Comparing New and Old FRS 102 Standards

FRS 102 amendments

September 2024

Contents

1. **Scope and purpose of this guidance** 1
1.1 Who is within scope of this guidance? 1
1.2 What is the purpose of this guidance? 1
2. **Significant differences between the new FRS 102 and old FRS 102** 2
2.1 **Scope, accounting principles and financial statements presentation** 2
2.1.1 Section 1 Scope 2
2.1.2 Section 1A Small entities 5
2.1.3 Section 2 Concepts and pervasive principles 7
2.1.4 Section 2A Fair value measurement 10
2.1.5 Section 3 Financial statement presentation 11
2.1.6 Section 6 Statement of changes in equity and statement of income and retained earnings 11
2.1.7 Section 7 Statement of cash flows 12
2.1.8 Section 8 Notes to the financial statement 14
2.1.9 Section 10 Accounting policies, estimates and errors 15
2.1.10 Section 35 Transition to this FRS 16
2.2 **Income statement and related notes** 19
2.2.1 Section 23 Revenue 19
2.2.2 Section 26 Share-based payments 22
2.2.3 Section 28 Employee benefits 23
2.2.4 Section 29 Income tax 23
2.3 **Balance sheet and related notes** 24
2.3.1 Section 11 and 12 Basic financial instruments and other financial instruments issues 24
2.3.2 Section 13 Inventories 25
2.3.3 Section 16 Investment property 25
2.3.4 Section 17 Property plant and equipment 25
2.3.5 Section 18 Intangible assets other than goodwill 26
2.3.6 Section 20 Leases 26
2.3.7 Section 21 Provisions and Contingencies 33
2.3.8 Section 22 Liabilities and equity 33
2.3.9 Section 24 Government grants 33
2.3.10 Section 25 Borrowing costs 33
2.3.11 Section 27 Impairment of assets 33
2.4 **Consolidated and separate financial statements** 34
2.4.1 Section 9 Consolidated and separate financial statements 34
2.4.2 Section 14 Investment in associates 34
2.4.3 Section 15 Investments in joint ventures 36
2.4.4 Section 19 Business combinations and goodwill 37
2.5 **Other sections of FRS 102** 41
2.5.1 Section 33 Related party disclosures 41
2.5.2 Section 34 Specialised activities 41
2.5.2.1 Public benefit entity combinations 41
2.5.2.2 Heritage assets 41

1. Scope and purpose of this guidance

1.1 Who is within scope of this guidance?

The following guidance is applicable to all entities that prepare their financial statements in accordance with Financial Reporting Standard 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland).

1.2 What is the purpose of this guidance?

This guidance provides a comprehensive summary of the significant differences between the new FRS 102 and the old FRS 102.

On 27 March 2024, the FRC issued amendments to FRS 102 and other FRSs following the conclusion of its second periodic review of the FRSs. The amendments follow on from proposals published in Financial Reporting Exposure Draft (FRED) 82 and FRED 84 which proposed greater alignment with International Financial Reporting Standards (IFRS), especially those that had been issued in recent years.

The amendments expected to have significant impact on the financial statements are:

- Revised revenue accounting requirements in FRS 102 and FRS 105, based on the IFRS 15 five-step model for revenue recognition, with appropriate simplifications
- Revised lease accounting requirements in FRS 102 based on the IFRS 16 'on-balance sheet' model, again with appropriate simplifications.

Other incremental improvements and clarifications to FRS 102 include:

- Greater clarity for small entities in the UK applying Section 1A Small Entities regarding which disclosures need to be provided in order to give a true and fair view
- A revised Section 2 Concepts and Pervasive Principles, updated to reflect the International Accounting Standards Board' (IASB's) Conceptual Framework for Financial Reporting, issued in 2018
- A new Section 2A Fair Value Measurement, replacing the Appendix Fair Value Measurement to Section 2 and updated to reflect the principles of IFRS 13 Fair Value Measurement
- Removal of the option to newly adopt the recognition and measurement requirements of IAS 39 Financial Instruments: Recognition and Measurement under paragraphs 11.2(b) and 12.2(b) (unless needed to achieve consistency with group accounting policies), in anticipation of an eventual removal of this option, but permitting entities already applying the option to continue to do so in the meantime.

The principal effective date for these amendments is accounting periods beginning on or after 1 January 2026, with early application permitted provided all amendments are applied at the same time. Transitional provisions are also included.

Earlier effective dates apply to new disclosures about supplier finance arrangements in Section 7 Statement of Cash Flows of FRS 102 (periods beginning on or after 1 January 2025, with early application permitted).

2.1 Significant differences between the new FRS 102 and old FRS 102

2.1 Scope, accounting principles and financial statement presentation

2.1.1 Section 1 Scope

Section 1 has been updated to set out the transitional requirements for first-time application of these triennial review changes.

Effective date

The changes must be applied from accounting periods beginning on or after 1 January 2026.

Early application is permitted provided all the changes are applied and provided this is disclosed.

Business combinations

The accounting for business combinations that took place before applying the amendments should not be revisited (apart from cases where the initial accounting is incomplete).

Leases

The transition approach to this area is retrospective, but with the cumulative effect of applying the amendments as an adjustment to equity at the date of initial application (i.e. the beginning of the period when the amendments are first applied), rather than restating comparative information.

Rather than the usual disclosures required for changes to accounting policies (focused on the effects on prior periods), the requirement is to disclose the effect on profit or loss of the **current period** of applying the revisions.

The general approach is that for a lease previously classed as an operating lease, a lessee would recognise a lease liability and corresponding right of use asset at the date of initial application as measured by the general rules of the revised standard based on remaining lease payments. Section 27 on impairment of assets would be applied immediately to right of use assets at the date of initial application. Any provision in respect of onerous leases would be derecognised.

However, transitional adjustments are not required for low value leases as defined in the revised standard, or for leases previously accounted for as investment property. Where right of use assets will be accounted for as investment property, they are measured at fair value at the date of initial application instead of the approach set out above.

The following practical expedients are available on a lease-by-lease basis and should be disclosed:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- Rather than applying Section 27 to right of use assets at the date of initial application, a lessee may rely on its assessment of whether leases are onerous applying Section 21. In this case, the right of use asset would be adjusted by the amount of any onerous lease provision
- Not applying the requirements to leases for which the lease term ends within 12 months of the date of initial application, but rather treating such leases as if they were short-term leases
- Excluding initial direct costs from the measurement of right of use assets at the date of initial application
- Using hindsight in determining the lease term where the contract contains extension or termination options.

There is also an expedient which would need to be applied consistently to all leases and disclosed, namely to recognise lease liabilities and right of use assets at the date of initial application calculated under IFRS 16 for the purpose of including in IFRS consolidated financial statements.

Another general expedient (again requiring disclosure) is to not reassess whether a contract contains a lease at the date of initial application, but rather to apply the amendments only to those contracts that were previously identified as containing a lease.

If a lessee previously recognised an asset or a liability relating to favourable or unfavourable terms of an operating lease acquired as part of a business combination, the lessee shall derecognise that asset or liability and adjust the carrying amount of the right of use asset by a corresponding amount at the date of initial application.

For a lease previously classed as a finance lease, the right of use asset and lease liability are recognised at the carrying amount of the leased asset and finance lease liability previously recognised at the date of initial application. However, the IFRS 16 expedient mentioned above for operating leases is available here too.

2.1 Significant differences between the new FRS 102 and old FRS 102

For lessors, the only potential transitional adjustments are in respect of subleases where it is an intermediate lessor. Where subleases were previously classified as operating leases, they need to be reassessed to determine whether they should be classified as operating or finance leases based on the revised standard and the circumstances in place at the date of initial application. When this reassessment results in the lease being classified as a finance lease, it is treated as a new finance lease entered into at the date of initial application.

An entity shall not reassess sale and leaseback transactions entered into before the date of initial application to determine whether the transfer satisfies the requirements to be accounted for as a sale.

Where a sale and leaseback transaction was previously accounted for as a sale and finance lease, the leaseback is treated for transition purposes as any other finance lease at the date of initial application and any gain or loss on sale continues to be amortised over the lease term.

Where a sale and leaseback transaction was previously accounted for as a sale and operating lease, the leaseback is treated for transition purposes as any other operating lease at the date of initial application. The leaseback right of use asset is adjusted for any deferred gains or losses that relate to off-market terms recognised in the statement of financial position immediately before the date of initial application.

Revenue

Entities have a choice between applying the new requirements on a fully retrospective basis, or retrospectively with the cumulative effect of initially applying the amendments as an adjustment to equity at the date of initial application.

In the latter case retrospective adjustment only applies to contracts that are not complete (ie some goods and services were still to be transferred) at the date of initial application. If entities choose this option, rather than the usual disclosures required when an accounting policy is changed (focused on the effect on prior periods), the requirement is to disclose the effect of the revisions on profit or loss for the **current period**.

Even under the fully retrospective approach, only the effects of the adjustments for the immediate prior period must be disclosed.

Some practical expedients are available as follows, provided entities apply them consistently and disclose which they have applied. The first two of these are relevant only for the fully retrospective approach but the third and fourth can be applied under either approach.

- Not restating contracts that begin and end within the same reporting period or are complete at the beginning of the earliest period presented
- Omitting the general disclosure requirement relating to unsatisfied promises for prior periods presented
- For contracts that are complete by the end of the reporting period, using the transaction price at the date of completion rather than estimating variable consideration in comparative periods
- For contracts modified before the date of initial application, not applying the general rules for contract modifications, but rather reflecting the aggregate effect of all the modifications that occur before the beginning of the earliest period presented or before the date of initial application when:
  - Identifying the satisfied and unsatisfied promises
  - Determining the transaction price
  - Allocating the transaction price to the satisfied and unsatisfied promises.

2.1 Significant differences between the new FRS 102 and old FRS 102

Qualifying entities

The list of disclosure exemptions that a qualifying entity can apply has been expanded to include the following in line with changes to leases and revenue:

- Total cash outflow for leases
- Several disclosure requirements relating to lessors (paragraph 20.122)
- Revenue categorisation (paragraphs 23.121-23.121B)
- Specific disclosure of revenue from contracts with customers (paragraph 23.122(a))
- Information about when promises are typically satisfied, the significant payment terms and the nature of the goods and services transferred (paragraphs 23.124(a)-(bA))
- Methods used to recognise revenue over time (paragraph 23.125)
- Disclosures relating to unsatisfied promises (paragraph 23.126)
- Disclosures of certain accounting options taken (relating to time value of money adjustments and costs of obtaining a contract) (paragraph 23.128).

2.1 Significant differences between the new FRS 102 and old FRS 102

2.1.2 Section 1A Small entities

Small entities continue to be exempt from many of the disclosure requirements of FRS 102. However, the review of FRS 102 has increased the number of disclosures that small entities must provide, subject to materiality.

These additional disclosures relate to a statement of compliance with FRS 102, going concern, dividends, transition, leases, provisions and contingencies, share-based payments, revenue, related parties and deferred tax.

Old FRS 102	New FRS 102
The following disclosures are encouraged but not required: ▶ Making an explicit and unreserved statement of compliance with FRS 102 ▶ If relevant, making an explicit and unreserved statement that it is a public benefit entity ▶ Disclosure of material uncertainties relating to going concern ▶ Disclosure of dividends paid or payable during the period ▶ For a first-time adopter, an explanation of how the transition has affected its financial position and performance.	The disclosures set out on the left are required, not just encouraged. Small entities are also required like other entities to disclose that their accounts have been prepared on a going concern basis (if that is the case), confirmation that information about the future has been considered in arriving at this view and any significant judgements made in this assessment. If they are not prepared on a going concern basis, the basis on which they are prepared and the reason the entity is not considered to be a going concern must be disclosed.
Lease related disclosures for a small entity are limited to disclosures of off-balance sheet commitments and material arrangements.	Most leases are brought onto the balance sheet. A small entity that is a lessee is required to provide a general description of significant leasing arrangements, and, if necessary to enable users to understand these arrangements, additional qualitative and quantitative information. Most of the detailed requirements relating to other entities do not apply. Expenses relating to short term leases, low value leases and variable lease payments also need to be disclosed as for other entities.
There are no specific disclosure requirements for provisions and contingencies for a small entity.	Small entities are subject to the same disclosure requirements for provisions and contingencies as other entities.
There are no specific disclosure requirements for share-based payments for a small entity.	The requirements in paragraphs 26.18 and 26.23 apply. These include: ▶ Descriptions of share-based payment arrangements ▶ Numbers and weighted average exercise prices of various groups of share options ▶ Share-based payment expense ▶ Carrying amount of liabilities arising from share-based payments.

2.1 Significant differences between the new FRS 102 and old FRS 102

Old FRS 102	New FRS 102
There are no specific disclosure requirements relating to revenue for a small entity.	Some of the disclosure requirements brought into the revenue section of the standard apply to small entities, namely paragraphs 23.124(a) – (bA) and (d). This covers the following: ▶ When the entity typically satisfies its promises to customers ▶ Significant payment terms ▶ Nature of goods or services that are transferred (including acting as agent) ▶ Types of warranties and related obligations.
Disclosures required for material transactions with certain related parties not concluded under normal market conditions. The required disclosures are: ▶ Amounts of such transactions ▶ Nature of the related party relationship ▶ Other information necessary for understanding.	The disclosure requirements of paragraph 33.9 in the standard explicitly apply to these particular transactions. Paragraph 33.9 is more prescriptive in defining minimum requirements, for example requiring details of outstanding balances, commitments, guarantees and bad and doubtful debts.
There are no specific disclosure requirements relating to deferred tax for a small entity.	Some of the disclosure requirements in the income tax part of the standard apply to small entities, namely paragraphs 29.27(c), (e) and (f) requiring the following: ▶ The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the next year with a brief explanation ▶ The amount of deferred tax balances at the end of the period for each type of timing difference and the amount of unused tax losses and credits ▶ The expiry date, if any, of timing differences, unused tax losses and tax credits.

2.1 Significant differences between the new FRS 102 and old FRS 102

2.1.3 Section 2 Concepts and pervasive principles

In practice it is rare that this section of FRS 102 needs to be referred to as more detailed requirements are provided in each section for most accounting topics. It is important to note that where there are any inconsistencies between this section and the requirements of another section, the other section takes precedence. Also note that some sections of the standard apply different definitions of asset and liability from this section, namely intangible assets and provisions and contingencies.

Some changes which may affect a limited number of entities are as follows:

- The updated definition of an asset means that only the **potential to produce** economic benefits is required, not that future economic benefits are **expected**. However, this does not apply to intangible assets for which the definition is unchanged, limiting the possible effect of this change
- The updated definition of a liability means that an outflow of resources does not need to be expected for a liability to exist, only that an obligation exists that **may** require a transfer of resources. However, this does not apply to provisions and contingencies for which the definition is unchanged, limiting the possible effect of this change.

Another change to note is that it's made clear that obscuring material information can affect users' decisions. This can help to challenge entities that provide excessive immaterial information (for example accounting policies). Otherwise, the changes mostly provide more explicit definitions and explanations of concepts that were already understood in practice.

Old FRS 102	New FRS 102
The qualitative characteristics of information in financial statements are as follows: ▶ Understandability ▶ Relevance ▶ Materiality ▶ Reliability ▶ Substance over form ▶ Prudence ▶ Completeness ▶ Comparability ▶ Timeliness ▶ Balance between benefit and cost.	Relevance and faithful representation are the **fundamental** qualitative characteristics. The **enhancing** qualitative characteristics are comparability, verifiability, timeliness and understandability. Faithful representation incorporates the previous characteristics of relevance, substance over form, prudence and completeness. Relevance, understandability, comparability and timeliness are broadly unchanged concepts although the precise wording explaining them is amended. Verifiability is a new characteristic and means that different knowledgeable and independent observers could reach consensus that a particular depiction is a faithful representation.
No characteristic is mentioned as being more fundamental or important than another.	Materiality is not described as a qualitative characteristic but is described in a similar way to old FRS 102, except that it is made clear that obscuring material information (as well as omitting or misstating it) could affect users' decisions. An example of this would be hiding material information using immaterial information. The balance between benefit and cost is referred to as the cost constraint on useful financial reporting.

2.1 Significant differences between the new FRS 102 and old FRS 102

Old FRS 102	New FRS 102
No comparable requirements.	Information about possible future transactions and other possible future events is included in financial statements if it relates to an entity's assets and liabilities (including contingent assets and liabilities) or equity that existed at the end of the reporting period or income and expenses during the period and is useful to users of financial statements. However other types of forward-looking information are not typically provided, eg expected future results.
No comparable requirements.	Financial statements provide information viewed from the perspective of the reporting entity as a whole.
No comparable requirements.	A reporting entity can be a single entity, a portion of an entity or can comprise more than one entity. It need not be a legal entity.
An asset is a resource controlled by the entity as a result of past events and from which future economic benefits are **expected to flow** to the entity.	An asset is a present economic resource controlled by the entity as a result of past events. An economic resource is a right that has the **potential to produce** economic benefits. For the potential to produce economic benefits to exist, it does not need to be certain, or even likely, that the right will produce economic benefits. It is only necessary that the right already exists. Updated examples of such economic resources are provided.
Limited comparable requirements.	An entity controls an economic resource if it has the present ability to direct the use of the economic resource and obtain the economic benefits that may flow from it. An entity has the present ability to direct the use of an economic resource if it has the right to deploy that economic resource in its activities, or to allow another party to deploy the economic resource in that party's activities.
A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.	A liability is a present obligation of the entity to transfer an economic resource as a result of past events. It does not need to be certain, or even likely, that the entity will be required to transfer an economic resource. It is only necessary that the obligation already exists and that, in at least one circumstance, it would require the entity to transfer an economic resource. This is a change from the previous definition. The language used is that of transfer rather than settlement. An obligation to transfer can be discharged by negotiating a release from the obligation, transferring the obligation to a third party, or replacing the obligation with another via a new transaction. An obligation may accumulate over a period of time.

2.1 Significant differences between the new FRS 102 and old FRS 102

Old FRS 102	New FRS 102
No comparable requirements.	The unit of account is the right or group of rights, obligation or group of obligations, to which recognition criteria and measurement concepts are applied. It is sometimes appropriate to select different units of account for recognition and measurement purposes.
Limited comparable requirements.	There is a detailed discussion on the types of uncertainty that may affect recognition of non-recognition of assets and liabilities in the financial statements, being existence uncertainty, measurement uncertainty and outcome uncertainty.
No comparable requirements.	The section defines derecognition and sets out when it would take place.
The section mentions and defines two common measurement bases, being historical cost and fair value. In respect of measurement, the section largely points to requirements in other parts of the standard.	Historical cost and current value are mentioned as measurement bases. Current value can be fair value, value in use or current cost. More detail is given on these bases. Criteria are given for how measurement bases might be selected by reference to the qualitative characteristics, which may assist when other sections of the standard do not apply.
No comparable requirements.	The concept of classification is explained along with how the qualitative characteristics apply to it. The section also explains other comprehensive income.
The section covers offsetting and the general rule against it except where permitted or required by the standard but does not define the concept.	There is an explicit definition of offsetting: **Offsetting** occurs when an entity recognises and measures both an asset and a liability as separate units of account, but groups them into a single net amount in the statement of financial position. This makes it clear that the concept of offsetting only arises once a separate asset and liability is recognised.
No comparable requirements.	The concept of aggregation is discussed and the balance to be found between excessive detail and obscuring detail by excessive aggregation.
The section explains that other than cash flow information, an accrual basis of accounting is used.	This section is deleted. In practice though an accrual basis will still be used as it is implicit in what the standard says about recognition.

2.1 Significant differences between the new FRS 102 and old FRS 102

2.1.4 Section 2A Fair value measurement

The extensively revised Section 2A provides far more explanatory material on the fair value concept and related concepts such as the different markets in which an item can be sold or transferred.

For the most part, we would not expect this to result in different accounting outcomes as many of the changes are clarificatory in nature.

However, for liabilities the change from a settlement concept to a transfer concept may have an effect in some cases as the transfer concept, unlike settlement, takes into account the effect of the reporting entity's own credit risk when determining the fair value of its liability.

Old FRS 102	New FRS 102
Fair value is defined as **'the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.'** There is no discussion of different markets in which the item might be exchanged.	Fair value is defined as **'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.'** 'Market participants' is also a defined term in the standard that incorporates the notions of principal and most advantageous market, with further material on these concepts.
The view set out to the right is implicit rather than explicit.	Fair value is a market based and not an entity specific measurement and assumptions and characteristics are factored into the measurement on this basis (e.g. condition, location and restrictions).
The view set out to the right is implicit rather than explicit.	Transaction costs are not included in fair value, although costs to transport the asset from its current location to the market are included.
There is no discussion of different possible uses of assets.	The fair value of a non-financial asset takes into account its highest and best use, the use that would maximise its value subject to being physically possible, legally permissible and financially feasible.
Examples of acceptable valuation techniques are given which included prices in binding sale agreements, recent arm's length market transactions for identical assets, fair values of similar assets, discounted cash flow analysis and option pricing models.	Valuation techniques used must be one of the following: ▶ Market approach (based on market transactions) ▶ Cost approach (current replacement cost) ▶ Income approach (reflects expectations of future performance, e.g. present value techniques and option pricing models).
The accounting for a change in valuation technique is not made clear.	Changes in the valuation technique used or its application are changes in accounting estimate and accounted for as such, but the disclosures required in Section 10 for a change in accounting estimate are not required.
Comparable guidance is not explicitly provided.	When calculating fair value less costs to sell, double counting must be avoided. For example, if the fair value incorporates transport costs to market are not considered again in determining costs to sell.

2.1 Significant differences between the new FRS 102 and old FRS 102

2.1.5 Section 3 Financial statement presentation

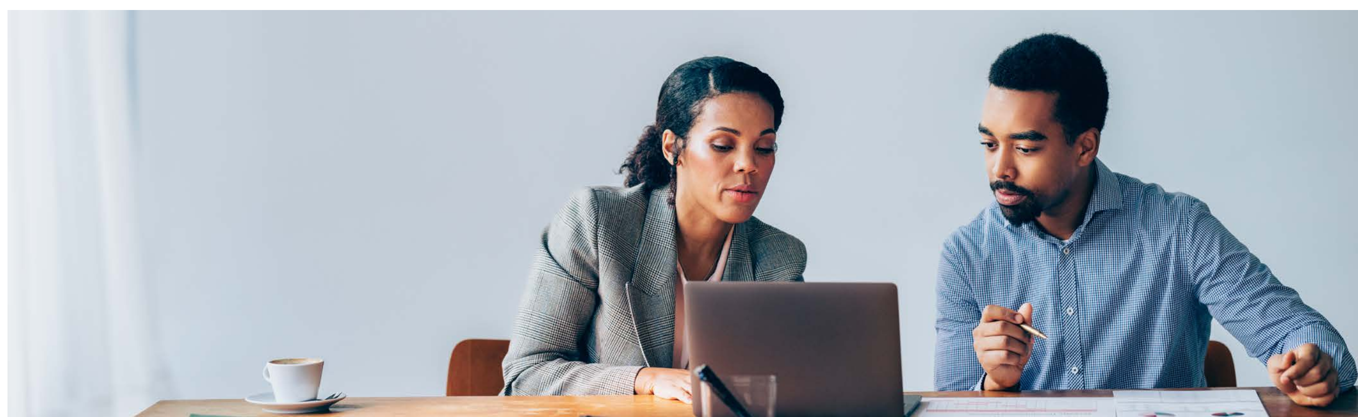
Section 3 now requires entities to include a confirmation that management has considered information about the future in its assessment of going concern and any significant judgments made in assessing an entity's ability to continue as a going concern.

Old FRS 102	New FRS 102
No comparable clarification is provided.	There is an explicit requirement to confirm and disclose the use of going concern basis when entities prepare financial statement on a going concern basis.
No comparable clarification is provided.	It clarifies that entities are now required to include a confirmation that management has considered all available information about the future in its assessment of going concern.
No comparable clarification is provided.	It clarifies that the financial statement should disclose any significant judgement made in assessing an entity's ability to continue as a going concern.

2.1.6 Section 6 Statement of changes in equity and statement of income and retained earnings

Section 6 now requires small entities to present a statement of changes in equity. In addition, entities are now required to disclose dividends paid (in aggregate and per share) separately for each class of share capital.

Old FRS 102	New FRS 102
Small entities are only encouraged to present a statement of changes in equity or a statement of income and retained earnings.	Small entities are now required to present a statement of changes in equity or a statement of income and retained earnings in order to give a true and fair view, when the small entity has changes in equity other than profit or loss.
No comparable disclosure requirement	Entities are now required to disclose dividends paid (in aggregate and per share) separately for each class of share capital.



2.1 Significant differences between the new FRS 102 and old FRS 102

2.1.7 Section 7 Statement of cash flows

Section 7 now requires entities to provide disclosures about its supplier finance arrangements.

Old FRS 102	New FRS 102
Definition of supplier finance arrangements	
No comparable definition or clarification is provided.	Supplier finance arrangements are characterised by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. These arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date. Arrangements that are solely credit enhancements for the entity (e.g. inancial guarantee contracts) or instruments used to settle directly with a supplier the amounts owed (e.g. credit cards) are not supplier finance arrangements. The supplier finance amendment is effective from accounting periods beginning on or after 1 January 2025, with early application permitted.

2.1 Significant differences between the new FRS 102 and old FRS 102

<table>
<tr><th>Old FRS 102</th><th>New FRS 102</th></tr>
<tr><td colspan="2">Disclosure requirement for supplier finance arrangements</td></tr>
<tr><td>No comparable disclosure requirement for supplier finance arrangement.</td><td>An entity is required to disclose in aggregate for its supplier finance arrangements:
a. The key terms and conditions of the arrangements
However, an entity discloses separately the key terms and conditions of arrangements that have dissimilar key terms and conditions.
b. As at the end of the reporting period:
– The carrying amounts and associated line items presented in the entity's statement of financial position of the financial liabilities that are part of a supplier finance arrangement; and
– The range of payment due dates for both the financial liabilities disclosed under the arrangement and comparable trade payables that are not part of a supplier finance arrangement.
c. The type and effect of non-cash changes in the carrying amounts of the financial liabilities disclosed under sub-paragraph (b)(i). Examples of non-cash changes include the effect of business combinations, exchange differences or other transactions that do not require the use of cash or cash equivalents.</td></tr>
<tr><td>No comparable clarification is provided.</td><td>It clarifies that payments for short-term leases, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are examples of cash flows from operating activities.</td></tr>
<tr><td>It clarifies that cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease is an example of cash flows from financing activities.</td><td>It clarifies that cash payments by a lessee for the principal portion of lease liabilities is an example of cashflows from financing activities.</td></tr>
</table>

2.1 Significant differences between the new FRS 102 and old FRS 102

2.1.8 Section 8 Notes to the financial statement

Section 8 now requires entities to disclose 'material accounting policy information' rather than 'significant accounting policies'. The revised standard clarifies which accounting policies should be disclosed in the financial statements and may lead to the disclosure of fewer accounting policies arrangements.

Old FRS 102	New FRS 102
There is a requirement to disclose significant accounting policy in the notes to the financial statement.	There is a requirement to disclose material accounting policy information in the notes to the financial statement.
It clarifies that significant accounting policies are made up of the measurement basis used in the preparation of the financial statements and other accounting policies that are relevant to an understanding of the financial statement.	It provides clarification that accounting policy information is consider 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 on the basis of those financial statements. Similar to the old FRS 102, material accounting policy information includes the measurement basis used in preparing the financial statement.
No comparable clarification is provided.	It clarifies that that accounting policy information relating to immaterial transactions or events are generally immaterial, such policies do not need to be disclosed.
No comparable clarification is provided.	An entity's conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other sections of the new FRS 102.
No comparable clarification is provided.	Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.
No comparable clarification is provided.	It provides further clarification that certain accounting policy disclosures required by the Regulations or the LLP Regulations must be given regardless of materiality, such as in relation to development costs.
No comparable clarification or examples are provided.	It provides specific examples when an accounting policy information may be considered material if the accounting policy information relates to material transaction or event. These include: ▶ The entity changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements ▶ The entity chose the accounting policy from one or more options permitted by the new FRS 102 ▶ The accounting policy was developed in accordance with Section 10 (Revised) Accounting Policies, Estimates and Errors in the absence of a Section of this FRS that specifically applies ▶ The accounting policy relates to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions ▶ The accounting required for a transaction is complex and users of the entity's financial statements would otherwise not understand those material transactions for instance if an entity applies more than one Section of the new FRS 102 to a class of material transactions.
No comparable clarification is provided.	It clarifies that accounting policy information that focuses on how an entity has applied the requirements of the new FRS 102 to its own circumstances provides entity-specific information that is more useful to users of financial statements than standardised information, or information that only duplicates or summarises the requirements of this FRS.

2.1 Significant differences between the new FRS 102 and old FRS 102

2.1.9 Section 10 Accounting policies, estimates and errors

Section 10 now provides a clearer definition and explanation of accounting estimates and provides specific examples of accounting estimates. It also clarifies how entities can distinguish between changes in accounting policies and changes in accounting estimates.

Old FRS 102	New FRS 102
Accounting estimates	
▶ No comparable clarification is provided.	▶ The amendment clarifies the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy
▶ No comparable clarification is provided.	▶ It describes accounting estimate as monetary amounts in the financial statements that are subject to measurement uncertainty. ▶ It also clarifies that developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information. ▶ In developing an accounting estimate, an entity uses measurement techniques and inputs which includes estimation and valuation techniques.
Examples of accounting estimates	
It does not provide specific examples of accounting estimates.	It provides specific examples of accounting estimates. These include: ▶ The fair value of an asset or liability, applying Section 2A ▶ The estimated selling price less costs to sell of an item of inventory, applying Section 13 ▶ The depreciation expense for an item of property, plant and equipment, applying Section 17 ▶ A provision for warranty obligations, applying Section 21 ▶ The recoverable amount of an item of property, plant and equipment, applying Section 27.
Change in accounting estimates	
▶ It defines a change in accounting estimate as an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities ▶ An entity may need to change an accounting estimate as a result of new information or new developments.	▶ The effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors ▶ It clarifies that an entity may need to change an accounting estimate if changes occur in the circumstances on which the accounting estimate was based or as a result of new information, new developments or more experience.

2.1 Significant differences between the new FRS 102 and old FRS 102

Old FRS 102	New FRS 102
Change in accounting policies	
No comparable clarification is provided but examples of circumstances that are not changes in accounting policies are provided.	It clarifies that a change in the measurement basis applied is a change in an accounting policy and is not a change in an accounting estimate. However, it clarifies when a change in measurement basis is not a change in accounting policy. For example, a change to the cost model when a reliable measure of fair value is no longer available (or vice versa) for an asset that an FRS would otherwise require or permit to be measured at fair value is not a change in accounting policy.
There is no comparable clarification provided in respect of biological assets and its related agricultural produce.	It provides clarification that a change in measurement of biological assets and its related agricultural produce from cost model to fair value model is a change in accounting policy which should be dealt with in accordance with Section 34 rather than in accordance with Section 10.

2.1.10 Section 35 Transition to this FRS

Section 35 has primarily been updated to reflect the new accounting models for revenue and leases.

Other amendments have been made to improve clarity and to remove transitional requirements that are no longer required.

Old FRS 102	New FRS 102
Development costs	
If a first-time adopter adopts the policy of expensing development costs that were capitalised before transition, then there is no requirement for such capitalised costs to be expensed on transition to FRS 102.	If a first-time adopter adopts the policy of expensing development costs that were capitalised before transition, then such capitalised costs are required to be expensed on transition to FRS 102.
Deferred development costs as a deemed cost	
First-time adopter may elect to measure development costs deferred in accordance with SSAP 13 at the carrying amount as at the transition date as its deemed cost.	No such optional exemptions provided.
Development costs	
No such optional election provided.	If a first-time adopter adopts the policy of capitalisation of development costs that were expensed to profit and loss before transition, then it can elect to treat the transition date as the date on which capitalisation commences.

2.1 Significant differences between the new FRS 102 and old FRS 102

Old FRS 102	New FRS 102
Revenue from contracts with customers	
Does not provide any specific optional or mandatory exemption from retrospective application of old Section 23.	Some practical expedients are available as follows, provided entities apply them consistently and disclose which they have applied. ▶ Not restating contracts that begin and end within the same reporting period or are complete at the beginning of the earliest period presented ▶ Omitting the general disclosure requirement relating to unsatisfied promises for prior periods presented ▶ For contracts that are complete by the end of the reporting period, using the transaction price at the date of completion rather than estimating variable consideration in comparative periods ▶ For contracts modified before the date of initial application, not applying the general rules for contract modifications, but rather reflecting the aggregate effect of all the modifications that occur before the beginning of the earliest period presented or before the date of initial application when: – Identifying the satisfied and unsatisfied promises – Determining the transaction price – Allocating the transaction price to the satisfied and unsatisfied promises.

2.1 Significant differences between the new FRS 102 and old FRS 102

Old FRS 102	New FRS 102
Leases	
▶ No comparable transition requirement.	▶ An entity assesses whether a contract existing at the date of transition contains a lease based on the fact existing as at the transition date rather than at the commencement date of the lease.
▶ No comparable transition expedient.	▶ A lessee applying IFRS 16 Leases immediately prior to the date of transition may use the lease liability and right-of-use asset calculated under IFRS 16 as the lease liability and right-of-use asset on the date of transition to the new FRS 102. A lessee making this election is required to disclose that fact and apply this expedient to all leases. In this case, a lessee may rely on its previous assessment of whether right-of-use assets are impaired at the date of transition to this FRS, rather than applying Section 27 at that date.
▶ No comparable transition expedient.	▶ A lessee not applying the IFRS 16 election described above measures the lease liability at the date of transition at the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate or the lessee's obtainable borrowing rate for each lease at the date of transition. The right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
▶ No comparable transition expedient.	▶ A lessee measures a right-of-use asset that meets the definition of investment property, however, the lessee does not transfer the investment property to right-of-use assets.
▶ No comparable transition expedient.	▶ The following practical expedients are available on a lease-by-lease basis and should be disclosed: – Applying a single discount rate to a portfolio of leases with reasonably similar characteristics – Not applying the requirements to leases for which the lease term ends within 12 months of the date of initial application or leases for which the underlying asset is of low value, but rather accounting for (including disclosure of information about) such leases as if they were short-term leases – Using hindsight in determining the lease term where the contract contains extension or termination options.

2.2 Income statement and related notes

2.2.1 Section 23 Revenue

The revisions to Section 23 bring a more detailed approach to accounting for revenue, using a '5-step-model'. It is largely converged with IFRS 15 and contains significantly more prescriptive and precise requirements in comparison with the previous Section 23. This may mean changes in the timing and profile of revenue recognition for many entities.

In some areas the changes are very significant so all entities will need to consider the requirements in detail to facilitate careful planning, both for reporting and wider commercial responses.

Revenue will now be recognised by a vendor when, or as, control over the goods or services is transferred to the customer. In contrast, the previous Section 23 was based on an analysis of the transfer of risks and rewards (which is only one of the criteria for determining whether control has been transferred).

Section 23 now sets out prescriptive requirements on a number of areas, including:

- Whether revenue is recognised over time or at a point in time
- How to account for contract modifications
- 'Bundling' or 'de-bundling' services
- Treatment of variable consideration, including payments to customers.

Old FRS 102	New FRS 102
It is based on risk-and-rewards model.	It is based on control model, where transfer of risk and rewards is one of the criteria for determining transfer of control.
Combination of contracts	
▶ Construction contracts with more than one customer can be aggregated if certain conditions were met ▶ Such contracts need not be entered at the same time.	▶ Multiple revenue contracts with a single customer (or its related parties) can be aggregated if certain conditions are met ▶ Such contracts need to be entered at the same time.
Contract modification	
▶ No specific explicit requirements.	▶ Contract modification is accounted when such modification is approved and is accounted in one of the following ways: a. Where approved modification adds distinct goods and services at their standalone selling prices (adjusted to reflect the circumstances of the contract), such modification is accounted as a separate contract b. In all other cases, the accounting for modification depends on whether the remaining goods or services are distinct from those already transferred on or before the date of modification: – If remaining goods or services are distinct, then modification is accounted as if it were a termination of existing contract and creation of new contract – If remaining goods or services are not distinct, then modification is accounted as if it had always been part of the existing contract.

2.2 Income statement and related notes

Old FRS 102	New FRS 102
Identifying performance obligations	
▶ An entity applies the recognition criteria to the separately identifiable components of a single transaction when necessary to reflect the substance of the transaction. However, very limited guidance provided to determine when identification of separate components is necessary ▶ No explicit guidance on when non-refundable upfront fees and material rights should be recognised as revenue.	▶ Each promise to supply goods or services in customer contract is a separate performance obligation if: a. It is distinct or b. Is a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. ▶ Non-refundable upfront fees is recognised as revenue when the entity transfers goods or services to the customer in future. If such fees qualify as material right, such fees is recognised as revenue when material right is exercised.
Principal versus agent	
▶ An entity is a principal when it is exposed to the significant risks and rewards associated with sale of goods or rendering of services.	▶ An entity is a principal when it controls the specified goods or service before they are provided to the customer. Assessment is made at the level of identified performance obligation.
Variable consideration	
▶ No specific explicit requirements on how much revenue to be recognise when consideration is not a fixed amount.	▶ Revenue is recognised at the amount expected to be collected (i.e. expected amount or most likely value). Further, entities need to apply judgement as to whether this amount should be reduced further (i.e. by applying constraints) to minimise the risk of reversal of revenue in the future.
Sales returns	
▶ No specific guidance on how the impact of sales returns is to be presented in statement of profit or loss and balance sheet ie whether on gross or net basis.	▶ The impact of sales returns to be presented on a gross basis in the statement of profit or loss and in balance sheet. This is done by (a) recognising revenue only for the goods not expected to be returned, (b) recognising a refund liability for consideration expected to be returned to the customer, and (c) recognising a refund asset (inventory) for the goods expected to be returned with the corresponding adjustment to cost of sales.
Time value of money	
▶ When the payment due date for consideration is deferred, and the arrangement constitutes in effect a financing transaction, the amount of deferred consideration is adjusted for time value of money. However, there is no explicit guidance for situations where consideration is collected substantially in advance of transfer of goods or services.	▶ Where period between the transfer of goods or services and payment due date for consideration is greater than 12 months, the consideration is generally adjusted for time value of money. This is for both deferred and advanced payment terms.

2.2 Income statement and related notes

Old FRS 102	New FRS 102
Allocation of transaction price to identified components	
▶ No specific guidance on how to allocate total revenue among identified revenue components.	▶ Transaction price is allocated to identified performance obligations at their stand-alone selling prices (unless an alternative method is permissible).
Timing of revenue recognition	
▶ Limited guidance on timing of revenue recognition based on the nature of underlying goods or services provided. For instance, revenue from sale of goods is generally recognised at a point in time, whereas revenue from construction contracts and rendering of services is generally recognised over time ▶ Contract costs on construction contracts is recognised in profit or loss in proportion to revenue on percentage of completion basis, leading to consistent gross profit margin over the contract period.	▶ A single model for all types of contracts, whereby if the supplier meets one or more of three prescribed conditions, then revenue is recognised over time. In all other cases, revenue is recognised at a point in time ▶ Costs are not recognised in proportion to stage of completion of the performance obligations for revenue recognition purposes. Costs are generally recognised in profit or loss when incurred (except for certain cost to obtain or fulfil contracts, see below). As such, gross profit margin may not remain fixed over the contract term.
Repurchase agreements	
▶ No specific guidance on accounting for agreements to repurchase the same or substantially the same asset.	▶ If the entity has a forward or call option to repurchase the goods sold, revenue is not recognised; instead the transfer of the asset is treated as a lease (if repurchase price is lower than initial selling price) or as a financing transaction (if repurchase price is equal to or greater than original selling price) ▶ When the customer has an option to sell the goods back to the entity, revenue is recognised if the customer does not have a significant economic incentive to exercise the option. If the customer does have a significant economic interest to exercise the put option, then the transaction is treated as a lease or financing transaction, similar to the entity option above.
License revenue	
▶ No specific guidance on accounting for license revenue, other than stating that revenue from royalty should be recognised on accrual basis in accordance with substance of the arrangement.	▶ Licenses are classified into two types viz right to use (where revenue is recognised at point in time) and right of access (where revenue is recognised over time) depending upon certain ongoing activities of the licensor during the license term.

2.2 Income statement and related notes

Old FRS 102	New FRS 102
Costs to obtain or fulfil a contract	
▶ Costs to obtain contracts (e.g. sales commission) generally do not qualify for capitalisation and are charged to profit or loss as incurred ▶ No specific guidance on when costs incurred in fulfilling a contract should be recognised as assets.	▶ Entities can select an accounting policy to capitalise incremental costs to obtain new contracts (e.g. sales commission) when incurred and amortise them as revenue is recognised. In addition, costs to obtain contracts that are not incremental, (i.e. they would have been incurred regardless of whether the contract was obtained) shall be recognised as an asset if those costs are explicitly chargeable to the customer regardless of whether the contract is obtained ▶ Costs incurred in fulfilling a contract are recognised as an asset when such costs give rise to resources that the entity will use to satisfy future performance obligations in the contract.

2.2.2 Section 26 Share-based payments

Section 26 now includes more prescriptive requirements on certain matters as detailed below. However, in most cases, the impact of change is expected to be limited as these are already followed by most entities by drawing analogy from IFRS.

Old FRS 102	New FRS 102
Settlement of equity-settled share-based payment in cash	
▶ Does not provide specific guidance.	▶ New FRS 102 require such cash payments to be recognised as a deduction from equity; however, if such cash amount exceeds the fair value (as at settlement date) of equity shares that would have otherwise been issued, then such excess amount s recognised as an expense.
Measurement of cash-settled share-based payment	
▶ Requires that cash-settled share-based payments to be measured at its fair value, but doesn't specify how vesting and non-vesting conditions affects the fair value measurement.	▶ Vesting conditions, other than market vesting conditions, shall not affect the fair value of cash-settled share-based payments. However, all market vesting conditions and conditions that are not vesting conditions shall be considered when estimating the fair value of cash-settled share-based payments at each reporting date as well as settlement date.
Net settlement feature in share-based payments	
▶ Sometimes tax laws or regulations oblige an entity to withhold an amount for an employee's tax obligation associated with a share-based payment and transfer that amount, normally in cash, to the tax authority on the employee's behalf. These are 'net settlement features' in a share-based payment arrangement. Old FRS 102 doesn't provide specific guidance on how such features affect classification of share-based payment.	▶ Requires that where the employee choice of settlement relates only to a net settlement feature and there is an obligation on the entity under tax laws or regulations to withhold an amount for an employee's tax obligation associated with that share-based payment, then such entity shall account for the transaction as wholly equity-settled share-based payment provided the cash amount doesn't exceed the monetary value of employee's tax obligation.

2.2 Income statement and related notes

2.2.3 Section 28 Employee benefits

Section 28 now provides more specific requirements on areas on certain matters as detailed below. However, in most cases, the impact of change is expected to be limited as the new guidance was already followed by most entities by drawing analogies to IFRS.

Old FRS 102	New FRS 102
Cost of managing plan assets	
▶ Doesn't provide specific guidance on accounting treatment of costs to manage plan assets that will be utilised to settle liabilities from defined benefit schemes	▶ Clarifies that costs to manage plan assets that will be utilised to settle liabilities from defined benefit schemes should be deducted from the return on plan assets
Disclosures	
▶ Provides extensive disclosure requirements for defined benefit plans ▶ Requires disclosure of the total cost relating to defined benefit plans for the period split between the amounts: i. Recognised in profit or loss as an expense; and ii. Included in the cost of an asset	▶ Requires additional disclosures for: a. Basis used to determine the limit on recognising a plan surplus b. Specific amounts for (i) contribution to the plan, (ii) payments from the plan, (iii) effects of foreign exchange rates and (iv) effects of business combinations and disposals, while providing reconciliation of opening and closing balances of each of the defined benefit obligation, fair value of plan assets and any reimbursement right recognised as an asset. ▶ No longer requires disclosure of the total cost relating to defined benefit plans for the period split between the amounts: i. Recognised in profit or loss as an expense ii. Included in the cost of the asset.

2.2.4 Section 29 Income tax

Section 29 now includes more specific requirements on uncertain tax treatments.

Old FRS 102	New FRS 102
Uncertain income tax treatments	
▶ Does not provide specific guidance on uncertain income tax treatments.	▶ Requires an entity to assume that tax authority shall have full knowledge of all relevant information while examining the entity's tax assessment. Based on that assumption, if the entity concludes that it is not probable that tax authorities will accept the uncertain tax treatment, then the entity shall reflect the effect of the uncertainty in accounting for current and deferred taxes. The effect of change in relevant facts and circumstances, or of new judgement, on entity's judgement or estimates about uncertain tax treatments is accounted as a change in estimate.

2.3 Balance sheet and related notes

2.3.1 Section 11 and 12 Basic financial instruments and other financial instruments issues

The most significant changes to Sections 11 and 12 relate to the recognition and measurement options in the standard. It is not permitted to start applying IAS 39 (entities that already do can continue to do so) and there are significantly more disclosure requirements for those entities applying IFRS 9.

There are some minor changes linked to the changes in revenue accounting which are expected to have limited effect in practice.

Old FRS 102	New FRS 102
An accounting policy choice is available between applying Sections 11 and 12 of FRS 102, IAS 39 or IFRS 9 in respect of the recognition and measurement of financial instruments.	It is not permitted to move to IAS 39 from one of the other two options. Entities that were already applying IAS 39 can continue to do so. It is not permitted to move to IAS 39 from one of the other two options. Entities that were already applying IAS 39 can continue to do so.
The list of financial instruments excluded from the scope of Sections 11 and 12 of FRS 102 does not include any revenue related items.	Rights and obligations relating to Section 23 are scoped out of Sections 11 and 12, other than receivables and any instruments that Section 23 specify are scoped into Section 11.
Payments deferred beyond normal business terms or financed at a rate of interest that is not a market rate are considered financing transactions meaning they should be recognised initially at present value.	Trade receivables where payment is expected within 6 months of transferring the good or service are explicitly excluded from this requirement and can be recognised at transaction price.
There is a requirement to disclose the measurement bases for financial instruments and other relevant financial instrument accounting policies.	This is only required to the extent that it is material accounting policy information as defined in the standard. However, the standard does state that the measurement bases of financial instruments are expected to meet this definition.
There are no detailed disclosure requirements relating to credit risk for entities choosing to apply IFRS 9 measurement unless they are financial institutions.	For any entity choosing to apply IFRS 9 measurement, the following disclosures are required: ▶ The basis of inputs and assumptions and the estimation techniques used to measure the expected credit losses ▶ How forward-looking information was incorporated into this (including macroeconomic information) ▶ Changes in estimation techniques and assumptions used and the reasons for them ▶ By class of financial instrument, a reconciliation from the opening balance to the closing balance of the loss allowance.
The accounting for dividend income is covered in Section 23.	This is covered in Sections 11 and 12, although the actual requirements have not changed. Section 23 exclusively addresses revenue from contracts with customers.

2.3 Balance sheet and related notes

2.3.2 Section 13 Inventories

Section 13 now includes more specific requirements on inventories expected to be received on sales returns.

Old FRS 102	New FRS 102
Expected sales returns	
▶ Does not provide specific guidance on presentation and disclosure of inventories expected to be received on sales returns.	▶ Presentation and disclosure requirements for inventories now also apply to inventories expected to be received on sales returns.

2.3.3 Section 16 Investment property

Section 16 has been updated to reflect consequential effects of the changes to Section 20 on accounting for leases.

Old FRS 102	New FRS 102
Property interest held by a lessee	
▶ Property held by a lessee on operating lease may be classified and accounted as an investment property if such property meets the definition of investment property and the lessee can measure the fair value of the property interest on an ongoing basis.	▶ Where the property interest is accounted as a lease by the lessee, it recognises the lease interest as a right-of-use (ROU) asset and lease liability. If such ROU asset meets the definition of investment property, it shall be recognised at fair value on an ongoing basis.
Reclassification of leased asset out of investment property	
▶ No specific guidance on reclassification of leased asset.	▶ Provides specific guidance on reclassification of leased asset to ROU asset at its fair value at the date of change in use.
Reclassification in and out of investment property	
▶ Property is reclassified to or from investment property when an entity meets or ceases to meet the definition of investment property.	▶ Introduces an additional requirement that such reclassification should be supported by evidence of change in use of the asset.

2.3.4 Section 17 Property plant and equipment

Section 17 has been updated to reflect consequential effects of the changes to Section 23 on revenue recognition.

Old FRS 102	New FRS 102
Timing of derecognition of PPE upon disposal	
▶ Timing of derecognition of PPE upon its disposal is determined based on criteria in Section 23 for sale of goods, which mainly focuses on transfer of risks and rewards of ownership of the goods to the buyer.	▶ Timing of derecognition of PPE upon its disposal is determined based on criteria in Section 23 for determining the date of transfer of control over the goods to the buyer.

2.3 Balance sheet and related notes

2.3.5 Section 18 Intangible assets other than goodwill

Section 18 now provides clarification on the classification of assets with both tangible and intangible elements.

Old FRS 102	New FRS 102
Classification of asset that incorporates both tangible and intangible elements	
▶ Doesn't provide specific guidance on classification of assets that contain both tangible and intangible elements whether it is PPE or an intangible asset.	▶ Requires that classification of assets that contain both tangible and intangible elements as PPE or an intangible asset depending upon the element that is more significant. If the hardware (eg mobile device) cannot operate without a software (eg operating system), then such software is an integral part of hardware and accordingly should be classified as PPE. Such assessment may involve exercise of management judgement.

2.3.6 Section 20 Leases

Section 20 has been substantially re-written leading to fundamental changes to the accounting for leases by lessees.

Lessees are now required to recognise a right-of-use (ROU) asset and a corresponding lease liability on their balance sheet for all leases except for short term leases and those relating to low value assets.

For lessees there is no longer a distinction made between operating and finance leases. Therefore, operating lease rental expenses as recognised under old FRS 102 are replaced by depreciation on the ROU asset and a finance charge on the lease liability.

The lease liability is initially measured as the present value of the future lease payments, discounted using one of three specified interest rates. The ROU asset is initially measured as the sum of the lease liability and specified adjustments for other costs.

These changes will likely impact the calculation of earnings before interest, depreciation, taxes, and amortisation (EBITDA) and other key performance indicators. In addition, there is a significant increase in the level of disclosures required in the new lease standard.

Accounting by lessors has not been significantly changed.

Old FRS 102	New FRS 102
Definition of a lease	
▶ A lease is defined as an agreement whereby the lessor gives to the lessee the right to use an asset for an agreed period of time in return for a payment or series of payments.	▶ A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In majority of cases, it is not expected that the new definition of a lease will affect conclusions about whether contracts contain a lease as entities are not required to reassess whether a contract is a lease or contains a lease at the date of initial application upon transition.

2.3 Balance sheet and related notes

Old FRS 102	New FRS 102
Scope of the standard	
The following are excluded:	
▶ Measurement of investment property held by lessees or provided by lessors under operating leases	▶ There are no scope exclusions in relation to investment property. Therefore, all aspects of leases of investment property are accounted for under the new FRS 102
▶ Biological assets held by lessees under finance lease and provided by the lessor under operating leases	▶ It does not apply to biological assets held by lessees however it applies to biological assets provided by the lessor under operating leases
▶ No comparable exemption in the old FRS 102.	▶ There is an option by lessees to apply the revised standard to leases of intangible asset other than such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights. However, this is not a requirement.
Recognition exemptions	
▶ No comparable exemption in the old FRS 102	▶ A lessee can elect not to apply the recognition and measurement requirements to short-term leases and leases for which the underlying asset is of low value
▶ No comparable exemption in the old FRS 102	▶ The lessee recognises the lease payments associated with low value leases and short term leases as an expense on either a straight-line basis over the lease term, or another systematic basis that is more representative of the pattern of the lessee's benefit
▶ No comparable exemption in the old FRS 102	▶ Specific examples of underlying assets that would not qualify as low value assets were given with no list of example of low value assets provided which allows some flexibility for preparers to determine whether or not other assets are of low value
▶ No comparable exemption in the old FRS 102	▶ If a lessee subleases an asset or expects to sublease an asset, the head lease does not qualify as a low value asset
▶ No comparable exemption in the old FRS 102.	▶ As a practical expedient an entity may apply the lease accounting requirement to a portfolio of leases with similar characteristics and apply a single discount rate to a portfolio lease with similar characteristics (similar remaining lease terms and similar class of underlying asset in similar economic environment).

2.3 Balance sheet and related notes

Old FRS 102	New FRS 102
Transition	
▶ No comparable transition requirement.	▶ No restatement of comparatives is required, however the cumulative effect of initially applying the new FRS 102 is recognised as an adjustment to the opening balance of retained earnings
▶ No comparable transition requirement.	▶ For group entities where IFRS has been used for the consolidation, the ROU asset and lease liability can be recognised at the amounts previously recognised under IFRS 16 at transition date. When such exemption is taken, the lessee is required to disclose the fact and apply such exemption to all leases.
Lease classification	
▶ Both lessees and lessors are required to classify their leases as either an operating lease or a finance lease ▶ A lease is classified at inception as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership ▶ The classification of leases under the old FRS 102 is based on the extent to which the risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee ▶ Lease classification is made at the inception of the lease and is not changed during the term of the lease unless the lessee and the lessor agree to change the provisions of the lease (other than simply by renewing the lease), in which case the lease classification shall be re-evaluated ▶ For lessees, if a lease previously classified as an operating lease now becomes a finance lease, the leased asset and a related obligation should be recognised in the lessee's statement of financial position from the date of the modification ▶ For lessors, if a lease previously classified as an operating lease now becomes a finance lease, a lease receivable should be recognised, and the leased asset is derecognised. If a finance lease is reclassified as an operating lease, the lessor should derecognise the lease receivable and recognise property, plant and equipment for the same amount.	▶ Lessees do not need to classify their leases as either finance or operating leases ▶ Lessors classify leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset ▶ There are similarities in the definition of finance leases which implies that a lease classified as finance lease under the old FRS 102 in most cases will be classified as finance lease under the new FRS 102 ▶ Lease classification is made at the inception date and is reassessed only if there is a lease modification. Changes in estimates (eg changes in estimates of the economic life or of the residual value of the underlying asset), or changes in circumstances (eg default by the lessee), do not give rise to a new classification of a lease for accounting purposes. ▶ For lessees, there is no comparable guidance as there is no requirement to classify leases as either finance or operating leases ▶ Similar to the old FRS 102, if a lease previously classified as an operating lease now becomes a finance lease, a lease receivable is recognised, and the leased asset is derecognised. If a finance lease is reclassified as an operating lease, the lessor derecognises the lease receivable and recognise property, plant and equipment for the same amount.

2.3 Balance sheet and related notes

Old FRS 102	New FRS 102
Lease term	
The lease term is defined as the non-cancellable period for which the lessee has contracted to lease an asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.	The lease term is defined as the aggregate of: a. The non-cancellable period of a lease b. Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and c. Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. If only the lessor has the right to terminate the lease, the non-cancellable period of the lease includes the period covered by the lessor's option to terminate the lease. It clarifies that in assessing the length of the non-cancellable period of a lease, an entity determines the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.
Separation of lease components	
Contracts are broken down into their lease and service components, and each component are accounted for separately for both lessees and lessors.	▶ **Lessee -** As a practical expedient, a lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component ▶ **Lessor -** For a contract that contains a lease component and one or more additional lease or non-lease components, a lessor allocates the consideration in the contract to the different components in line with the allocation of transaction price to performance obligation per the Section 23.

2.3 Balance sheet and related notes

Old FRS 102	New FRS 102
Recognition for lessees	
▶ **Operating leases** - A lessee recognises lease payments under operating leases as an expense over the lease term on a straight-line basis unless another systematic basis is representative of the time pattern of the user's benefit or the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. There is no requirement to recognise a right of use asset or a lease liability ▶ **Finance leases -** At the start of the lease, the lessee recognises a right of use asset and finance lease liability in the balance sheet.	▶ At the commencement date, a lessee recognises a right-of-use asset and a lease liability.
Initial measurement for lessees (Right of use assets)	
No lease asset is measured for an operating lease; however, the lessee recognises lease incentives as a reduction to the lease expense recognised over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset. For a finance lease, the lessee recognises the fair value of the leased asset on the balance sheet which is equal to the lease liability or if recognised with any initial direct cost added to the carrying amount of the asset.	Lease incentives received are deducted from the cost of right of use assets. The cost of the right-of-use asset comprise: a. The amount of the initial measurement of the lease liability b. Any lease payments made at or before the commencement date, less any lease incentives received c. Any initial direct costs incurred by the lessee d. Any amount recognised at the commencement date as an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories e. Any amount recognised at the commencement date when a lease component contains a government grant or non-exchange transaction.

2.3 Balance sheet and related notes

Old FRS 102	New FRS 102
Initial measurement for lessees (lease liabilities)	
▶ No lease liabilities are measured for an operating lease. ▶ Lease liabilities under a finance lease are measured at the fair value of the leased asset or if lower, the present value of the minimum lease payments, determined at the inception date ▶ The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. If this cannot be determined, the lessee's incremental borrowing rate shall be used ▶ Minimum lease payments exclude contingent rents/payments that are not fixed in amount but are based on the future amount of a factor that changes other than with the passage of time.	▶ At the commencement date, the lessee measures the lease liability at the present value of the lease payments that are not paid at that date ▶ The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee chooses, on a lease-by-lease basis, to apply either the lessee's incremental borrowing rate or the lessee's obtainable borrowing rate ▶ Lease payments include variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date. Examples of variable payments include: payments linked to a consumer price index, payments linked to a benchmark interest rate or payments that vary to reflect changes in market rents ▶ Lease payments also include payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.
Subsequent measurement for lessees (Right of use asset)	
▶ No lease asset is measured for an operating lease ▶ The right of use asset under a finance lease is depreciated in accordance with Section 17 using the cost model or the revaluation model ▶ Under the cost model, an entity measures right of use asset at cost less any accumulated depreciation and any accumulated impairment losses.	▶ A lessee subsequently measures the right-of-use asset by applying the cost model or revaluation model or fair value model for investment properties ▶ Under the cost model, the right of use asset is measured at cost less accumulated depreciation and accumulated impairment. In addition, the lessee adjusts the ROU carrying amount for any remeasurement of the lease liabilities as a result of lease reassessment or lease modification.

2.3 Balance sheet and related notes

Old FRS 102	New FRS 102
Recognition and measurement by lessor - Finance lease recognition and initial measurement	
▶ Assets held under a finance lease are recognised and presented as a receivable at an amount equal to the net investment in the lease ▶ The net investment in a lease is the lessor's gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment in lease is the aggregate of minimum lease payments receivable and any unguaranteed residual value accruing to the lessor ▶ The net investment in the lease excludes contingent rents/ payments that are not fixed in amount but are based on the future amount of a factor that changes other than with the passage of time.	Similar to the old FRS 102, assets held under a finance lease are recognised and presented as a receivable at an amount equal to the net investment in the lease. ▶ Similar to the old FRS 102, the lessor uses the interest rate implicit in the lease to measure the net investment in the lease. ▶ It clarifies that for subleases where the interest rate implicit in a sublease cannot be readily determined, an intermediate lessor may use the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease ▶ The net investment in the lease includes variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the lease commencement date. For example, payments linked to a consumer price index, payments linked to a benchmark interest rate or payments that vary to reflect changes in market rents. The net investment in the lease also includes payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.
Sale and leaseback transactions	
Sale and finance lease back: ▶ Any gain realised by the seller-lessee on the transaction is deferred and amortised through profit or loss over the lease term. Sale and operating lease back: ▶ If the transaction is at fair value, the seller-lessee recognises any profit or loss immediately ▶ If the sale is below fair value, the seller-lessee recognises any profit or loss immediately, unless the loss is compensated for by future lease payments at below-market price. In that case, the seller-lessee defers and amortises such loss in proportion to the lease payments over the period for which the asset is expected to be used ▶ If the sale price is above fair value, the seller-lessee defers the excess over fair value and amortises it over the period for which the asset is expected to be used.	If the transfer of the asset by the seller-lessee satisfies the requirements of Section 23 to be accounted for as a sale of an asset, the seller lessee has an accounting policy choice to either: ▶ Measure the right of use asset from the lease back at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. The seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor, or; ▶ measure the right-of-use asset arising from the leaseback at cost, with any excess of the sale proceeds over the previous carrying amount of the asset deferred, and amortised over the lease term, and any shortfall of the sales proceeds under the carrying amount recognised immediately in profit or loss. Any below-market terms are accounted for as a prepayment of lease payments while any above-market terms are accounted for as additional financing provided by the buyer-lessor to the seller-lessee. The buyer-lessor accounts for the purchase of the asset applying other sections of the new FRS 102, and for the lease applies the lessor accounting requirements in Section 20.

2.3 Balance sheet and related notes

2.3.7 Section 21 Provisions and contingencies

Section 21 now includes more specific requirements on measuring costs to fulfil a contract for the purpose of determining whether such a contract is onerous.

Old FRS 102	New FRS 102
Measurement of cost of fulfilling the contract for identifying onerous contracts	
Doesn't provide specific guidance on whether costs to fulfil a contract should be only incremental cost or all directly attributable costs of fulfilling a contract.	Requires that costs to fulfil a contract should include all incremental costs of fulfilling contracts and an allocation of other costs directly attributable to fulfilling contracts.

2.3.8 Section 22 Liabilities and equity

There are no significant changes to Section 22 in the new FRS 102.

2.3.9 Section 24 Government grants

There are no significant changes to Section 24 in the new FRS 102.

2.3.10 Section 25 Borrowing costs

There are no significant changes to Section 25 in the new FRS 102.

2.3.11 Section 27 Impairment of assets

There are no significant changes to Section 25 in the new FRS 102.

2.4 Consolidated and Separate Financial Statements

2.4.1 Section 9 Consolidated and separate financial statements

Section 9 has been amended to clarify that changes in a parent's controlling interest in a subsidiary that do not result in a loss of control is treated as a transaction with equity holders in their capacity as equity holders, and no gain or loss is recognised on these changes.

Old FRS 102	New FRS 102
The accounting for changes in parent's controlling interest in a subsidiary that do not result in a loss of control was previously included in section 22	An entity treats changes in a parent's controlling interest in a subsidiary that do not result in a loss of control as transactions with equity holders in their capacity as equity holders. Accordingly, the carrying amount of the non-controlling interest is adjusted to reflect the change in the parent's interest in the subsidiary's net assets. Any difference between the amount by which the non-controlling interest is so adjusted and the fair value of the consideration paid or received, if any, is recognised directly in equity and attributed to equity holders of the parent. An entity does not recognise a gain or loss on these changes. Also, an entity does not recognise any change in the carrying amounts of assets (including goodwill) or liabilities as a result of such transactions.

2.4.2 Section 14 Investment in associates

Section 14 now provides clarification on factors which indicates an investor has significant influence on an investee. It also clarifies the definition of interest in associate and impairment assessment of interest in associate.

Old FRS 102	New FRS 102
Evidence of significant influence	
No comparable clarification is provided.	The amendment clarifies that the existence of significant influence in an investee is usually evidenced in one or more of the following ways: ▶ Representation on the board of directors or equivalent governing body of the associate; ▶ Participation in policy-making processes, including participation in decisions about dividends or other distributions; ▶ Material transactions between the investor and its associate; ▶ Interchange of managerial personnel; or ▶ Provision of essential technical information.

2.4 Consolidated and Separate Financial Statements

Old FRS 102	New FRS 102
Determining an investor's interest in an associate	
No comparable guidance is provided.	▶ It clarifies that for the purpose of determining share of loss in an associate to be recognised, the interest in an associate is the carrying amount of the investment determined using the equity method together with any financial instruments that in substance form part of the investor's net investment in the associate ▶ Losses recognised using the equity method in excess of the entity's investment in ordinary shares are applied to the other components of the entity's interest in an associate in the reverse order of their seniority (ie priority in liquidation).
Impairment assessment of interest in associate	
No comparable clarification is provided.	▶ It clarifies that if there is an indication that an interest in an associate may be impaired, an investor tests the entire carrying amount of the interest, including financial instruments that in substance form part of the investor's net investment in the associate, for impairment in accordance with Section 27 as a single asset ▶ It clarifies that any goodwill included as part of the carrying amount of the investment in the associate is not tested separately for impairment but, rather, as part of the test for impairment of the investment as a whole ▶ A financial instrument for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, part of the investor's net investment (eg this may include preference shares or long-term receivables or loans, but does not include trade receivables, trade payables or any long-term receivables for hich adequate collateral exists, such as secured loans) ▶ It clarifies that an investor applies Section 11 or Section 12, as applicable, to any such financial instrument before it applies assessing the interest in associate for impairment. In applying Section 11 or 12, the entity does not take account of any adjustments to the carrying amount of an interest in an associate that arise from applying this section.

2.4 Consolidated and Separate Financial Statements

2.4.3 Section 15 investments in joint ventures

Section 15 now explicitly requires entities to disclose the fair value of each investment in a jointly controlled entity separately, if a market price for the investment is quoted and the venturer accounts for the jointly controlled entity using the equity method.

Old FRS 102	New FRS 102
Entities are required to disclose the fair value of the investments in jointly controlled entities if a market price for the investment is quoted and the venturer accounts for the jointly controlled entity using the equity method.	Entities are now required to disclose the fair value of **each** investment in a jointly controlled entity if a market price for the investment is quoted and the venturer accounts for the jointly controlled entity using the equity method.

2.4 Consolidated and Separate Financial Statements

2.4.4 Section 19 Business combinations and goodwill

Section 19 now provides additional clarification on how to identify an acquirer in a business combination. It also provides new guidance on distinguishing contingent consideration for the acquisition of a business from remuneration for post-acquisition employee services.

Old FRS 102	New FRS 102
Identification of an acquirer	
It clarifies how to identify an acquirer in a business combination: a. If the fair value of one of the combining entities is significantly greater than that of the other combining entity, the entity with the greater fair value is likely to be the acquirer b. If the business combination is effected through an exchange of voting ordinary equity instruments for cash or other assets, the entity giving up cash or other assets is likely to be the acquirer c. If the business combination results in the management of one of the combining entities being able to dominate the selection of the management team of the resulting combined entity, the entity whose management is able so to dominate is likely to be the acquirer.	The amendment provides additional clarification on how to identify an acquirer in a business combination. a. In a business combination effected primarily by transferring cash or other assets or by assuming or incurring liabilities, the acquirer is usually the entity that transfers the cash or other assets or assumes or incurs the liabilities b. In a business combination effected primarily by exchanging equity instruments, the acquirer is usually the entity that issues its equity instruments. Other pertinent facts and circumstances is considered in identifying the acquirer. For example, the acquirer is usually the combining entity: – Whose owners as a group retain or receive the largest portion of the voting rights in the combined entity after the business combination – Whose single owner or organised group of owners holds the largest minority voting interest in the combined entity, if no other owner or organised group of owners has a significant voting interest – Whose owners have the ability to elect or appoint or to remove a majority of the members of the governing body of the combined entity – Whose (former) management dominates the senior management of the combined entity – That pays a premium over the pre-combination fair value of the equity instruments of the other combining entity or entities. c. The acquirer is usually the combining entity whose relative size (measured in, for example, assets, revenues or profit) is significantly greater than that of the other combining entity or entities d. In a business combination involving more than two entities, determining the acquirer includes a consideration of, among other things, which of the combining entities initiated the combination, as well as the relative size of the combining entities.

2.4 Consolidated and Separate Financial Statements

Old FRS 102	New FRS 102
	e. A new entity formed to effect a business combination is not necessarily the acquirer. If a new entity is formed to issue equity instruments to effect a business combination, it is likely that the acquirer is one of the combining entities that existed before the business combination. In contrast, a new entity that transfers cash, cash equivalents or other assets or assumes or incurs liabilities as consideration may be the acquirer f. The application of factors in (a) to (e) above may result in the entity whose equity instruments are acquired (the legal acquiree) being identified as the acquirer for accounting purposes
Distinction between contingent consideration and remuneration	
No comparable clarification is provided.	It clarifies that the cost of a transaction that remunerates employees or former owners of the acquiree for future services is not part of the cost of a business combination. Whether arrangements for contingent payments to employees or selling shareholders are contingent consideration in the business combination or are separate transactions (e.g. remuneration for future services) depends on the nature of the arrangements. It clarifies that understanding the reasons why the acquisition agreement includes a provision for contingent payments, who initiated the arrangement and when the parties entered into the arrangement may be helpful in assessing the nature of the arrangement. It clarifies that an entity carefully considers the substance of the arrangement in order to determine what is part of the cost of the business combination.
Recognition of identifiable assets and liabilities	
▶ Identifiable assets are separately recognised if it is probable that any associated future economic benefits will flow to the acquirer, and its fair value can be measured reliably. ▶ Liabilities other than a contingent liability is recognised when it is probable that an outflow of resources will be required to settle the obligation, and its fair value can be measured reliably. ▶ No comparable clarification is provided.	▶ It clarifies that the acquirer recognises separately the acquiree's identifiable assets acquired and liabilities if they meet the definitions of assets and liabilities in Section 2 at the acquisition date, their fair value can be measured reliably, and they are part of what the acquirer and the acquiree (or its former owners) exchanged in the business combination transaction rather than the result of separate transactions. ▶ It clarifies that the acquirer does not recognise contingent assets at the acquisition date.

2.4 Consolidated and Separate Financial Statements

Old FRS 102	New FRS 102
Recognition of contingent liabilities	
It specifies that the acquirer recognises separately a provision for a contingent liability of the acquiree only if its fair value can be measured reliably. If its fair value cannot be measured reliably: a. There is a resulting effect on the amount recognised as goodwill or negative goodwill b. The acquirer discloses the information about that contingent liability as required by Section 21.	At the acquisition date, the acquirer recognises a contingent liability assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably. Therefore, the acquirer recognises a contingent liability assumed in a business combination at the acquisition date even if it is not probable that the acquirer will be required to transfer economic benefits in settlement.
Subsequent measurement of contingent liabilities	
After initial recognition, the acquirer measures contingent liabilities that are recognised separately at the higher of: a. The amount that would be recognised in accordance with Section 21 b. The amount initially recognised less amounts previously recognised as revenue in accordance with Section 23.	Similar to the old FRS 102, it clarifies that after initial recognition and until it is settled, cancelled or expires, the acquirer measures a contingent liability recognised in a business combination at the higher of: a. The amount that would be recognised in accordance with Section 21; and b. The amount initially recognised less, if appropriate, the cumulative amount of income recognised in accordance with the principles of Section 23. It also clarifies that the subsequent measurement requirement does not apply to contracts accounted for in accordance with the recognition and measurement provisions of IAS 39 (in accordance with paragraphs 11.2(b) and 12.2(b)) or of IFRS 9 (in accordance with paragraphs 11.2(c) and 12.2(c)).

2.4 Consolidated and Separate Financial Statements

Old FRS 102	New FRS 102
Recognition of leases in which the acquiree is a lessee	
No comparable clarification is provided.	The acquirer recognises right-of-use assets and lease liabilities for leases identified in accordance with Section 20 in which the acquiree is the lessee. The acquirer is not required to recognise right-of-use assets and lease liabilities for: a. Leases for which the lease term ends within 12 months of the acquisition date; or b. Leases for which the underlying asset is of low value (as described in Section 20). The acquirer measures the lease liability at the present value of the remaining lease payments as if the acquired lease were a new lease at the acquisition date. The acquirer measures the right-of-use asset at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

2.5 Other sections of FRS 102

2.5.1 Section 33 related party disclosures

Section 33 now clarifies that commitments to do something if a particular event occurs or does not occur in the future is an example of related party transaction to be disclosed.

Old FRS 102	New FRS 102
No comparable clarification is provided.	It clarifies that commitments to do something if a particular event occurs or does not occur in the future is an example of related party transaction to be disclosed. At the minimum, entities are now required to disclose terms and conditions of related party commitments.

2.5.2 Section 34 Specialised activities

2.5.2.1 Public benefit entity combinations

Section 34 now includes more specific requirements for the accounting of incoming resources from non-exchange transactions.

Old FRS 102	New FRS 102
Incoming resources from non-exchange transactions	
An entity must take into consideration whether the incoming resource can be measured reliably and whether the benefits of recognising the asset outweighs the costs.	Incoming resource shall be recognised when the value of the incoming resources can be measured reliably. Such resources include donations of cash or goods, facilities such as free use of office accommodation or event space, and services that are provided as part of their trade or profession for a fee. An example of incoming resources where it may be impractical to estimate the value of the resource with sufficient reliability on its receipt is in case of high volume, low value second-hand goods donated for resale, where income shall be recognised in the period when resource is sold or distributed.
Measurement of donated services and facilities	
Donated services and facilities (that would otherwise have been purchased) are measured at the value to the entity. However, there is no specific guidance on how such value to the entity is measured.	Donated services and facilities (that would otherwise have been purchased) are measured at the value to the entity. Value to the entity is the price the entity would have paid in the open market for a service or facility of equivalent utility to the entity if the service or facility wouldn't have been donated.

2.5 Other sections of FRS 102

2.5.2.2 Heritage assets

Section 34 not requires depreciation and amortisation on heritage assets to be disclosed.

Heritage asset disclosures are now positively encouraged for assets that have characteristics of heritage assets, even if they are accounted for under other sections of FRS 102.

Old FRS 102	New FRS 102
Some examples are given where the heritage asset requirements do not apply.	Whether an asset is held **principally** for knowledge and culture is always a management judgement.
Heritage assets used by the entity are required to be accounted for under Section 17 (PPE).	Such assets are accounted for under the applicable other Section of FRS 102 (which might include right of use assets under Section 20).
For assets with characteristics of heritage assets but which are not accounted for as such, it is suggested that entities can provide heritage asset disclosures in addition.	Such disclosures are explicitly **encouraged**.
There is no concept of right of use asset.	Heritage assets held as right of use assets should be shown separately from other heritage assets.
There is no requirement to disclose depreciation or amortisation on heritage assets.	Depreciation or amortisation recognised in the period on heritage assets must be disclosed.

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