

DERIVATION TABLES IN RESPECT OF ACCOUNTING STANDARDS

The following tables are intended to assist readers of the FRSSSE in understanding the sources used in its compilation and the changes it makes to the body of accounting standards. They analyse each paragraph of the FRSSSE and explain the source, and whether that source has been adopted (a) in its entirety, or (b) with minor amendments, or (c) with major changes. Major changes are deemed to be those where either a disclosure requirement has been lifted, or measurement has been simplified.

FRSSE paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
Objective	ASB's Statement of Principles, Chapter 1		✓ (comment on different balance in financial statements being used for making economic decisions and for assessing stewardship of resources)	
1.1				New paragraph: the scope of the FRSSSE
2.2	FRS 5 (16)			✓ (in addition the paragraph refers to the substance of transactions)
2.3	FRS 18 (62)		✓ no reference to a material departure	
2.4	FRS 18 (63)	✓		
2.5				New paragraph: adequate explanation is needed for a true and fair view
2.6				New paragraph: requirement to state in the accounts whether they have been prepared in accordance with the FRSSSE
2.7	FRS 18 (55(a) , (c) and (d))	✓		
2.9	FRS 18 (14, 17, 30)		✓ (no reference to accounting standards, UITF Abstracts or true	

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FRSSE paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
			and fair view)	
2.10	FRS 3 (62) FRS 18 (45)		✓ (the discussion and disclosure requirements of FRS 3 (62) are omitted)	
2.12	FRS 21 (14) FRS 18 (23, 61(a) and (b))	✓		
2.13	Statement of principles 3.19 and 3.20	✓		
2.15	FRS 3 (29)	✓		
2.23	FRS 28 (6,8,9,10 and 11(a), (b), (d) and (e))	✓		
3.1 3.2	FRS 3 (13)		✓ (no reference to other accounting standards)	
3.5	FRS 3 (19)			✓ (no reference to continuing or discontinued operations)
3.6	FRS 3 (20)			✓ (no reference to continuing or discontinued operations, and no explanatory text; the term operating profit is described as in FRS 3 (14))
3.7	FRS 3 (21) FRS 10 (71(c) (i))	✓		
4.1	FRS 5 ANG (G4)	✓		
4.2	FRS 5 ANG (G5)	✓		
4.3	FRS 5 ANG (G6)	✓		
4.4	FRS 5 ANG (G7)	✓		
4.5	FRS 5 ANG (G8)	✓		

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FRSSE paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
4.6	FRS 5 ANG (G9)	✓		
4.7	FRS 5 ANG (G10)	✓		
4.8	FRS 5 ANG (G11)	✓		
4.9	FRS 5 ANG (G12)	✓		
4.10	UITF 40 (23)	✓		
4.11	UITF 40 (24)	✓		
4.12	UITF 40 (25)	✓		
4.13	UITF 40 (26)	✓		
4.14	UITF 40 (27 and 19)	✓		
4.15	UITF 40 (28)	✓		
5.1	FRS 3 (27)			✓ (if there are no gains or losses other than those in the profit and loss account no statement is required)
6.3	SSAP 13 (23)	✓		
6.4	SSAP 13 (24)		✓ (does not stress that fixed assets for pure and applied research may be capitalised)	
6.5	SSAP 13 (25)	✓		
6.6	SSAP 13 (26)	✓		
6.7	SSAP 13 (27)	✓		
6.8	SSAP 13 (28)	✓		
6.9	SSAP 13 (29)	✓		
6.10	SSAP 13 (32)			✓ (no requirement to disclose movements on deferred development expenditure; disclosure may be given by way of note)
6.11	FRS 10 (7-9, 14)			✓ (no exception allowing recognition of internally generated

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FRSSE paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
				intangible assets with readily ascertainable market values)
6.12	FRS 10 (10, 13)		✓ (no reference to need to restrict fair values of intangible assets to amounts that do not create or increase negative goodwill)	
6.13	FRS 10 (15, 30)		✓ (no reference to amortisation method reflecting pattern of depletion of goodwill; rather, simply requires a straight-line method unless another is more appropriate)	✓ (useful economic lives limited to 20 years)
6.14	FRS 10 (28)		✓ (example added to illustrate circumstances in which a residual value can be regarded as reliable)	
6.15	FRS 10 (33)		✓ (consistent with paragraph 5.11, prevents lives from being revised to periods longer than 20 years)	
6.16	FRS 10 (45)			✓ (omits exception allowing revaluation of intangible assets with readily ascertainable market values)
6.17	FRS 10 (48-50, 63)			✓ (no requirement to show negative goodwill immediately below positive goodwill on the face of the balance sheet)
6.18	FRS 15 (4)	✓		
6.19	FRS 15 (6, 17, 32)	✓		
6.20	FRS 15 (7, 19)	✓		
6.21	FRS 15 (12, 27, 29)		✓ (no reference to construction of a tangible fixed asset	

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FRSSE paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
			being completed in parts)	
6.22	FRS 15 (34, 36)		✓ (no reference to major inspections or overhauls)	
6.23	FRS 15 (42, 43, 59, 61)		✓ (no reference to cases where impossible to obtain a reliable valuation)	✓ (where revalued, tangible fixed assets to be carried at market value or the best estimate thereof, unless judged inappropriate by the directors in which case current value may be used)
6.24	FRS 15 (50)			✓ (valuations may be performed by an experienced valuer, whereas FRS 15 refers to a qualified valuer)
6.25	FRS 15 (65)			✓ (revaluation losses taken to profit and loss account, irrespective of recoverable amount, except falls in market value where carrying amount exceeds depreciated historical cost)
6.26	FRS 15 (63, 64)	✓		
6.37	FRS 15 (4)	✓		
6.38	FRS 15 (77)	✓		
6.39	FRS 15 (83, 84)		✓ (only life of land included from paragraph 84)	
6.40	FRS 15 (93, 95)		✓ (references to impairment and basis on which residual values are priced are omitted)	✓ (residual values and useful economic lives for tangible fixed assets to be reviewed regularly and revised when necessary)
6.41	FRS 15 (82)	✓		
6.42	FRS 15 (100)		✓ (disclosure of depreciation to be given for (1) land and buildings and (2) other	✓ (excludes specific disclosure requirements also in companies legislation)

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FRSSE paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
			tangible fixed assets in aggregate)	
6.43	FRS 15 (102)	✓		
6.44	FRS 11 (5)		✓ (no reference to own shares held by an ESOP and unproved oil reserves being excluded from the scope of the impairment requirements)	
6.45	FRS 11 (14, 21) FRS 10 (44)		✓ (no reference to the need to review the useful economic life and residual value of the asset when it is impaired)	
6.46	FRS 11 (56)	✓		
6.47	FRS 11 (60)		✓ (no reference to the reversal of an impairment loss on an intangible asset with a readily ascertainable market value)	
6.48	FRS 11 (14, 56, 63)		✓ (slightly simplified treatment of revalued assets)	
6.50	SSAP 19 (10)	✓		
6.51	SSAP 19 (11, 15)			✓ (no requirement to disclose the carrying value of the investment revaluation reserve; disclosure may be given by way of note)
6.52	SSAP 19 (12)	✓		
6.53	SSAP 19 (13)		✓ (no reference to investment companies or property unit trusts, insurance companies or pension funds)	
6.54	SSAP 4 (23, 25)		✓ (the discussion in paragraph 23 is not included)	
6.55	SSAP 4 (24)	✓		
6.56	SSAP 4 (27)	✓		

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FRSSE paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
6.57	SSAP 4 (28)		✓ (no reference to disclosure of accounting policy)	
7.1	SSAP 21 (31)	✓		
7.2	SSAP 21 (32, 33)			✓ (asset and liability to be stated at fair value, rather than the present value of the minimum lease payments, unless fair value is not a realistic estimate)
7.3	SSAP 21 (32, 34)			✓ (where grants are received there is no stipulation that the amount to be capitalised should be restricted to the minimum lease payments)
7.4	SSAP 21 (35)		✓ (additional emphasis that the straight-line method may be a reasonable approximation)	
7.5	SSAP 21 (37)	✓		
7.6	UITF 28 (14, 15)		✓ (no reference to spreading incentives on a basis other than straight-line)	
7.7	SSAP 21 (36)	✓		
7.8	SSAP 21 (38)	✓		
7.9	SSAP 21 (39)			✓ (gross earnings under finance leases should be recognised on a systematic and rational basis)
7.10	SSAP 21 (43)		✓ (no reference to charges for services)	
7.11	SSAP 21 (42)	✓		
7.12	SSAP 21 (45)	✓		
7.13	SSAP 21 (46)	✓		
7.14	SSAP 21 (47)	✓		
7.15	SSAP 21 (48)			✓ (accounting for sale)

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FRSSE paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
				and leasebacks by the buyer/lessor follows the amended treatment for lessors as set out above)
7.16	SSAP 21 (49, 50, 51, 54)		✓ (no requirement to show for finance leased assets, total depreciation for the period by class of asset; disclosure of assets under finance leases required for (1) land and buildings and (2) other assets in aggregate)	
7.17	SSAP 21 (56)			✓ (no analysis by type of lease is required)
7.18	SSAP 21 (58, 59, 60)		✓ (no reference to disclosure of accounting policy, or of aggregate rentals receivable)	
8.1	SSAP 9 (26)	✓		
8.6	SSAP 9 (28)	✓		
8.7	SSAP 9 (29)	✓		
8.8	SSAP 9 (30)	✓		
8.9	FRS 5 (A11, A12)			✓ (omits disclosure requirements)
8.10	FRS 5 (C4, C5, C18)		✓ (summarises part of Application Note C relating to derecognition, but with no discussion)	
8.11	FRS 5 (27, C15, C19)		✓ (summarises part of Application Note C relating to linked presentation, but with no discussion, and adapts FRS 5 (27))	
8.12	FRS 5 (C4, C20)		✓ (summarises part of Application Note C relating to separate presentation, but with no discussion)	
8.15	UITF 24 (9)	✓		

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FRSSE paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
8.16	UITF 34 (15)	✓		
9.1	FRS 16 (5, 6) FRS 19 (34, 35)	✓		
9.2	FRS 16 (17) FRS 19 (60)			✓ (detailed disclosure requirements are omitted and replaced with a broad requirement to disclose the material components of the current and deferred tax charges (or credits))
9.3	FRS 3 (23)			✓ (no specific requirement to disclose special circumstances affecting tax on exceptional items)
9.4	FRS 19 (7(a),14,15)	✓		
9.5	FRS 19 (23)	✓		
9.6	FRS 19 (9)	✓		
9.7	FRS 19 (7(b))	✓		
9.8	FRS 19 (37)	✓		
9.9	FRS 19 (42, 44, 60(a) (ii))		✓ (FRS 19 states that discounting is "permitted but not required", whereas the FRSSE simply states that it is "not required")	
9.10	FRS 19 (61(a))		✓ (Requirement to disclose the "material components" of the balance replaces the FRS 19 requirement to "show the amount recognised for each significant type of timing difference")	
9.11	FRS 19 (61(c))			✓ (detailed disclosure requirements are

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FRSSE paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
				omitted and replaced with a broad requirement to disclose the material components of movement in the net deferred tax balance)
9.12	FRS 19 (64(b))		✓ (no reference to tax that may become payable or recoverable in the foreseeable future)	
9.13	FRS 16 (8)	✓		
9.14	FRS 16 (9)	✓		
9.15	SSAP 5 (8, 9)		✓ (no reference to gross turnover)	
10.1	FRS 17 (7)	✓		
10.3	FRS 17 (75)	✓		
10.4				New paragraph: refers the user to Appendix II - 'Accounting for retirement benefits: defined benefit schemes'
11.1	FRS 12 (3, 8)		✓ (no reference to financial instruments, executory contracts, long-term contracts or insurance entities)	
11.2	FRS 12 (14, 36, 45, 48)	✓		
11.3	FRS 12 (54, 56, 57)			✓ (no restriction that amounts recognised as reimbursements may not exceed related provision)
11.4	FRS 12 (62)		✓ (emphasis that provisions may need to be reversed omitted)	
11.5	FRS 12 (64)	✓		
11.7	FRS 12 (27, 31)	✓		
11.8	FRS 12			✓ (disclosures relating

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FRSSE paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
	(91, 94)			to uncertainties and reimbursement omitted)
12.1	FRS 25 (15,18)		✓ (no reference to definitions as these are given in the FRSSE, emphasis on preference shares)	
12.2	FRS 4 (28)		✓ ('debt' is replaced by 'borrowings'; no reference to investment companies)	
12.3	FRS 4 (27, 29)			✓ (borrowings initially stated at fair value of consideration received)
12.4				New paragraph: treatment of arrangement fees
12.6	FRS 25 (35)		✓ (references to interest, gains, losses and transaction costs omitted)	
12.6	FRS 21(12)	✓		
12.7C	FRS 21(13)	✓		
12.13(a)	FRS 20 (7, 8)	✓		
12.13 (b)	FRS 20 (30)		✓ (use of best estimate rather than fair value with no reference to the rebuttable presumption in paragraph 13 of FRS 20 that the fair value of goods and services can be measured reliably)	
12.13 (c)	FRS 20 (44, 50)		✓no requirement to disclose how liability measured	
12.13 (d)	FRS 20 (10 to 29)			✓ disclosure only of equity settled share - based payment arrangements with no requirement to disclose effect of arrangements on

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FRSSE paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
				entity's profit or loss of financial position.
12.14 and 12.15	FRS 20 (34)			✓New paragraphs determining the accounting treatment where the terms of the arrangement provide settlement choice
13.2	SSAP 20 (46)	✓		
13.3	SSAP 20 (47)	✓		
13.4	SSAP 20 (48)	✓		
13.5	SSAP 20 (49, 50)			✓ (references to exceptional and extraordinary items omitted)
13.6	SSAP 20 (51)	✓		
13.7	SSAP 20 (52)	✓		
13.8	SSAP 20 (53)	✓		
13.9	SSAP 20 (54)	✓		
13.10	SSAP 20 (22, 55)	✓		
13.11	SSAP 20 (56)	✓		
13.12	SSAP 20 (57, 58)	✓		
14.1	FRS 21 (8)	✓		
14.2	FRS 21 (10)	✓		
14.3	FRS 21 (21)	✓		
14.4	FRS 21 (17)		✓ (no requirement to disclose owners' or others' power to amend the financial statements after issue)	
15.1	FRS 8 (2.6, 6, 19)			✓ (the list of transactions is summarised and materiality is in relation to the reporting entity only)
15.2			New paragraph: to clarify that the	

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FRSSE paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
			standard requires disclosure of directors' personal guarantees for their company's borrowings	
15.6	FRS 8 (6)	✓		
15.7	FRS 8 (3, 4)		✓ (no reference to exemptions for groups, as given in paragraph 16.1; some explanation omitted)	
15.8	FRS 8 (5)	✓		
16.1				New paragraph: refers the user to FRSs 2, 5-7, 9-11 where group accounts are being prepared and the FRS 8 group exemptions
19.1			New paragraph: effective date	
19.2	FRS 10 (66, 69)			✓ (old goodwill previously eliminated against reserves is either wholly reinstated or wholly left in reserves)
19.3	FRS 15 (104)		✓ (no reference to testing for impairment)	
19.4	FRS 15 (106, 108)	✓		
20.1				New paragraph: revised FRSSE supersedes previous version
App II paragraph 2(j)	FRS 17 amendment	✓		
App II paragraph 2(a)	FRS 17 (14)	✓		
App II paragraph 2(b)	FRS 17 (20)		✓ (no explanation of constructive obligation)	
App II	FRS 17 (23)	✓		

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FRSSE paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
paragraph 2(c)				
App II paragraph 2(d)	FRS 17 (32)		✓ (no explanation of why the specified rate should be used)	
App II paragraph 2(e)	FRS 17 (35)	✓		
App II paragraph 2(f)	FRS 17 (37)	✓		
App II paragraph 2(g)	FRS 17 (47)		✓ (no reference to employers with more than one scheme)	
App II paragraph 2(h)	FRS 17 (49)	✓		
App II paragraph 2(i)	FRS 17 (50, 51, 56, 57, 60, 64)		✓ (only the basic requirements relating to the timing and presentation of gains and losses are included)	
App II paragraph 2(j)	FRS 17 (76)	✓		
App II paragraph 2(k)	FRS 17 (88)	✓		
App III paragraphs 31-36	FRS 5 ANG (G43-G48)	✓		
App III paragraphs 37-47	FRS 5 ANG (G49-G59)	✓		
App III paragraphs 48-60	FRS 5 ANG (G60-G72)	✓		
App III paragraphs 61-66	FRS 25 (AG 25-AG 26)			
Definition: source document and paragraph		Complete (a)	Minor changes (b)	Major changes (c)
<i>Accounting policies</i> FRS 18 (2)		✓		

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Definition: source document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
Actuarial gains and losses FRS 17 (2)		✓ (no reference to experience gains and losses)	
Applied research SSAP 13 (21(b))	✓		
Arrangement fees FRS 4 (10)			✓ (the FRS 4 definition of issue costs has been used to define arrangement fees)
Assets FRS 5 (2)	✓		
Borrowings FRS 4 (6)		✓ (refers to 'borrowings', rather than 'debt')	
Capital instruments FRS 4 (2)			✓ (definition extended to specify that it refers to 'arrangements entered into' as well as instruments that are 'issued')
Cash settled share-based payment transaction (FRS 20, Appendix A)	✓		
Close family FRS 8 (2.1)	✓		
Closing rate SSAP 20 (41)	✓		
Companies legislation FRS 5 (10)	✓		
Consignment stock FRS 5 (A1)		✓ (omitted explanation)	
Consolidated financial statements FRS 2 (4, 5, 9)	✓		
Contingent asset FRS 12 (2)	✓		
Contingent liability FRS 12 (2)		✓ (terminology simplified)	
Cost (of stock) SSAP 9 (17)		✓ (attributable overheads are given as an example of conversion costs)	
Current service cost FRS 17 (2)	✓		
Current tax			

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Definition: source document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
FRS 16 (2)			
<i>Curtailment</i> FRS 17 (2)		✓ (Examples omitted)	
<i>Deferred tax</i> FRS 19 (2)	✓		
<i>Defined benefit scheme</i> FRS 17 (2)		✓ (no reference to funding)	
<i>Defined contribution scheme</i> FRS 17 (2)	✓		
<i>Depreciation</i> FRS 15 (2)	✓		
<i>Development</i> SSAP 13 (21(c))	✓		
<i>Directly attributable costs</i> UITF 34 (15)	✓		
<i>Directors</i> APB Statements of Auditing Standards (Glossary of terms)	✓		
<i>Employees and others providing similar services (FRS 20, Appendix A)</i>	✓		
<i>Equity instrument</i> FRS 25 (11)	✓		
<i>Equity instrument granted (FRS 20, Appendix A)</i>	✓		
<i>Equity settled share-based payment transaction (FRS 20, Appendix A)</i>	✓		
<i>Estimation techniques</i> FRS 18 (2)	✓		
<i>Events after the balance sheet date</i> FRS 21 (3)	✓		
<i>Exceptional items</i> FRS 3 (5)	✓		
<i>Exchange rate</i> SSAP 20 (40)	✓		
<i>Exchange transaction</i>			✓ New definition
<i>Fair value</i> SSAP 21 (25) , FRS 7 (2)	✓		

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Definition: source document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
<i>Finance charge (on a lease)</i> SSAP 21 (27)	✓		
<i>Finance costs (of a capital instrument)</i> FRS 4 (8)			✓ (arrangement fees have been excluded from this definition)
<i>Finance lease</i> SSAP 21 (15)			✓ (there is no supporting definition of the interest rate implicit in a lease)
<i>Financial asset</i> FRS 25 (11)	✓		
<i>Financial instrument</i> FRS 25 (11)	✓		
<i>Financial liability</i> FRS 25 (11)	✓		
<i>Financial Year</i> s223 Companies Act 1985	✓		
<i>Foreign entity</i> SSAP 20 (36)	✓		
<i>Foreseeable losses (on a long-term contract)</i> SSAP 9 (24)	✓		
<i>Forward contract</i> SSAP 20 (42)	✓		
<i>Government</i> SSAP 4 (21)	✓		
<i>Government grants</i> SSAP 4 (22)	✓		
<i>Grant date for share-based payment arrangements (FRS 20, Appendix A)</i>	✓		
<i>Gross earnings (from a lease)</i> SSAP 21 (28)			✓ (no reference is made to the treatment of tax-free grants available to a lessor)
<i>Hire purchase contract</i> SSAP 21 (18)	✓		
<i>Identifiable assets and liabilities</i> FRS 7 (2) , FRS 10 (2)	✓		
<i>Immediate family</i> Sch 7:2B Companies Act 1985	✓		
<i>Inception (of a lease)</i>	✓		

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SSAP 21 (29)			
<i>Intangible assets</i> FRS 10 (2)	✓		
<i>Interest cost</i> FRS 17 (2)	✓		
<i>Investment property</i> SSAP 19 (7, 8)	✓		
<i>Lease term</i> SSAP 21 (19)	✓		
<i>Liabilities</i> FRS 5 (4)	✓		
<i>Local currency</i> SSAP 20 (39)	✓		
<i>Long-term contract</i> SSAP 9 (22)	✓		
<i>Minimum lease payments</i> SSAP 21 (20)	✓		
<i>Monetary items</i> SSAP 20 (44)		✓ (no reference to exempt companies)	
<i>Money Purchase Scheme</i> Sch 6:1(5) Companies Act 1985	✓		
<i>Net investment (in a foreign entity)</i> SSAP 20 (43)	✓		
<i>Net investment (in a lease)</i> SSAP 21 (21, 22, 26)	✓		
<i>Net realisable value (of fixed assets)</i> FRS 11 (2)	✓		
<i>Net realisable value (of stocks and long-term contracts)</i> SSAP 9 (21)	✓		
<i>Obligation</i> FRS 12 (2)		✓ (definitions of legal and constructive obligations combined and terminology simplified)	
<i>Operating lease</i> SSAP 21 (17)	✓		
<i>Ordinary activities</i> FRS 3 (2)	✓		

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<i>Past service cost</i> FRS 17 (2)	✓		
<i>Pension costs</i> Sch 4:94(2) Companies Act 1985	✓		
<i>Performance</i> FRS 5 Application Note G	✓		
<i>Permanent differences</i> FRS 19 (2)	✓		
<i>Pre-contract costs</i> UITF 34 (15)	✓		
<i>Prior period adjustments</i> FRS 3 (7)	✓		
<i>Projected unit method</i> FRS 17 (2)	✓		
<i>Provision</i> FRS 12 (2)	✓		
<i>Purchased goodwill</i> FRS 10 (2)		✓ (additional explanation that it arises on the purchase of a business accounted for as an acquisition)	
<i>Pure (or basic) research</i> SSAP 13 (21(a))	✓		
<i>Qualifying services</i> Sch 6:1(5) Companies Act 1985	✓		
<i>Qualifying third party indemnity provision</i> S309B Companies Act 1985	✓		
<i>Qualifying undertaking</i> Sch 5:9A(6) Companies Act 1985	✓		
<i>Quasi-loan</i> S331(3) Companies Act 1985	✓		
<i>Recognised</i> FRS 5 (6)	✓		
<i>Recoverable amount</i> FRS 11 (2, 20)		✓ (wording has been expanded slightly, to include more explanation; definition also includes definition of value in use, which has been given)	

– DERIVATION TABLES IN RESPECT OF ACCOUNTING STANDARDS

Definition: source document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
		greater flexibility for interpretation)	
<i>Related parties</i> FRS 8 (2.5)			✓ ('influence' is replaced by 'significant influence'; explanation is replaced with straightforward list of common related parties)
<i>Reliability</i> SoP 3.8	✓		
<i>Research and development expenditure</i> SSAP 13 (21)	✓		
<i>Residual value</i> FRS 15 (2)	✓		
<i>Retirement benefits</i> FRS 17 (2)	✓		
<i>Right to consideration</i> FRS 5 Application Note G	✓		
<i>Scheme liabilities</i> FRS 17 (2)	✓		
<i>Settlement</i> FRS 17 (2)		✓ (Examples omitted)	
<i>Share-based payment transaction (FRS 20, Appendix A)</i>	✓		
<i>Social security costs</i> Sch 4:94(1) Companies Act 1985			
<i>Start-up costs</i> UITF 24 (4)	✓		
<i>Subsidiary undertaking</i> Section 258, Companies Act 1985		✓ (simplified drafting)	
<i>Tangible fixed assets</i> FRS 15 (2)	✓		
<i>Tax credit</i> FRS 16 (2)	✓		
<i>Term (of a capital instrument)</i> FRS 4 (16)	✓		
<i>Timing differences</i> FRS 19 (2)		✓ (no reference to the fact that timing differences can	

– DERIVATION TABLES IN RESPECT OF ACCOUNTING STANDARDS

Definition: source document and paragraph		Complete (a)	Minor changes (b)	Major changes (c)
			reverse in one or more subsequent periods)	
<i>Total recognised gains and losses</i> FRS 3 (8)		✓		
<i>Translation</i> SSAP 20 (38)		✓		
<i>Useful economic life</i> FRS 15 (2)		✓		
<i>Withholding tax</i> FRS 16 (2)		✓		
Voluntary disclosures: paragraph	Source: document and paragraph	Complete (a)	Minor changes (b)	Major changes (c)
1				New paragraph: encouraging entities to give a cash flow statement
2				New paragraph: outlining the indirect method of cash flow statement
3	FRS 1 (Revised 1996) (2)			✓ (definition of cash loosely based on FRS 1 (Revised 1996) definition; additional proposal to reconcile cash to the balance sheet)
4	FRS 1 (Revised 1996) (39)		✓ (included principle but detail is omitted)	
5	FRS 1 (Revised 1996) (46)	✓		

SIMPLIFICATIONS IN THE FRSSSE

This appendix sets out simplifications that have been made in the FRSSSE as compared with the existing body of accounting standards. The analysis below is based on a comparison between the FRSSSE and:

- (a) the Standard Accounting Practice section in SSAPs;
- (b) the Statement of Standard Accounting Practice in FRSs; and
- (c) the UITF Consensus in UITF Abstracts.

It therefore does not take into consideration any of the explanatory notes that are included in the SSAPs and FRSs, nor does it attempt to list definitions that are set out in the SSAPs and FRSs but have not been incorporated into the FRSSSE.

	Paragraph in source
SSAP 4 <i>Accounting for government grants</i>	
◆ The explanations in paragraph 23 are omitted; only the principle, that grants should be recognised in the profit and loss account to match them with the expenditure towards which they are intended to contribute, is retained. There is no specific statement on dealing with grants made to give immediate financial support, or to finance the general activities of an entity.	23
◆ No reference to grants relating to leased assets in the accounts of lessors; SSAP 4 cross-refers to SSAP 21 .	26
◆ No reference to the disclosure of the accounting policy.	28
◆ No reference to disclosure of potential liabilities to repay grants; SSAP 4 cross-refers to SSAP 18 .	29
SSAP 5 <i>Accounting for value added tax</i>	
◆ No reference to disclosure of gross turnover.	8
SSAP 9 <i>Stocks and long-term contracts</i>	
◆ No requirement to subclassify stocks.	27
◆ No reference to the disclosure of the accounting policy and the need to apply it consistently.	32
SSAP 13 <i>Accounting for research and development</i>	
◆ The FRSSSE does not stress that fixed assets for pure and applied research may be capitalised.	24
◆ No reference to disclosure and explanation of accounting policy.	30
◆ No requirement to disclose amounts charged to profit and loss	31

	Paragraph in source
account.	
◆ No requirement to disclose movements on deferred development expenditure.	32
SSAP 19 Accounting for investment properties	
◆ No reference to investment companies or property unit trusts, insurance companies or pension funds.	13, 14
◆ No requirement to display the investment revaluation reserve prominently in the financial statements.	15
SSAP 20 Foreign currency translation	
◆ No provision for restricting exchange gains taken to the profit and loss account on long-term monetary items where there is doubt as to the marketability or convertibility of the currency.	11, 50
◆ No references to hyper-inflation.	26
◆ No reference to 'exempt companies'.	35
◆ No reference to the treatment of exchange gains or losses resulting from extraordinary items.	49
◆ No reference to disclosure of accounting policy.	59
◆ No requirement to disclose foreign exchange gains and losses charged/credited to the profit and loss account or offset in reserves under the hedging provisions, in respect of foreign currency borrowings less deposits.	60
◆ No requirement to disclose movements on reserves arising from exchange differences.	60
SSAP 21 Accounting for leases and hire purchase contracts	
◆ For a finance lease, an asset and liability should be stated at fair value, not the present value of the minimum lease payments, unless that is not a realistic estimate.	32, 33
◆ For finance leases where grants are received there is no stipulation that the amount to be capitalised should be restricted to the minimum lease payments.	34
◆ Added emphasis that finance charges may be charged on a straight-line basis as a reasonable approximation.	35
◆ For lessors, gross earnings under finance leases should be recognised on a systematic and rational basis, with no further guidance given.	39, 40
◆ No reference is made to the treatment of tax-free grants available to a lessor.	41
◆ No reference is made to charges for services when recognising rental income from an operating lease.	43
◆ No reference is made to the treatment of initial direct costs incurred by a lessor in arranging a lease.	44

– SIMPLIFICATIONS IN THE FRSSE

	Paragraph in source
◆ Accounting for sale and leasebacks by the buyer/lessor follows the amended treatment for lessors as set out above.	48
◆ Disclosure of gross amounts of assets and related accumulated depreciation for finance leased assets should be analysed by (1) land and buildings and (2) other assets, rather than by major class of asset.	49
◆ The requirement to show depreciation for the period in respect of finance-leased assets by major class of asset is not included in the FRSSE.	49
◆ No requirement for lessees to analyse obligations under finance leases.	52
◆ No requirement for lessees to disclose finance charges and operating lease rentals charged for the period.	53, 55
◆ Disclosure of operating lease commitments need not be analysed into land and buildings and other operating leases.	56
◆ No reference is made to the disclosure of the accounting policies.	57, 60
◆ No reference is made to the disclosure of aggregate rentals receivable by lessors.	60
◆ No definition is given of 'the interest rate implicit in a lease'.	24
SSAP 25 Segmental reporting	
◆ Not covered in the FRSSE.	-
FRS 1 (Revised 1996) Cash Flow Statements	
◆ There is no requirement for a cash flow statement in the FRSSE. However, a voluntary cash flow statement, presented using the indirect method, is recommended. The only requirements of FRS 1 (Revised 1996) included in the voluntary disclosures are:	-
• the definition of cash (simplified).	2
• the reconciliation between operating profit and operating cash flows.	12
• the treatment of VAT in cash flows.	39
• the disclosure of material non-cash transactions.	46
FRS 2 Accounting for Subsidiary Undertakings	
◆ Not addressed by the FRSSE, except that the user is cross-referred to it, if group accounts are being prepared.	-
FRS 3 Reporting Financial Performance	
◆ No requirement to analyse the turnover, costs, results and exceptional items into continuing operations, acquisitions and discontinued operations.	14-17, 20

– SIMPLIFICATIONS IN THE FRSSSE

	Paragraph in source
◆ No reference to the consequences of a decision to sell or terminate an operation and the provisions that may be recognised.	18
◆ No requirement to disclose special circumstances affecting the tax attributable to 'paragraph 20' exceptional items.	23
◆ No statements relating to computing or disclosing tax on extraordinary and exceptional (paragraph 20) items.	20, 22, 24
◆ No requirement for a note of historical cost profits and losses.	26
◆ If there are no gains or losses other than those included in the profit and loss account no statement of total recognised gains and losses is required.	27
◆ No requirement for a reconciliation of movements in shareholders' funds.	28
◆ No reference to presenting comparative figures.	30
◆ No reference to investment companies or insurance businesses.	31, 31A
FRS 4	
Capital Instruments	
◆ The only parts of FRS 4 that have been included in the FRSSSE are:	
• the explanation of which capital instruments should be classified as liabilities and which as shareholders' funds.	24
• the requirement to allocate the finance costs of borrowings to periods over the term of the borrowings at a constant rate on the carrying amount.	28
• the carrying amount at which borrowings should be shown in the balance sheet, amended for the treatment of arrangement fees.	27, 29
• the requirement to account for dividends on an accruals basis (unless ultimate payment is remote) where the entitlement to dividends is calculated by reference to time, and to account for dividends as appropriations of profit.	43
All other elements of the FRS have been omitted.	
◆ A new paragraph has been added addressing the treatment of arrangement fees.	-
◆ The FRS 4 definition of issue costs has been used instead to define arrangement fees and arrangement fees have been excluded from the definition of finance costs.	10
◆ The definition of capital instruments has been extended to specify that it refers to 'arrangements entered into' as well as instruments that are 'issued'.	2
◆ The FRS 4 definition of debt has been used to define borrowings.	6
FRS 5	
Reporting the Substance of Transactions	
◆ Not covered in the FRSSSE, except that:	
• the principle that a reporting entity's financial statements should	14

– SIMPLIFICATIONS IN THE FRSSE

	Paragraph in source
report the substance of transactions into which it has entered is reflected in paragraph 2.1 of the FRSSE.	
<ul style="list-style-type: none"> a reference to assets and liabilities in determining the substance of a transaction is included. 	16
<ul style="list-style-type: none"> the user is cross-referred to it, if group accounts are being prepared, to the extent that it addresses group accounts. 	-
<ul style="list-style-type: none"> Application Note C on debt factoring has been summarised in the FRSSE and the Table in C is reproduced in Appendix III of the FRSSE. 	C4, C5, C15, C18-C20
<ul style="list-style-type: none"> the treatment of consignment stock and its definition have been included in the FRSSE. The Table in Application Note A is reproduced in Appendix III of the FRSSE. 	27, A11, A12
<ul style="list-style-type: none"> the definition of 'recognition' has been included in the FRSSE. 	6
<ul style="list-style-type: none"> the basic principles from Application Note G on revenue recognition have been included in the FRSSE and the specific guidance on bill and hold arrangements, sales with rights of return and presentation of turnover as principal or as agent is reproduced in Appendix III of the FRSSE. 	G4-G12 G43-G72
<ul style="list-style-type: none"> Guidance on separation and linking of contractual arrangements and long-term contractual performance is not included in the FRSSE. 	G14-G42
FRS 6	
Acquisitions and Mergers	
<ul style="list-style-type: none"> Not addressed by the FRSSE, except that the user is cross-referred to it, if group accounts are being prepared. 	-
FRS 7	
Fair Values in Acquisition Accounting	
<ul style="list-style-type: none"> Not addressed by the FRSSE, except that the user is cross-referred to it, if group accounts are being prepared. 	-
FRS 8	
Related Party Disclosures	
<ul style="list-style-type: none"> The user is cross-referred to the exemptions available if group accounts are being prepared. 	3
<ul style="list-style-type: none"> There is no requirement to consider the materiality of transactions in relation to the other party. 	20
<ul style="list-style-type: none"> A new paragraph has been added, clarifying that the standard requires disclosure of directors' personal guarantees for their company's borrowings. 	-
<ul style="list-style-type: none"> The definition of related party refers to control, common control and significant influence. 	2
FRS 9	
Associates and Joint Ventures	
<ul style="list-style-type: none"> Not addressed by the FRSSE, except that the user is cross-referred to it, if group accounts are being prepared. 	-

	Paragraph in source
FRS 10	
<i>Goodwill and Intangible Assets</i>	
◆ Simplifications apply only in respect of goodwill and intangible assets arising in the financial statements of an individual entity. (Consolidated financial statements must be based on FRS 10 in its entirety.)	-
◆ FRSSSE has a requirement, rather than a presumption, that useful economic lives are limited to 20 years. Consequentially, requirements relating to lives in excess of 20 years and indefinite lives are omitted.	17, 19, 37
◆ Exception allowing recognition of internally generated intangible assets that have a 'readily ascertainable' market value is omitted.	14
◆ Exception allowing revaluation of intangible assets with a 'readily ascertainable' market value is omitted. Consequential restrictions and requirements relating to revaluation are also omitted.	43, 45, 47
◆ No reference to need to restrict fair values attributed to intangible assets to amounts that do not create or increase negative goodwill.	10
◆ No reference to restrictions on useful economic lives to the lives of the underlying legal rights.	24
◆ Requirements relating to recognition of impairment losses simplified as detailed under the heading for FRS 11.	34, 37, 39-42
◆ No reference to requirement not to split purchased goodwill arising on a single transaction into positive and negative components.	51
◆ With the exception of the requirement to disclose the amount and periods over which negative goodwill is being written back in the profit and loss account, the disclosure and presentation requirements are omitted.	48, 52-62, 64, 70(b) , 71
◆ Transitional arrangements for old goodwill previously eliminated against reserves are simplified: it is to be either wholly reinstated or wholly left in reserves.	69
◆ No specific requirements relating to impairment losses recognised on first implementing the FRS or intangible assets previously included within goodwill.	70(a) , 70(c) , 74
FRS 11	
<i>Impairment of Fixed Assets and Goodwill</i>	
◆ Only the key principle that assets held at above recoverable amount should be written down to recoverable amount and the conditions for recognising the reversal of write-downs are included in the FRSSSE.	14, 21, 56, 60, 63
FRS 12	
<i>Provisions, Contingent Liabilities and Contingent Assets</i>	
◆ No reference to financial instruments, executory contracts, long-term contracts or insurance entities.	3
◆ No reference to rare cases where it is not clear whether there is a present obligation.	15
◆ No reference to risks, uncertainties and future events being taken into account in measuring a provision.	42, 51

– SIMPLIFICATIONS IN THE FRSSSE

	Paragraph in source
◆ Detailed rules relating to discount rates omitted.	47
◆ No restriction that amounts recognised as reimbursements may not exceed related provision.	56
◆ No reference to provisions and capitalising assets.	66
◆ No reference to future operating losses, onerous contracts, restructuring or the sale of an operation.	68, 71, 77, 83, 85
◆ With exception of nature and financial effect of contingent liabilities (unless remote) and probable contingent assets, disclosure requirements omitted.	89-91, 94, 96, 97
FRS 13	
<i>Derivatives and other Financial Instruments: Disclosures</i>	
◆ FRS 13 is not addressed by the FRSSSE.	-
FRS 15	
<i>Tangible Fixed Assets</i>	
◆ No reference to start-up or commissioning periods.	14
◆ References to when capitalisation of finance costs should begin omitted.	25
◆ No reference to construction of a tangible fixed asset being completed in parts.	29
◆ No reference to major inspections or overhauls for subsequent expenditure.	36
◆ Bases for revaluation simplified, being market value or best estimate thereof for all tangible fixed assets (unless judged inappropriate by the directors in which case current value used instead). Consequently, detailed valuation requirements for certain tangible fixed assets omitted.	43, 53, 59
◆ No reference to cases where impossible to obtain reliable valuation.	61
◆ Treatment of revaluation losses simplified.	65, 66
◆ Statement omitted that, in determining treatment of gains and losses, material gains and losses within a class should not be aggregated.	67
◆ No reference to insurance companies and insurance groups.	71
◆ Statement omitted that subsequent expenditure does not negate need for depreciation.	86
◆ No specific requirement for annual impairment review where asset life exceeds 50 years or depreciation omitted as immaterial.	89
◆ Residual values and useful economic lives to be reviewed regularly, rather than annually, and revised when necessary rather than when expectations significantly different from previous estimates.	93
◆ No reference to renewals accounting.	97, 98
◆ With exception of requirement to disclose depreciation methods, useful economic lives or depreciation rates and, where material,	31, 61, 74, 100

	Paragraph in source
financial effect of changes to useful economic lives or residual values, disclosure requirements omitted.	
FRS 16 Current Tax	
◆ Prohibition of adjustments to income and expenses to reflect notional tax not included.	11
◆ No reference to tax rates (to be used for measuring current tax).	14
◆ Detailed disclosure requirements relating to the major components of the charge omitted.	17
FRS 17 Retirement Benefits [paragraph 1 of Appendix II to the FRSSSE]	
◆ No reference to multi-employer schemes.	9
◆ Requirement to attribute benefits according to the scheme's benefit formula is omitted.	22
◆ Requirement to reflect expected future events in actuarial assumptions is omitted.	27
◆ Detailed requirements relating to the treatment of a surplus are omitted.	41, 42, 67, 68, 70
◆ Detailed requirements relating to the treatment of gains and losses are omitted.	50, 51, 53, 54, 57, 60, 61
◆ Requirement relating to the recognition of current tax relief on contributions is omitted.	71
◆ Requirement relating to death-in-service and incapacity benefits omitted.	73
◆ Detailed disclosure requirements are omitted.	75¹, 78, 80, 82, 83, 84, 85, 86, 90, 92
FRS 18 Accounting Policies	
◆ No reference to the adoption of accounting policies that enable the financial statements to give a true and fair view.	14
◆ No reference to departures from accounting standards or UITF Abstracts in exceptional circumstances.	15
◆ No reference to preparation of financial statements on a going concern basis.	21
◆ No reference to preparation of financial statements on the accrual basis.	26

¹ This reference relates to paragraph 10.2 of the Statement of Standard Accounting Practice of the FRSSSE (i.e. not Appendix II).

– SIMPLIFICATIONS IN THE FRSSE

	Paragraph in source
◆ No reference to the constraints that should be taken into account in judging the appropriateness of accounting policies.	31
◆ No reference to the selection of estimation techniques that enable the financial statements to give a true and fair view.	50
◆ The requirement relating to accounting for changes in an estimation technique is omitted.	54
◆ The disclosure requirement relating to significant estimation techniques is omitted.	55(b)
◆ No reference to SORPs.	58
◆ No reference to the disclosure required when financial statements are not prepared on a going concern basis.	61(c)
◆ Requirement to cross-reference to disclosures required by companies legislation is omitted.	64
FRS 19	
Deferred Tax	
◆ The requirement to provide deferred tax when assets are 'marked to market' is omitted.	12
◆ The requirement relating to unremitted earnings of subsidiaries, associates or joint ventures is omitted.	21
◆ The FRSSE states that discounting of deferred tax balances is not required (but if it is done, it should be done consistently) and does not make any further reference to discounting.	42, 44, 47, 52, 61(b)
◆ The presentational requirements of the standard are omitted.	55, 56, 58, 59
◆ Detailed disclosure requirements, with the exception of those relating to revalued assets (paragraph 64(b)) and the unwinding of any discount (paragraph 60(a) (ii)) , are omitted.	60, 61, 62, 64
FRS 20	
Share-based payment	
◆ Disclosure only of equity settled arrangements	-
◆ Use of best estimate rather than fair value in measuring liability for cash settled arrangements	30
◆ Simplified disclosures	
FRS 21	
Events after the balance sheet date	
◆ No requirement to disclose owners' or others' power to amend the financial statements after issue.	17
◆ No requirement to update disclosures, in the light of new information received after the balance sheet date, that relate to conditions that existed at the balance sheet date.	19
FRS 22	
Earnings per share	

	Paragraph in source
FRS 13 is not addressed by the FRSSE.	
FRS 23 (IAS 21) <i>The effects of changes in foreign exchange rates</i>	
The FRSSE does not address FRS 23 in this version but may do so in a future update.	
FRS 24 (IAS 29) <i>Financial reporting in hyperinflationary economies</i>	
The FRSSE does not address FRS 24 in this version but may do so in a future update.	
FRS 25 (IAS 32) <i>Financial instruments: disclosure and presentation</i>	
No reference to interest, gains, losses, transaction costs and offsetting	35, 42
The FRSSE does not address the disclosure requirements of FRS 25 but may do so in a future version	
FRS 26 (IAS 39) <i>Financial instruments: measurement</i>	
The FRSSE does not address FRS 26 in this version but may do so in a future update.	
FRS 27 <i>Life Assurance</i>	
FRS 27 is not addressed by the FRSSE.	
FRS 28 <i>Corresponding Amounts</i>	
No reference to primary financial statements.	6, 7
No reference to disclosure exemptions for consolidated financial statements.	10
UITF Abstract 4 <i>Presentation of long-term debtors in current assets</i>	
◆ Not addressed by the FRSSE.	
UITF Abstract 5 <i>Transfers from current assets to fixed assets</i>	
◆ Not addressed by the FRSSE.	
UITF Abstract 9 <i>Accounting for operations in hyper-inflationary economies</i>	
◆ Not addressed by the FRSSE.	
UITF Abstract 11 <i>Capital instruments: issuer call options</i>	

- ◆ Not addressed by the FRSSE.

***UITF Abstract 15 (revised 1999)
Disclosure of substantial acquisitions***

- ◆ Not addressed by the FRSSE.

***UITF Abstract 17 (revised 2000)
Employee share schemes***

- ◆ Not addressed by the FRSSE.

***UITF Abstract 19
Tax on gains and losses on foreign currency borrowings that hedge an investment in a foreign enterprise***

- ◆ Not addressed by the FRSSE.

***UITF Abstract 21
Accounting issues arising from the proposed introduction of the euro***

- ◆ Not addressed by the FRSSE.

***UITF Abstract 22
The acquisition of a Lloyd's business***

- ◆ Not addressed by the FRSSE.

***UITF Abstract 23
Application of the transitional rules in FRS 15***

- ◆ Not addressed by the FRSSE.

***UITF Abstract 24
Accounting for start-up costs***

- ◆ No reference to the disclosures detailed in paragraph 10 of the Abstract.

***UITF Abstract 25
National Insurance contributions on share option gains***

- ◆ Not addressed by the FRSSE.

***UITF Abstract 26
Barter transactions for advertising***

- ◆ Not addressed by the FRSSE.

***UITF Abstract 27
Revision to estimates of the useful economic life of goodwill and intangible assets***

- ◆ Not addressed by the FRSSE.

UITF Abstract 28
Operating lease incentives

- ◆ No reference to spreading incentives on a basis other than straight-line.
- ◆ No reference to investment properties (paragraph 16 of the Abstract) or debtors (paragraph 17).

UITF Abstract 29
Website development costs

- ◆ Not addressed by the FRSSE.

UITF Abstract 30
Date of award to employee of shares or rights to shares

- ◆ Not addressed by the FRSSE.

UITF Abstract 31
Exchanges of business or other non-monetary assets for an interest in a subsidiary, joint venture or associate

- ◆ Not addressed by the FRSSE.

UITF Abstract 32
Employee benefit trusts and other intermediate payment arrangements

- ◆ Not addressed by the FRSSE.

UITF Abstract 33
Obligations in capital instruments

- ◆ Not addressed by the FRSSE.

UITF Abstract 34
Pre-contract costs

- ◆ No reference to accounting by consortium members for the recovery of pre-contract costs from a special-purpose entity.

UITF Abstract 35
Death-in-service and incapacity benefits

- ◆ Not addressed by the FRSSE.

UITF Abstract 36
Contracts for sales of capacity

- ◆ Not addressed by the FRSSE.

UITF Abstract 37
Purchases and sales of own shares

- ◆ Not addressed by the FRSSE.

UITF Abstract 38
Accounting for ESOP trusts

- ◆ Not addressed by the FRSSE.

UITF Abstract 39
(IFRIC Interpretation 2) Members' shares in cooperative entities and similar instruments

- ◆ Not addressed by the FRSSE.

UITF Abstract 40
Revenue recognition and service contracts

- ◆ Consensus paragraphs 23 to 28 and the critical event requirement from paragraph 19 are reproduced in paragraphs 4.10 to 4.15 of the Statement of Standard Accounting Practice (section B).