

**GIBRALTAR FINANCIAL REPORTING STANDARD No. 7
INTERPRETATIVE NOTE**

(Issued June 1995; revised December 2001)

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

REFERENCE

Financial Reporting Standard No.7 – “Fair values in acquisition accounting” together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 7 – “Fair values in acquisition accounting” (“GFRS 7”).

FRS 14 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 requires, amongst others, that the identifiable assets and liabilities of the undertaking acquired to be included in the consolidated balance sheet at their fair values as at the date of acquisition.

The standard accounting practice promulgated by FRS 7 does not contravene legal requirements in Gibraltar.

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.
