
			5	<p>Other disclosure amendments</p> <ul style="list-style-type: none"> <li>• Disclose material accounting policy information (not just significant policies).</li> <li>• Disclose going concern assessment, including judgements and future considerations.</li> <li>• For financial instruments measured under IFRS 9 [FRS 102 11.2(c)], disclose inputs, assumptions, estimation techniques for expected credit losses, and reconcile opening/closing balances of allowance.</li> <li>• For share capital, disclose dividends paid (aggregate and per share) for each class.</li> <li>• For defined benefit pension schemes, disclose reconciliation of obligation including contributions, payments, foreign exchange effects, business combinations/disposals, and basis for plan surplus limit</li> <li>• For business combinations, disclose reasons for combination, how control was obtained, non-controlling interest, contingent consideration arrangements, contingent liabilities not recognised, and provisional amounts if initial accounting incomplete.</li> <li>• For related parties, disclose commitments with related parties.</li> <li>• For qualifying entities, note expanded list of disclosure exemptions if taken.</li> </ul>	

This factsheet is based on regulations and law as of 16 January 2026 and professional advice should always be taken.

For any queries relating to this factsheet, please speak to your usual Saffery contact or get in touch with:



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