

# Audit Alert: Board issues ASU to simplify measurement-period adjustments

## FASB

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The FASB recently [issued](#) ASU 2015-16, Business Combinations: Simplifying the Accounting for Measurement-Period Adjustments, which simplifies the accounting for adjustments made to provisional amounts recognized in a business combination by eliminating the requirement to retrospectively account for these adjustments.

Under the new guidance, an acquirer is required to recognize adjustments to provisional amounts that are identified during the measurement period within the reporting period in which the adjustment amounts are determined. Those adjustments include changes in depreciation, amortization, or other income effects as a result of the change in provisional amounts calculated as if the accounting had been completed at the acquisition date. The acquirer must also present separately by line item, either on the face of the income statement or in the notes to the financial statements, the portion of the amount recorded in current-period earnings that would have been recorded in previous

reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date.

Public business entities must apply the amendments for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. Early application is permitted for financial statements that have not been issued.

All other entities must apply the guidance for fiscal years beginning after December 15, 2016 and for interim periods within fiscal years beginning after December 15, 2017. Early application is permitted for financial statements that have not yet been made available for issuance.

The amendments must be applied on a prospective basis to adjustments to provisional amounts that occur after the effective date.

Source: Grant Thornton, *On The Horizon*, October 1, 2015

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