



Dilapidations
Consultancy

Accounting for Dilapidations

There are real benefits to a business to account accurately for many potential outgoings and dilapidations is certainly one which falls into this category.

Financial Reporting Standard 102 (FRS 102) places obligations on UK companies to provide a reliable estimate within their company accounts. Dilapidations is accounted for like any other provision:

- **A present obligation as a result of a past event**
- **Payment is probable**
- **Can it be accurately measured**

Not including an accurate provision can impact on cash flow, affect tax relief, be a factor in whether to remain or vacate the premises and means that directors are not fulfilling their obligations.

Tax relief can also be claimed from the time the provision is made, so the sooner the provision is made the better.

Making a provision to cover a future claim for dilapidations (repairs, redecoration and reinstatement of alterations) requires knowledge and a full understanding of the lease documentation, building fabric, methods of repair and building costs.

M³ Dilapidations Consultancy specialises in all areas of dilapidations and regularly provides clients with dilapidations assessments during the term of their lease.

Benefits of a Dilapidations Assessment during the lease term

- **Have an accurate provision within company accounts**
- **Report will be approved by external auditors**
- **No surprise lease exit costs at lease expiry/ break clause**
- **Tax benefits**
- **Assessment can influence future decision on whether to renew or relocate**

Dilapidations Assessment Process

- **Detailed review of all lease documentation**
- **Detailed inspection of the premises and surrounding area**
- **Dilapidations Assessment Report providing a cost assessment and strategic advice on how to minimise costs**
- **Estimation of likely duration of dilapidations works**

M³ Dilapidations Consultancy can offer you informal guidance and strategic advice on any dilapidations issues you may have and/or provide a quotation for a dilapidations assessment throughout the UK.

For further information please call
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