

Amendments to the 2025-26 FReM

The table below sets out consequential changes to the 2025-26 FReM published in December 2024 from the 2024-25 Final FReM. [N.B it does not include minor changes such as correction of typos, changes to cross-referencing etc.).

Paragraph(s)	Change	Reason for change
6.4.8 d)	Wording updated to include 'evaluation' in the paragraph.	To ensure entities include analysis of how they have evaluated their risks and internal control framework in the governance statement.
Table 1 below paragraph 8.1.2	Reference to IFRS 4 deleted. Reference to IFRS 17 added.	IFRS 17 is implemented in the FReM from 2025-26. IFRS 4 is therefore no longer applied from this financial year.
Table 2 below paragraph 8.2.2	IFRS 17 adaptations and interpretations added.	IFRS 17 is being implemented in the FReM from 2025-26. Adaptations and interpretations listed in Table 2 are those stated in the IFRS 17 application guidance: IFRS 17 Insurance Contracts Application Guidance.pdf
Table 2 below paragraph 8.2.2	Minor changes to wording in the IFRS 16 and IAS 36 adaptations to remove references to 'service potential' and replace with 'operational capacity'.	Alignment with language change in the FReM. Operational assets are now referenced as being held for their operational capacity rather than their service potential.
Table 2 below paragraph 8.2.2	New adaptation to IAS 8 to provide guidance on applying the changes to the non-investment assets valuation regime in the FReM.	Output from the non-investment assets thematic review and workstream.

Paragraph(s)	Change	Reason for change
Table 2 below paragraph 8.2.2	IAS 16 adaptation 1a) updated to remove reference to 'service potential' and replace with 'operational capacity'. Reference to specialised and non-specialised assets also removed; valuation basis clarified as existing use value.	Output from the non-investment assets thematic review and workstream.
Table 2 below paragraph 8.2.2	IAS 16 adaptations 2, 3 and 4 added.	Output from the non-investment assets thematic review and workstream.
Table 2 below paragraph 8.2.2	Previous IAS 38 adaptation removed. Replaced with two new adaptations.	Output from the non-investment assets thematic review and workstream.
Sections 10.1 and 10.4	Several changes made to reflect changes to the non-investment asset valuation regime following the non-investment asset thematic review. Key changes noted in the next column	<p>Key changes are:</p> <ol style="list-style-type: none"> 1) Assets are now being referred to as being held for their operational capacity rather than service potential. 2) Reference to specialised and non-specialised assets has been removed from section 10.1. 3) The number of valuation processes entities can use has been reduced, e.g. annual revaluations are no longer required in the FReM. 4) The purpose of indexation has been added to section 10.1. 5) Additional guidance on whether an asset is held for its operational capacity or not has been added to section 10.1.

Paragraph(s)	Change	Reason for change
		6) Guidance has been added in section 10.4 to explain undertaking a full revaluation should not be the default process to demonstrate there has not been a material impairment to comply with IAS 36.
11.4.6 – 11.4.7	Guidance on social benefits added.	FRAB approved HM Treasury's social benefit guidance at FRAB meeting 152: https://www.gov.uk/government/publications/frab-minutes-and-associated-papers-21-march-2024 .