Amendment to Standard

Accounting and Reporting

Financial Reporting Council

March 2025

# Amendments to FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime*

## UK company size thresholds

The purpose of the FRC is to serve the public interest and support UK economic growth by upholding high standards of corporate governance, corporate reporting, audit and actuarial work. The FRC sets the UK Corporate Governance and Stewardship Codes and UK standards for accounting and actuarial work; monitors and takes action to promote the quality of corporate reporting; and operates independent enforcement arrangements for accountants and actuaries. As the Competent Authority for audit in the UK the FRC sets auditing and ethical standards and monitors and enforces audit quality.


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# Amendments to FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime*

## UK company size thresholds

*Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 105 The Financial Reporting Standard applicable to the Micro-entities regime – UK company size thresholds* amends two accounting standards. It is issued by the Financial Reporting Council, as a prescribed body, for application in the United Kingdom and Republic of Ireland.

# Contents

## Overview

(i) The FRC's overriding objective in setting accounting standards is to enable users of accounts to receive high-quality understandable financial reporting proportionate to the size and complexity of the entity and users' information needs.

### Amendments to FRS 102 and FRS 105 – UK company size thresholds

(ii) In December 2024, regulations were made in the UK that increased certain monetary thresholds that form part of the criteria for determining the size of an entity for financial years beginning on or after 6 April 2025.

(iii) As a result, it was necessary to amend Appendix III *Note on legal requirements* to both FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime* to reflect the increased thresholds.

(iv) As these amendments reflect changes in UK company law, they are not expected to introduce changes in financial reporting other than when required by law. There should be no practical impact on entities in the Republic of Ireland.

# Amendments to FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*

# Amendment to Section 1
## *Scope*

1 The following paragraph sets out the amendment to Section 1 *Scope* (inserted text is underlined).

2 A heading and paragraph 1.70 are inserted as follows:

**UK company size thresholds**

1.70 In March 2025 an amendment was made to paragraph A3.11A of Appendix III *Note on legal requirements* of this FRS. This reflected the amendments made to the Act by *The Companies (Accounts and Reports) (Amendment and Transitional Provision) Regulations 2024* (SI 2024/1303), which apply for financial years beginning on or after 6 April 2025.

## Amendment to Appendix III
## *Note on legal requirements*

3 The following paragraph sets out the amendment to Appendix III *Note on legal requirements* (deleted text is struck through, inserted text is underlined).

4 Paragraph A3.11A is amended as follows:

A3.11A The definition of a small company is contained in sections 382 and 383 of the Act; certain companies are excluded from the small companies regime by section 384. Subject to certain conditions and exclusions, the qualifying conditions are met by a company in a year in which it does not exceed two or more of the following criteria:

| | | |
|---|---|---|
| (a) | Turnover | ~~£10.2 million~~£15 million |
| (b) | Balance sheet total | ~~£5.1 million~~£7.5 million |
| (c) | Average number of employees | 50 |

# Amendments to FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime*

## Amendment to Section 1
## *Scope*

5 The following paragraph sets out the amendment to Section 1 *Scope* (inserted text is underlined).

6 A heading and paragraph 1.13 are inserted as follows:

**UK company size thresholds**

1.13 In March 2025 an amendment was made to paragraph A3.3 of Appendix III *Note on legal requirements* of this FRS. This reflected the amendments made to the **Act** by *The Companies (Accounts and Reports) (Amendment and Transitional Provision) Regulations 2024* (SI 2024/1303), which apply for financial years beginning on or after 6 April 2025.

## Amendment to Appendix III
## *Note on legal requirements*

7 The following paragraph sets out the amendment to Appendix III *Note on legal requirements* (deleted text is struck through, inserted text is underlined).

8 Paragraph A3.3 is amended as follows:

A3.3 The definition of a micro-entity is contained in sections 384A and 384B of the *Companies Act 2006* (the Act). The qualifying conditions are met by a company in a year in which it does not exceed two or more of the following criteria:

| | | |
|---|---|---|
| (a) | Turnover | ~~£632,000~~<u>£1 million</u> |
| (b) | Balance sheet total | ~~£316,000~~<u>£500,000</u> |
| (c) | Average number of employees | 10 |

## Approval by the FRC

*Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 105 The Financial Reporting Standard applicable to the Micro-entities Regime – UK company size thresholds* was approved for issue by the Financial Reporting Council on 13 March 2025.

## Amendments to Bases for Conclusions

## Amendment to Basis for Conclusions FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*

1 The following amendment is made to the Basis for Conclusions FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (inserted text is underlined).

2 The following row is inserted at the end of Table 1 *Exposure drafts and consultation documents*:

| **Exposure draft** | **Date of issue** | **Finalised as** | **Date of issue** | **Mandatory effective date** |
|---|---|---|---|---|
| N/A | | *Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 105 The Financial Reporting Standard applicable to the Micro-entities Regime – UK company size thresholds* | Mar 2025 | 6 Apr 2025 |

## Amendment to Basis for Conclusions FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime*

3 The following amendment is made to the Basis for Conclusions FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime* (inserted text is underlined).

4 The following row is inserted at the end of Table 1 *Exposure drafts and consultation documents*:

| **Exposure draft** | **Date of issue** | **Finalised as** | **Date of issue** | **Mandatory effective date** |
|---|---|---|---|---|
| N/A | | *Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 105 The Financial Reporting Standard applicable to the Micro-entities Regime – UK company size thresholds* | Mar 2025 | 6 Apr 2025 |

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