

**GIBRALTAR SOCIETY OF CHARTERED AND CERTIFIED  
ACCOUNTANCY BODIES**

**GIBRALTAR ACCOUNTING STANDARDS**

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## GIBRALTAR ACCOUNTING STANDARDS

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# **EXPLANATORY FOREWORD TO GIBRALTAR ACCOUNTING STANDARDS**

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## **Introduction**

1. This foreword explains the authority, scope and application of Gibraltar Accounting Standards (GASs) issued by the Gibraltar Society of Chartered and Certified Accountancy Bodies (GSCCAB) and the circumstances whereby other internationally recognised accounting standards may instead be followed. The scope of GAS extends to entities licensed or authorised by the Financial Services Commission (“FSC”) unless the applicable legislation requires or the FSC permits the adoption of alternative accounting standards. This foreword also considers the procedures by which the GSCCAB issues GASs and their relationship to accounting standards adopted or issued by the Accounting Standards Board (ASB) in the United Kingdom.

## **Accounting Standards in the United Kingdom**

2. Accounting Standards issued by the ASB are “accounting standards” for the purpose of United Kingdom legislation which requires accounts, other than those prepared by small or medium sized companies (as defined by the UK Companies Act), to state whether they have been prepared in accordance with applicable accounting standards and to give particulars of any material departure from those standards and the reasons for it.
3. In addition the Consultative Committee of Accountancy Bodies (CCAB) is committed to promoting and supporting compliance with accounting standards by its member bodies and by their members, whether as preparers or auditors of financial information.
4. United Kingdom accounting standards, however, are not intended to apply to financial statements of overseas entities prepared for local purposes.

## **Gibraltar Legal Requirements**

5. The GSCCAB notes that Gibraltar Company law makes reference to, but does not define, the terms ‘Appropriate Accounting Standards’, ‘Generally Accepted Accounting Principles’ and ‘Accounting Rules’ (collectively referred hereafter as “GAAP”). In absence of any statutory definition of GAAP, the GSCCAB recommends that members follow the recommendations set out in paragraph 8 below. In addition Gibraltar Company law permits the use of International Financial Reporting Standards.

## **Authority**

6. The GSCCAB, whilst recognising that it does not have the authority to require its members to observe a particular GAAP, wishes to promote a formal framework for the preparation of accounts.
7. The GSCCAB also notes that, commensurate with Gibraltar’s status as an international offshore finance centre, there will be circumstances whereby internationally recognised accounting standards will be more appropriate. As mentioned in paragraph 5 above, Gibraltar Company law specifically permits the use of International Financial Reporting Standards.
8. Therefore, the GSCCAB strongly recommends that its members who assume responsibilities in respect of financial statements do observe GASs or, where appropriate, follow instead internationally recognised accounting standards, as referred to in paragraph 11 below, whether in their capacity as preparers or auditors of financial information.

## **Scope and application of Gibraltar Accounting Standards**

9. The GSCCAB consider that GASs are applicable to the financial statements of Gibraltar reporting entities that are intended to give a true and fair view of the state of affairs at the balance sheet date and of its profit or loss (or income and expenditure) for the financial period ending on that date. GASs need not be applied to immaterial items.
10. Financial statements are normally prepared and presented annually and are directed principally toward the information needs of an entity’s shareholders, proprietors or equivalent body of persons.
11. Where these information needs are such that they would be better met through the use of standards other than GASs then it is entirely appropriate to depart from GAS and a local entity’s financial statements may in such circumstances be prepared in accordance with internationally recognised accounting standards such as International Accounting Standards, UK GAAP or US GAAP.

## **Compliance with accounting standards**

12. Accounting standards are statements of how particular types of transactions and other events should be reflected in financial statements, and are formulated with the objective of ensuring

that the information resulting from their application faithfully represents the underlying commercial activity. The GSCCAB envisages that only in exceptional circumstances will departure from the requirements of GASs (or where appropriate internationally recognised accounting standards) be necessary in order for financial statements to give a true and fair view.

13. In applying accounting standards it is important to be guided by the spirit and reasoning behind them. The spirit and reasoning are set out in the individual GASs and are based on the ASB's Statement of Principles for Financial Reporting.
14. If in exceptional circumstances compliance with the requirements of a GAS is inconsistent with the requirement to give a true and fair view, the requirement of the GAS should be departed from to the extent necessary to give a true and fair view. In such cases informed and unbiased judgement should be used to devise an appropriate alternative treatment, which should be consistent with the economic and commercial characteristics of the circumstances concerned. Particulars of any material departure from an accounting standard, the reasons for it and its financial effects should be disclosed in financial statements.

### **The issue of Gibraltar Accounting Standards**

15. The GSCCAB has agreed to formally adopt United Kingdom accounting standards as issued by the ASB, which will be accompanied by Interpretative Notes (ITN's). The principal purpose of ITN's is to cite the recommended practice in situations where Gibraltar and United Kingdom legislation conflict and also in situations where reference is made in the ASB's accounting standards to United Kingdom legislation and no corresponding Gibraltar legislation has been enacted.
  16. The ITN, issued by the Society, together with the ASB's accounting standard is referred to as a Gibraltar Financial Reporting Standard ("GFRSs") or Gibraltar Statement of Standard Accounting Standards ("GSSAPs"). GFRSs together with GSSAPs are collectively referred to as Gibraltar Accounting Standards.
  17. GASs are circulated as an exposure draft by the GSCCAB's Technical Committee. An exposure draft is published to allow an opportunity for all interested parties to comment on the proposals and for the Technical Committee to gauge the appropriateness and level of acceptance of those proposals.
  18. Although the Technical Committee weighs carefully the views of interest parties, the ultimate content of an ITN must be determined by the Committee's judgement, in conjunction with the Society's President, based on research, public consultation and careful deliberation about the benefits and costs of providing the resulting information.
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# **GIBRALTAR FINANCIAL REPORTING STANDARD FOR SMALLER ENTITIES INTERPRETATIVE NOTE**

*(Issued December 2001)*

This Interpretative Note (“ITN”) should be read in conjunction with the Explanatory Foreword to Gibraltar Accounting Standards (“GASs”).

## **1. REFERENCE**

The Financial Reporting Standard for Smaller Entities, together with this interpretative note, will be referred to collectively as The Gibraltar Financial Reporting Standard for Smaller Entities (“GFRSSE”).

The following sections on the status of the GFRSSE and its objectives are adapted from the UK Financial Reporting Standard for Smaller Entities. The adaptation has been necessary to reflect local circumstances and/or Gibraltar legal requirements.

## **2. OBJECTIVE**

The objective of the GFRSSE is to ensure that reporting entities falling within its scope provide in their financial statements information about the financial position, performance and financial adaptability of the entity that is useful to users in assessing the stewardship of management and for making economic decisions, recognising that the balance between users’ needs in respect of stewardship and economic decision-making for smaller entities is different from that for other reporting entities.

## **3. STATUS OF THE GFRSSE**

### **3.1 General**

The GFRSSE prescribes the basis, for those entities within its scope that have chosen to adopt it, for preparing and presenting their financial statements. The definitions and accounting treatments are, in general, consistent with the requirements of companies legislation and, for the generality of small entities, are the same as those required by other Gibraltar Accounting Standards (“GASs”) and related Interpretative Notes (“ITNs”). The disclosure requirements of the GFRSSE, however, exclude a number of those stipulated in GASs.

Reporting entities that apply the GFRSSE are exempt from complying with other GASs [and UK Urgent Issues Task Force (UITF) Abstracts], unless preparing consolidated financial statements, in which case GFRS 2, GFRS 6, GFRS 7 and GFRS 9 apply.

Financial statements will generally be prepared using accepted practice and, accordingly, for transactions or events not dealt with in the GFRSSE smaller entities should have regard to other GASs [and UITF Abstracts], not as mandatory documents, but as a means of establishing current practice.

### **3.2 Criteria**

The UK Accounting Standards Board has stated that when considering the application of accounting standards [and UITF Abstracts] to smaller entities it has had, and will continue to have, regard to certain criteria. Since the list is compatible with local circumstances and/or Gibraltar legal accounting requirements it is reproduced below.

- (a) The standard or requirement is likely to be regarded as having general application and as an essential element of generally accepted accounting practice for all entities.

- (b) The standard or requirement is likely to lead to a transaction being treated in a way that would be readily recognised by the proprietor or manager of the business as corresponding to his or her understanding of the transaction.
- (c) The standard or requirement is likely to meet the information needs and legitimate expectations of a user of a small entity's accounts.
- (d) The standard or requirement results in disclosures that are likely to be meaningful and comprehensive to such a user. Where disclosures are aimed at a particular group of users, that group would be likely to receive the information, given that they may have access only to abbreviated accounts.
- (e) The requirements of the standard significantly augment the treatment prescribed by legislation.
- (f) The treatment prescribed by the standard or requirement is compatible with that already used, or expected to be used, by the Inland Revenue [Income Tax Office] in computing taxable profits.
- (g) The standard requirement provides the least cumbersome method of achieving the desired accounting treatment and/or disclosure for an entity that is not complex.
- (h) The standard provides guidance that is expected to be widely relevant to the transactions of small entities and is written in terms that can be understood by such business.
- (i) The measurement methods prescribed in the standard are likely to be reasonably practical for small entities.

The satisfaction of a majority of the above criteria would suggest that the standard or requirement under consideration may also be appropriate for application to smaller entities, whereas failure to satisfy a majority of the above criteria would suggest that exemption, or differing treatment, from the standard, or a specific requirement within that standard, may be more appropriate.

### 3.3 **Scope**

The GFRSSE may be applied to all financial statements intended to give a true and fair view of the financial position and profit or loss (or income and expenditure) of all entities<sup>2</sup> that are:

- (a) small companies or groups as defined in companies legislation (see section on legal requirements below); or
- (b) entities that would also qualify under (a) if they had been incorporated under companies legislation.

Accordingly, the GFRSSE does not apply to:

- (j) large or medium-sized companies, groups and other entities;

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<sup>2</sup> Some older accounting standards are drafted in terms of application to companies. Reference to companies and associated terms, such as board of directors and shareholders, in the GFRSSE should therefore be taken to apply also to unincorporated entities

- (ii) public companies;
- (iii) banks, building societies or insurance companies;
- (iv) persons licensed under the Financial Services Ordinance; or
- (v) members of groups that contain companies falling under (ii)-(iv) above.

Reporting entities that are entitled to adopt the GFRSSE, but choose not to do so, should apply GASs [and UITF Abstracts] when preparing financial statements intended to give a true and fair view of the financial position and profit or loss of the entity.

#### **4. LEGAL REQUIREMENTS IN GIBRALTAR**

- (i) The definition of a small company is contained in Schedule 1 of the Companies (Accounts) Ordinance, 1999.

The qualifying conditions are met by a company in a year in which it does not exceed two or more of the following criteria:

Turnover	£4,800,000
Balance sheet total	£2,400,000
Average number of employees	50

For any company, other than a newly incorporated company, to qualify as small, the qualifying conditions must be met for two consecutive years. A company will cease to qualify as small if it fails to meet the qualifying conditions for two consecutive years.

- (ii) A public company is excluded by section 6 of schedule 1 of the Companies (Accounts) Ordinance, 1999 from the ‘small company’ criteria.
- (iii) Moreover, certain companies may not adopt the GFRSSE even if they meet the ‘small company’ criteria. These are any entity that is, or is in a group that includes:
  - (a) banks licensed or authorised under the Banking Ordinance 1992;
  - (b) insurance companies licensed under the Insurance Companies Ordinance; and
  - (c) persons licensed under the Financial Services Ordinance.
- (iv) A parent company shall not be treated as qualifying as a small company in relation to a financial year unless the group headed by it qualifies as a small group.
- (v) The definition of a small group is contained in section 14 of the Companies (Consolidated Accounts) Ordinance, 1999. The qualifying conditions are met by a group in a year in which it does not exceed two or more of the following criteria:

Aggregate turnover	£4,800,000 net (or £5,760,000 gross)
Balance sheet total	£2,400,000 net (or £2,880,000 gross)
Average number of employees	50

The rules for applying the criteria are similar to those for establishing the size classification of an individual company (see section 1 above).

'Net means after the set-offs and other adjustments required by Schedule 2 in the case of group accounts and 'gross' means without those set-offs and adjustments. A company may satisfy the relevant requirements on the basis of either the net or the gross figure.

- (vi) On any particular matter reference should be made to the legal requirements section of the relevant GFRs to establish whether application of the FRSSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.
- (vii) Section 5 of the Companies (Accounts) Ordinance, 1999 sets out the principles to determine items shown in a company's accounts.

## **5. DATE FROM WHICH EFFECTIVE**

The accounting and disclosure requirements set out in the GFRSSE 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.

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## **GIBRALTAR STATEMENT OF STANDARD ACCOUNTING PRACTICE No.4 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**

Statement of Standard Accounting Practice No.4 – “Accounting for government grants” together with this interpretative note will be referred to collectively as Gibraltar Statement of Standard Accounting Practice No.4 – “Accounting for government grants” (“GSSAP 4”).

### **LEGAL REQUIREMENTS IN GIBRALTAR**

There are no legal requirements governing the accounting treatment of government grants. Application of the requirements of this GSSAP will not therefore 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.

However, reference should be made to the legal requirements section of this GSSAP to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

### **DATE FROM WHICH EFFECTIVE**

The accounting and disclosure requirements set out in this GSSAP 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.

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## **GIBRALTAR STATEMENT STANDARD OF ACCOUNTING PRACTICE No.9 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**

Statement of Standard Accounting Practice No.9 – “Stocks and long-term contracts”, together with this interpretative note will be referred to collectively as Gibraltar Statement of Standard Accounting Practice No.9 - “Stocks and long-term contracts” (“GSSAP 9”).

### **LEGAL REQUIREMENTS IN GIBRALTAR**

Compliance with the requirements of this GSSAP will ensure compliance with the legal requirements contained in Gibraltar Legislation with respect to stocks and long term contracts.

### **APPLICATION TO SMALLER ENTITIES**

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are exempt from this accounting standard.

However, reference should be made to the legal requirements section of this GSSAP to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

### **DATE FROM WHICH EFFECTIVE**

The accounting and disclosure requirements set out in this GSSAP 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.

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## **GIBRALTAR STATEMENT OF STANDARD ACCOUNTING PRACTICE No.13 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**

Statement of Standard Accounting Practice No.13 – “Accounting for research and development” together with this interpretative note will be referred to collectively as Gibraltar Statement of Standard Accounting Practice No.13 – “Accounting for research and development” (“GSSAP 13”).

With respect to paragraph 22 (b), the criteria for defining a medium-sized company in Gibraltar are equivalent to the legal definition in the United Kingdom.

### **LEGAL REQUIREMENTS IN GIBRALTAR**

SSAP 13 refers to the Companies Act 1985 (as amended by the Companies Act 1989). The equivalent legislation in Gibraltar is the Companies (Accounts) Ordinance 1999, which sets out the legal requirements (Schedule 6, Part 1), with respect to accounting for research and development and is consistent with the requirements of the Companies Act 1985 (as amended by the Companies Act 1989).

Compliance with the requirements of this GSSAP will ensure compliance with the legal requirements contained in the Companies (Accounts) Ordinance 1999 with respect to accounting for research and development.

### **APPLICATION TO SMALLER ENTITIES**

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are exempt from this accounting standard.

However, reference should be made to the legal requirements section of this GSSAP to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

### **DATE FROM WHICH EFFECTIVE**

The accounting and disclosure requirements set out in this GSSAP 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.

**GIBRALTAR STATEMENT OF STANDARD ACCOUNTING PRACTICE No.17 - 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**

Statement of Standard Accounting Practice No.17 – “Accounting for post balance sheet events”, together with this interpretative note will be referred to collectively as Gibraltar Statement of Standard Accounting Practice No.17 – “Accounting for post balance sheet events” (“GSSAP 17”).

**LEGAL REQUIREMENTS IN GIBRALTAR**

Compliance with the requirements of this GSSAP will ensure compliance with the legal requirements contained in section 5c (ii) of the Companies (Accounts) Ordinance, 1999.

**APPLICATION TO SMALLER ENTITIES**

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are exempt from this accounting standard.

However, reference should be made to the legal requirements section of this GSSAP to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

**DATE FROM WHICH EFFECTIVE**

The accounting and disclosure requirements set out in this GSSAP 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.

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## **GIBRALTAR STATEMENT OF STANDARD ACCOUNTING PRACTICE No.19 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**

Statement of Standard Accounting Practice No.19 – “Accounting for investment properties”, as amended by FRS3, together with this interpretative note will be referred to collectively as Gibraltar Statement of Standard Accounting Practice No.19 – “Accounting for investment properties” (“GSSAP 19”).

### **LEGAL REQUIREMENTS IN GIBRALTAR<sup>3</sup>**

The application of this GSSAP will usually be a departure from the legal accounting requirement to provide depreciation on any fixed asset which has a limited useful life. In this circumstance there must be included in the notes to the accounts particulars of that departure, an explanation of the reasons for it and a statement of its effect.

### **APPLICATION TO SMALLER ENTITIES**

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are exempt from this accounting standard.

However, reference should be made to the legal requirements section of this GSSAP to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

### **DATE FROM WHICH EFFECTIVE**

The accounting and disclosure requirements set out in this GSSAP 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.

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<sup>3</sup> Prior to the enactment of the Companies (Accounts) Ordinance 1999 (which came into operation on 1 April 2000 and applies to the accounts of a company for financial periods beginning on or after 1 April 2000) there were no specific legal requirements for the depreciation of fixed assets.

## **GIBRALTAR STATEMENT OF STANDARD ACCOUNTING PRACTICE No.20 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**

Statement of Standard Accounting Practice No.20 - "Foreign currency translation", together with this interpretative note will be referred to collectively as Gibraltar Statement of Standard Accounting Practice No.20 - "Foreign currency translation" ("GSSAP 20").

### **LEGAL REQUIREMENTS IN GIBRALTAR**

There are no legal requirements governing the accounting treatment of transactions denominated in foreign currencies or the accounting treatment, upon consolidation, of the results of a subsidiary which maintains accounting records in a foreign currency. Application of the requirements of this GSSAP will not therefore 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.

However, reference should be made to the legal requirements section of this GSSAP to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

### **DATE FROM WHICH EFFECTIVE**

The accounting and disclosure requirements set out in this GSSAP 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.

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## **GIBRALTAR STATEMENT STANDARD OF ACCOUNTING PRACTICE No.21 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**

Statement of Standard Accounting Practice No.21 – “Accounting for leases and hire purchase contracts”, together with this interpretative note will be referred to collectively as Gibraltar Statement of Standard Accounting Practice No.21 - “Accounting for leases and hire purchase contracts” (“GSSAP 21”).

### **LEGAL REQUIREMENTS IN GIBRALTAR**

There are no legal requirements governing the accounting treatment of leases or hire purchase contracts. Application of the requirements of this GSSAP will not therefore 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.

However, reference should be made to the legal requirements section of this GSSAP to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

### **DATE FROM WHICH EFFECTIVE**

The accounting and disclosure requirements set out in this GSSAP 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.

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## **GIBRALTAR STATEMENT STANDARD OF ACCOUNTING PRACTICE No.24 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**

Statement of Standard Accounting Practice No.24 – “Accounting for pension costs”, together with this interpretative note will be referred to collectively as Gibraltar Statement of Standard Accounting Practice No.24 – “Accounting for pension costs” (“GSSAP 24”).

### **LEGAL REQUIREMENTS IN GIBRALTAR**

There are no legal requirements governing the accounting treatment of pension costs. Application of the requirements of this GSSAP will not therefore 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.

However, reference should be made to the legal requirements section of this GSSAP to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

### **DATE FROM WHICH EFFECTIVE**

The accounting and disclosure requirements set out in this GSSAP 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. (Note: For accounting periods ending on or after 22 June 2003 this GSSAP is replaced by GFRS 17 – Retirement Benefits<sup>4</sup>).

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<sup>4</sup> On 30 November 2000 the Accounting Standards Board in the UK published FRS 17 Retirement Benefits which replaces SSAP 24 Accounting for pension costs. Since the FRS does not come fully into force until periods ending on or after 22 June 2003 the SSAP will still apply until then. A similar approach has been adopted by the GSCCAB for GSSAP 24 and GFRS 17.

## **GIBRALTAR STATEMENT OF STANDARD ACCOUNTING PRACTICE No.25 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**

Statement of Standard Accounting Practice No.25 – “Segmental Reporting” – together with this interpretative note will be referred to collectively as Gibraltar Statement of Standard Accounting Practice No.25 – “Segmental Reporting” (“GSSAP 25”).

Amendments to SSAP 25 are as follows:

Paragraph No.41 (c). The reference to section 247T of the Companies Act 1985 should be amended to read Schedule 1 paragraph 2 of the Companies (Accounts) Ordinance 1999.

### **LEGAL REQUIREMENTS IN GIBRALTAR**

SSAP 25 makes various references to paragraph 55 of Schedule 4 to the Companies Act 1985 the provisions of which are similar to those contained in Schedule 7 1 (i) of the Companies (Accounts) Ordinance, 1999. Therefore compliance with the requirements of this GSSAP will ensure compliance with local legal requirements.

### **APPLICATION TO SMALLER ENTITIES**

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are exempt from this accounting standard.

However, reference should be made to the legal requirements section of this GSSAP to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

### **DATE FROM WHICH EFFECTIVE**

The accounting and disclosure requirements set out in this GSSAP 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.

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**GIBRALTAR FINANCIAL REPORTING STANDARD No. 1  
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.1 – Cash flow statements, together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No.1 – Cash flow Statements (“GFRS 1”).

Financial Reporting Standard No. 1 should read as follows:

The summary should read with the following amendments to paragraph 54: for “the Financial Services Act 1986” read “the Financial Services Ordinance 1989 and the Financial Services Ordinance 1998”.

Exclude paragraphs 39, 40, 50 and 64.

With respect to paragraph b.vi the reference to small companies exemption is to be construed in accordance with the Companies (Accounts) Ordinance 1999.

**LEGAL REQUIREMENT IN GIBRALTAR**

There are no legal requirements governing the presentation of a Cash Flow Statement within the financial statements. Application of the requirements of this GFRS will not therefore contravene legal requirements in Gibraltar.

**APPLICATION TO SMALLER ENTITIES**

Small entities based on the small companies exemption in companies legislation are exempt from this accounting standard.

**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.

**GIBRALTAR FINANCIAL REPORTING STANDARD No.2  
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.2 – “Accounting for subsidiary undertakings” together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 2 – “Accounting for subsidiary undertakings” (“GFRS 2”).

FRS 2 makes a number of references to other FRSs/SSAPs and these should be read as references to the corresponding GFRS.

**LEGAL REQUIREMENTS IN GIBRALTAR**

FRS 2 makes numerous references to the Companies Act 1985. The equivalent legislation in Gibraltar is the Companies (Consolidated Accounts) Ordinance 1999, which sets out the legal requirement to prepare group accounts and which is consistent with the requirements of the Companies Act 1985.

**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.

## **GIBRALTAR FINANCIAL REPORTING STANDARD No.3 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.3 – “Reporting financial performance” together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 3 – “Reporting financial performance” (“GFRS 3”).

FRS 3 makes numerous references to other FRSs/SSAPs. These should be read as references to the corresponding GFRS/GSSAP.

### **LEGAL REQUIREMENTS IN GIBRALTAR**

FRS 3 refers to the Companies Act 1985 (as amended by the Companies Act 1989). The equivalent legislation in Gibraltar is the Companies (Accounts) Ordinance 1999, which sets out the minimum legal requirements (Schedule 7), with respect to reporting financial performance and is consistent with the requirements of the Companies Act 1985 (as amended by the Companies Act 1989).

Compliance with the requirements of this GFRS will ensure compliance with the legal requirements contained in the Companies (Accounts) Ordinance 1999 with respect to reporting financial performance.

### **APPLICATION TO SMALLER ENTITIES**

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are exempt from this accounting standard.

However, reference should be made to the legal requirements section of this GFRS to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

### **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.

## **GIBRALTAR FINANCIAL REPORTING STANDARD No. 4 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.4 – “Capital Instruments” together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No.7 – “Capital Instruments” (“GFRS 4”).

### **LEGAL REQUIREMENTS IN GIBRALTAR**

FRS 4, Appendix I paragraph 5 makes reference to Paragraph 24 of Schedule 4 to the Companies Act 1985. The equivalent reference in local legislation is Schedule 6 paragraph 9 of the Companies (Accounts) Ordinance 1999 which is consistent with the approach in the Companies Act 1985.

Paragraph 116 (2) (b) Companies Ordinance 1930, permits the capitalisation of “any expenses incurred in connection with the issue of share capital or debentures.” As this treatment is not however mandatory, this GFRS, which in accordance with its principles requires a different treatment, is not in conflict with the Ordinance.

There are certain legal requirements in Gibraltar relating to disclosures of the financial costs of raising capital that will need to be made in addition to the disclosures stated in this GFRS:

#### **Commissions and discounts on the issue of shares or debentures**

Section 44 (1) – “Where a company has paid any sums by way of commission in respect of any shares or debentures, or allowed any sums by way of discount in respect of any debentures, the total amount so paid or allowed, or so much thereof as has not been written off, shall be stated in every balance sheet of the company until the whole amount thereof has been written off.”

#### **Preference shares**

Section 46 (2) – “There shall be included in every balance sheet of a company which has issued redeemable preference shares a statement specifying what part of the issued share capital of the company consists of such shares and the date on or before which those shares are, or are to be liable, to be redeemed.”

#### **Discount on share issues**

Section 47 (3) – “...every balance sheet issued by the company subsequently to the issue of the shares must contain particulars of the discount allowed on the issue of the shares or so much of that discount as has not been written off at the date of the issue of the balance sheet.”

#### **Interest paid on share capital**

Section 54 (1) (g) – “...the accounts of the company shall show the share capital on which, and the rate at which, interest has been paid out of capital during the period to which the accounts relate.”

### **APPLICATION TO SMALLER ENTITIES**

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are exempt from this accounting standard.

However, reference should be made to the legal requirements section of this GFRS to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

**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.

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**GIBRALTAR FINANCIAL REPORTING STANDARD No.5  
INTERPRETATIVE NOTE**

*(Issued June 1995; revised December 2001)*

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

**REFERENCE**

Financial Reporting Standard No.5 – “Reporting the Substance of Transactions” – together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 5 – “Reporting the Substance of Transactions” (“GFRS 5”).

**LEGAL REQUIREMENTS IN GIBRALTAR**

There are no legal requirements specifying whether transactions in annual financial statements should reflect the substance of the transactions or their strict legal form. Application of the requirements of this GFRS will not therefore 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 later of (i) accounting periods ending on or after 31 December 2001 and (ii) the effective date as stipulated in the UK standard.

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**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.

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**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.

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**GIBRALTAR FINANCIAL REPORTING STANDARD No. 8  
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.8 – “Related party disclosures” together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 8 – “Related party disclosures” (“GFRS 8”).

**LEGAL REQUIREMENTS IN GIBRALTAR**

Compliance with the requirements of this GFRS will ensure compliance with the legal requirements contained in Gibraltar Legislation with respect to disclosures of balances etc with certain related parties.

**APPLICATION TO SMALLER ENTITIES**

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are exempt from this accounting standard.

However, reference should be made to the legal requirements section of this GFRS to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

**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.

**GIBRALTAR FINANCIAL REPORTING STANDARD No. 9**  
**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.9 – “Associates and joint ventures” together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 9 – “Associates and joint ventures” (“GFRS 9”).

FRS 9 makes a number of references to other FRSs/SSAPs and these should be read as references to the corresponding GFRS.

**LEGAL REQUIREMENTS IN GIBRALTAR**

FRS 9 makes numerous references to the Companies Act 1985. The equivalent legislation in Gibraltar is the Companies (Consolidated Accounts) Ordinance 1999, which sets out the legal requirement to prepare group accounts and which is consistent with the requirements of the Companies Act 1985.

**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.

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**GIBRALTAR FINANCIAL REPORTING STANDARD No. 10  
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.10 – “Goodwill and intangible assets” together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 10 – “Goodwill and intangible assets” (“GFRS 10”).

FRS 10 makes numerous references to other FRSs/SSAPs and the FRSSE. These should be read as references to the corresponding GFRS/GSSAP.

**LEGAL REQUIREMENTS IN GIBRALTAR**

FRS 10 refers to the Companies Act 1985 (as amended by the Companies Act 1989). The equivalent legislation in Gibraltar is the Companies (Accounts) Ordinance 1999, which sets out the legal requirements (Schedule 6, Part 1), with respect to goodwill and intangible assets and is consistent with the requirements of the Companies Act 1985 (as amended by the Companies Act 1989).

Compliance with the requirements of this GFRS will ensure compliance with the legal requirements contained in the Companies (Accounts) Ordinance 1999 with respect to goodwill and intangible assets.

**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.

**GIBRALTAR FINANCIAL REPORTING STANDARD No. 11  
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.11 – “Impairment of fixed assets and goodwill” – together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 11 (“GFRS 11”).

**LEGAL REQUIREMENTS IN GIBRALTAR**

There are no legal requirements governing the accounting treatment of impairment of fixed assets and goodwill. Application of the requirements of this GFRS will not therefore 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 later of (i) accounting periods ending on or after 31 December 2001 and (ii) the effective date as stipulated in the UK standard.

**GIBRALTAR FINANCIAL REPORTING STANDARD No. 12  
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.12 – “Provisions, contingent liabilities and contingent assets” – together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 12 (“GFRS 12”).

**LEGAL REQUIREMENTS IN GIBRALTAR**

Compliance with the requirements of this GFRS will ensure compliance with the legal requirements contained in Schedule 2 of the Companies (Accounts) Ordinance, 1999.

**APPLICATION TO SMALLER ENTITIES**

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are exempt from this accounting standard.

However, reference should be made to the legal requirements section of this GFRS to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

**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.

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**GIBRALTAR FINANCIAL REPORTING STANDARD No 13  
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 13 – “Derivatives and Other Financial Instruments” together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No 13 – “Derivatives and Other Financial Instruments” (“GFRS 13”).

FRS 13 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 Ordinance 1930, does not contain disclosure requirements in respect of an entity’s risk profile, how the risks are being managed and the impact of those risks on the entity’s performance and financial condition. Adoption of this standard will not therefore contravene the Companies Ordinance 1930.

References in FRS 13 to the definition of a Bank in accordance with the United Kingdom “Banking Act 1987” should be replaced by the terms of the “Banking Ordinance 1992”.

**IMPORTANT NOTE AND APPLICATION TO SMALLER ENTITIES**

FRS 13 applies to all entities, other than insurance companies, that have one or more of their capital instruments listed or publicly traded on a stock exchange or market and to all banks and similar institutions.

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are, therefore, likely to be exempted from this accounting standard.

**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.

**GIBRALTAR FINANCIAL REPORTING STANDARD No 14**  
**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.14 – Earnings per share, together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No 14 – “Earnings per Share” (“GFRS 14”).

**LEGAL REQUIREMENTS IN GIBRALTAR**

Companies Ordinance legislation does not refer to Gibraltar public companies whose ordinary shares are or will be traded in a public securities market. Application of the requirements of this GFRS will not therefore 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.

However, reference should be made to the legal requirements section of this GFRS to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

**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.

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**GIBRALTAR FINANCIAL REPORTING STANDARD No 15  
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.15 – “Tangible fixed assets”, together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No 15 – “Tangible fixed assets” (“GFRS 15”).

**LEGAL REQUIREMENTS IN GIBRALTAR**

Compliance with the requirements of this GFRS will ensure compliance with the legal requirements contained in Gibraltar Legislation with respect to tangible fixed assets.

**APPLICATION TO SMALLER ENTITIES**

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are exempt from this accounting standard.

However, reference should be made to the legal requirements section of this GFRS to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

**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.

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**GIBRALTAR FINANCIAL REPORTING STANDARD No. 16  
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.16 – “Current Tax” – together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 16 – “Current Tax” (“GFRS 16”).

**LEGAL REQUIREMENTS IN GIBRALTAR**

There are no legal requirements governing the accounting treatment of tax. Application of the requirements of this GFRS will not therefore 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.

However, reference should be made to the legal requirements section of this GFRS to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

**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.

## **GIBRALTAR FINANCIAL REPORTING STANDARD No. 17 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.17 – “Retirement Benefits” – together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 17 - “Retirement Benefits” (“GFRS 17”).

### **LEGAL REQUIREMENTS IN GIBRALTAR**

The requirements of this GFRS do not contravene the Companies Ordinance but that the interest cost and expected return should be presented in a new format heading separate from “interest and similar charges”. Accordingly the GFRS requires these items to be included as other finance costs (or income) adjacent to interest.

### **APPLICATION TO SMALLER ENTITIES**

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are exempt from this accounting standard.

However, reference should be made to the legal requirements section of this GFRS to establish whether application of the FRSSE (or part thereof) would constitute a departure from any Gibraltar legal accounting requirements.

### **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 to accounting periods ending on or after the later of 22 June 2003<sup>5</sup>. When applied in full, the GFRS supersedes GSSAP 24 ‘Accounting for pension costs’ and applicable UK Urgent Issues Task Force abstracts.

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<sup>5</sup> *In the UK, the disclosure and accounting requirements set out in the FRS are set to apply on a transitional basis with full compliance required for accounting periods ending on or after 22 June 2003. In the meantime, unless early adoption is followed, SSAP 24 Accounting for Pension Costs (together with applicable UITF abstracts) must be followed in the UK. A similar approach, including interim requirements, has been adopted by the GSCCAB for GSSAP 24 and GFRS 17.*

**GIBRALTAR FINANCIAL REPORTING STANDARD No. 18  
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. 18 – “Accounting Policies” together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 18 – “Accounting Policies” (“GFRS 18”).

FRS 18 makes a number of references to other FRSs/SSAPS and these should be read as references to the corresponding GFRS.

**LEGAL REQUIREMENTS IN GIBRALTAR**

Compliance with the requirements of this GFRS will ensure compliance with the legal requirements contained in Gibraltar legislation with respect to accounting policies.

**APPLICATION TO SMALLER ENTITIES**

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are exempt from this accounting standard.

**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.

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**GIBRALTAR FINANCIAL REPORTING STANDARD No. 19  
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.19 – “Deferred Tax” together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 19 – “Deferred Tax” (“GFRS 19”).

FRS 19 makes numerous references to other FRSs/SSAPs and the FRSSE. These should be read as references to the corresponding GFRSs/GSSAPs and the GFRSSE.

**LEGAL REQUIREMENTS IN GIBRALTAR**

Compliance with the requirements of this GFRS will ensure compliance with the legal requirements contained in the Companies Ordinance with respect to showing a true and fair of the state of affairs of a company.

**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.

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**GIBRALTAR FINANCIAL REPORTING STANDARD No. 20**  
**INTERPRETATIVE NOTE**  
*(Issued January 2006)*

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

**REFERENCE**

Financial Reporting Standard No.20 – “Share-Based Payment” together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 20 – “Share-Based Payment” (“GFRS 20”).

**LEGAL REQUIREMENTS IN GIBRALTAR**

There are no legal requirements governing the accounting treatment of share-based payment transactions. Application of the requirements of this GFRS will not therefore 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 in respect of accounting periods beginning on or after 1 January 2005 for listed entity’s or 1 January 2006 for unlisted entity’s.

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**GIBRALTAR FINANCIAL REPORTING STANDARD No. 21  
INTERPRETATIVE NOTE**

*(Issued January 2006)*

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

**REFERENCE**

Financial Reporting Standard No.21 – “Events after the balance sheet date” together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 21 – “Events after the balance sheet date” (“GFRS 21”).

**LEGAL REQUIREMENTS IN GIBRALTAR**

There are no legal requirements governing the accounting treatment of Events after the balance sheet date. Application of the requirements of this GFRS will not therefore 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 in respect of accounting periods beginning on or after 1 January 2005.

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## **GIBRALTAR FINANCIAL REPORTING STANDARD NO 22 INTERPRETATIVE NOTE**

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

### **Reference**

Financial Reporting Standard No. 22 – Earnings per share, together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 22 – “Earnings per Share” (“GFRS22”)

### **Legal Requirements in Gibraltar**

There are no legal requirements governing the reporting of Earnings per share. Application of the requirements of this GFRS will not therefore 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 in respect of accounting periods beginning on or after 1 January 2005.

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## **GIBRALTAR FINANCIAL REPORTING STANDARD NO 23 INTERPRETATIVE NOTE**

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

### **Reference**

Financial Reporting Standard No. 23 – Effects of Changes in Foreign Exchange Rates, together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 23 – “Effects of Changes in Foreign Exchange Rates” (“GFRS23”)

### **Legal Requirements in Gibraltar**

There are no legal requirements governing the accounting for the effects of changes in foreign exchange rates. Application of the requirements of this GFRS will not therefore 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 later of (i) accounting periods commencing on or after 1 January 2005 and (ii) the effective date as stipulated in the UK standard.

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## **GIBRALTAR FINANCIAL REPORTING STANDARD NO 24 INTERPRETATIVE NOTE**

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

### **Reference**

Financial Reporting Standard No. 24 – Financial Reporting in Hyperinflationary Economies, together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 24 – “Effects Financial Reporting in Hyperinflationary Economies” (“GFRS24”)

### **Legal Requirements in Gibraltar**

The requirements of this GFRS do not contravene the Companies (Accounts) Ordinance 1999.

### **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 commencing on or after 1 January 2005 and (ii) the effective date as stipulated in the UK standard.

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## **GIBRALTAR FINANCIAL REPORTING STANDARD NO 25 INTERPRETATIVE NOTE**

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

### **Reference**

Financial Reporting Standard No. 25 – Financial Instruments: Disclosure and Presentation, together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 25 – “Financial Instruments: Disclosure and Presentation” (“GFRS25”)

### **Legal Requirements in Gibraltar**

The requirements of this GFRS do not contravene the Companies (Accounts) Ordinance 1999.

### **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 commencing on or after 1 July 2005 and (ii) the effective date as stipulated in the UK standard.

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## **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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## **GIBRALTAR FINANCIAL REPORTING STANDARD NO 28 INTERPRETATIVE NOTE**

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

### **Reference**

Financial Reporting Standard No. 28 – Corresponding amounts, together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 28 – “Corresponding amounts” (“GFRS28”)

### **Legal Requirements in Gibraltar**

The requirements of this GFRS do not contravene the Companies Ordinance.

### **Application to Smaller Entities**

Reporting entities applying the Gibraltar Financial Reporting Standard for Smaller Entities currently applicable are exempt from this accounting standard.

### **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 accounting periods commencing on or after 1 January 2005 and ending after 1 October 2005.

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## **Gibraltar Financial Reporting Standard No 29**

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

### **Reference**

Financial Reporting Standard No. 29 – Financial Instruments: Disclosures, together with this interpretative note will be referred to collectively as Gibraltar Financial Reporting Standard No. 29 – “Financial Instruments: Disclosures” (“GFRS29”)

### **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 2007 and (ii) the effective date as stipulated in the UK Standard.

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