JAMESCOWPER KRESTON
Accountants & Business Advisers

Navigating the changes to FRS 102

The Financial Reporting Council (FRC) has announced significant changes to FRS 102, effective for accounting periods beginning on or after 1 January 2026.

These updates are designed to bring UK GAAP closer in line with international accounting standards and introduce important new requirements for revenue and lease accounting.

Businesses will need to understand and prepare for these changes to ensure continued compliance and accurate financial reporting.

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Revenue recognition

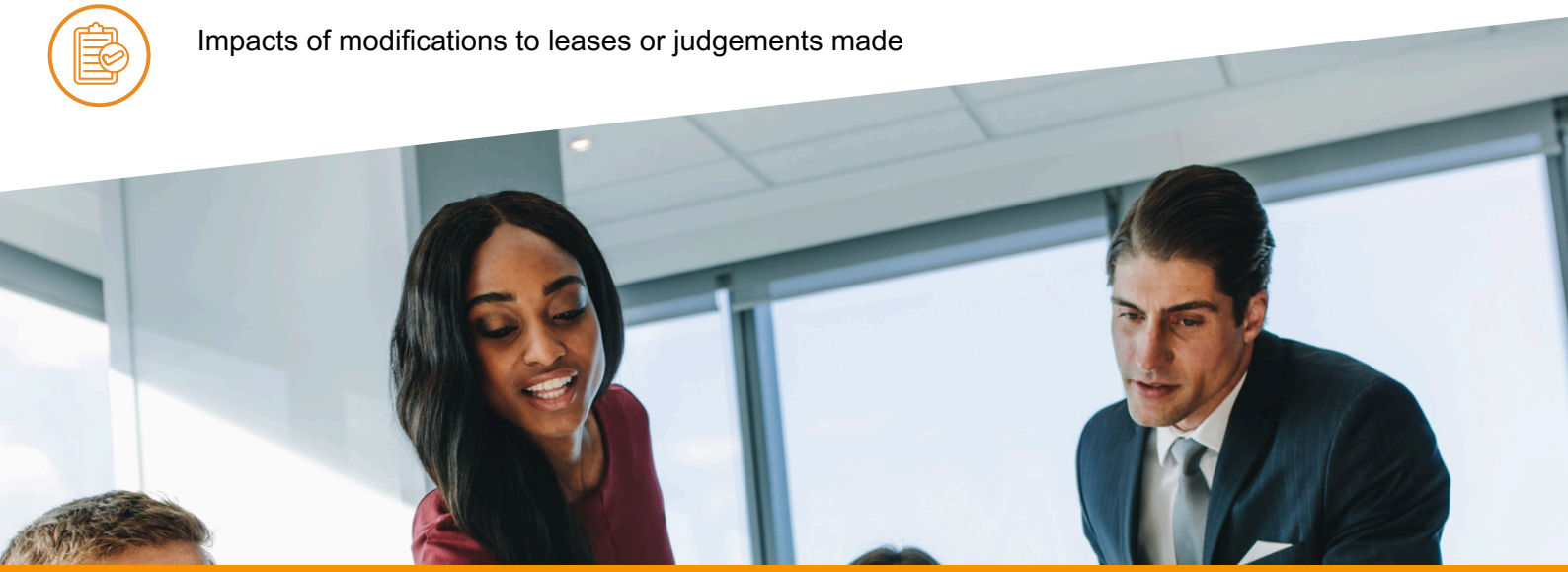
We provide tailored advice to help businesses apply the five-step model for the recognition of revenue from contracts with customers, including:

- Analysis of customer contracts with clear support for each stage of the five-step model
- Detailed consideration of key judgements, for example principal vs agent assessments
- Preparation of accounting entries

Leases

We assist businesses in navigating lease contracts and applying the complexities of key considerations relating to lease accounting, including:

- Identification of key judgements and estimates, such as the lease term and discount rate
- Structured lease liability and right-of-use asset calculations
- Impacts of modifications to leases or judgements made



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We're here to help

Our expert teams can support your transition, including:

- Efficient statutory audit of transitional adjustments and disclosures in financial statements
- Prepare transitional adjustments and support on preparation of disclosures in financial statements
- Advise on implications of the transition to support business decisions, including covenant compliance, dividend policies and tax liabilities
- Forecasting and modelling including assessment on key financial metrics
- Review and update your accounting policies, ensuring they are tailored and reflect the new requirements

Additional Considerations

- Early consideration is key. Please contact us to ensure your full requirements are identified and applied in advance of potential business challenges.
- Other amendments to FRS 102, aside from revenue recognition and lease accounting, are effective.

Contact Us

For further information or to discuss your specific circumstances in more detail, please get in touch with James Pitt or your usual contact at James Cowper Kreston.

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