

Budgeting for Dilapidations

FRS 102 Summary

FRS 102 became the financial reporting standard applicable to Small and Medium Sized Enterprises (SMEs) in the United Kingdom and Republic of Ireland, for all financial reporting periods starting on the 1st January 2015 or later. The new directives are aimed at simplifying the reporting process for these companies.

FRS 102 Changes

FRS 102 has replaced FRS 12 and other accounting standards, the previous financial reporting standard that, amongst other aspects, allowed companies to accrue potential future costs relating to leases and liabilities in their yearly accounts. These costs are viewed as an expense and therefore are exempt from tax calculations.

FRS 102 Dilapidations

The majority of commercial property leases are clear in their terms that the tenant must keep the leased property in a good condition, although the precise nature of these conditions would be unique to each individual contract. If you were to fail in meeting these terms and conditions a landlord would likely pursue a dilapidations claim, leaving companies liable for a substantial charge – depending on the property and contractual obligations.

For all companies, whether they have one leased property or a large portfolio of properties, it is essential that any future liability relating to dilapidations have been accounted for under FRS 102. It is highly advisable that companies employ an experienced commercial surveyor with experience in FRS 102 dilapidations, such as **Bradley-Mason**, to provide a cost for future liabilities.

If you require costings for future dilapidations, in line with FRS 102, **Bradley-Mason** are able to survey all properties leased by companies, whether it is a single building or a large number of sites spread throughout the country. Based in Harrogate, Yorkshire, **Bradley-Mason** has satellite offices in Manchester, Sheffield, Bristol and London – allowing us to provide complete national coverage throughout the UK and Ireland.

Please contact us if we can help: info@bradley-mason.com



We have advised a variety of our clients on their potential Dilapidations liabilities, including portfolio assessments for TK Maxx, XPO Logistics, VOW and Bookers.

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