

**GIBRALTAR FINANCIAL REPORTING STANDARD No. 6
INTERPRETATIVE NOTE**

(Issued December 2001)

This interpretative note should be read in conjunction with the Explanatory Foreword to Gibraltar Accounting Standards.

REFERENCE

Financial Reporting Standard No.6 – “Acquisitions and mergers” together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 6 – “Acquisitions and mergers” (“GFRS 6”).

FRS 6 makes a number of references to other FRSs/SSAPs and these should be read as references to the corresponding GFRS.

LEGAL REQUIREMENTS IN GIBRALTAR

The Companies (Consolidated Accounts) Ordinance 1999 and the Companies Ordinance 1930 are both silent on the use of merger accounting. Further the Companies (Consolidated Accounts) Ordinance 1999 requires that acquisitions shall be accounted for by the acquisition method of accounting.

Despite of the absence of Gibraltar legislation permitting the use of merger accounting, the application of merger accounting for Gibraltar incorporated combinations is consistent with international generally accepted accounting principles but should only be considered after the receipt of legal advice.

Merger relief is not available in Gibraltar.

APPLICATION TO SMALLER ENTITIES

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are exempt from this accounting standard unless preparing consolidated financial statements, in which case they should apply the GFRS to such statements as required by the GFRSSE.

DATE FROM WHICH EFFECTIVE

The accounting and disclosure requirements set out in this GFRS should be adopted as soon as possible and regarded as recommended practice in respect of the later of (i) accounting periods ending on or after 31 December 2001 and (ii) the effective date as stipulated in the UK standard.
