



THE POWER OF BEING UNDERSTOOD

Company Law changes – amendments to FRS 101

From periods starting on or after 1 January 2016, to align with the revisions in Company Law, FRS 101 is amended to:

- align the accounting treatment for contingent consideration arising on a business combination with IFRS 3; and
- require some minimum disclosures about provisions and contingencies, partially removing the 'seriously prejudicial' exemption.

The changes to Company Law also permit more flexible profit and loss account and balance sheet formats which align with the presentation in EU-adopted IFRS.

PARAGRAPH	TOPIC	SUMMARY OF AMENDMENT
AG1	Contingent consideration	Contingent consideration balances arising from business combinations whose acquisition dates are on or after the date an entity first applies the 2015 Regulations shall be accounted for in accordance with IFRS 3
AG1(h) (IAS 1 53A)	Statement of financial position	Option to apply the presentation requirements of IAS 1 Presentation of Financial Statements
AG1(i) (IAS 1 81C)	Information to be presented in profit or loss	Option to apply the presentation requirements of IAS 1 as long as profit before tax is also disclosed
AG1(s) (IAS 37 92)	Provisions, Contingent Liabilities and Contingent Assets	Paragraph amended to introduce minimum disclosure requirements when, in extremely rare cases, an entity decides not to make the relevant disclosures because it can be expected to seriously prejudice the entity in a dispute with other parties on the subject matter

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