

Gibraltar Financial Reporting Standard No 26

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

Reference

Financial Reporting Standard No. 26 – Financial Instruments: Measurement, together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 26 – “Financial Instruments: Measurement” (“GFRS26”)

Legal Requirements in Gibraltar

The requirements of this GFRS do not contravene legal requirements 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 latter of (i) accounting periods commencing on or after 1 January 2006 and (ii) the effective date as stipulated in the UK Standard.

Scope

1A This Standard applies to all financial statements that are intended to give a true and fair view of a reporting entity's financial position and profit or loss (or income and expenditure) and are:

(a) for an entity that is a listed entity, or

(b) prepared in accordance with the fair value accounting rules set out in the Companies (Accounts) Act 1999

except that reporting entities applying the Financial Reporting Standard for Smaller Entities currently applicable are exempt.

1B The fair value accounting rules are those set out in Section C to the Companies (Accounts) Act 1999, and their equivalents in other schedules. For the purposes of interpreting paragraph 1A, an entity prepares its accounts in accordance with the fair value accounting rules if it applies an accounting policy that measures financial instruments at fair value through profit and loss account and this is not explicitly permitted by the historical cost accounting rules or the alternative accounting rules set out in that schedule (or equivalents in other schedules as

appropriate). In particular:

- (a) an entity under Section C that uses fair value accounting through profit and loss account for trading book financial instruments or other financial instruments, or
 - (b) a banking entity under the Banking (Accounts Directive) Regulations 1997 that uses fair value accounting through profit and loss account for derivatives, or other financial instruments for which this is not specifically permitted under the historical accounting rules in that schedule, or
 - (c) an insurance entity under the Insurance Companies (Accounts Directive) Regulations 1997 that uses fair value accounting for derivatives, or other financial instruments for which this is not specifically permitted under the current value accounting rules in that schedule
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