

Illustrating IFRS

Sally Ramage gives us a flavour of what the Report and Accounts prepared using International Standards will look like, and addresses some other technical points

ABC Group – Balance Sheet as at 31 December 2006 (in thousands of currency units)

	2006	2006	2005	2005
ASSETS				
Non-current assets				
Property, Plant & Equipment	x		x	
Goodwill	x		x	
Manufacturing licences	x		x	
Investments in associates	x		x	
Other financial assets	x		x	
		x		x
Current assets				
Inventories	x		x	
Trade and other receivables	x		x	
Prepayments	x		x	
Cash and cash equivalents	x		x	
		x		x
Total assets		x		x
EQUITY AND LIABILITIES				
Capital and Reserves				
Issued Capital	x		x	
Reserves	x		x	
Accumulated profits/(losses)	x		x	
		x		x
Minority interest		x		x
Non-current liabilities				
Interest bearing loans	x		x	
Deferred tax	x		x	
Retirement benefit obligation	x		x	
		x		x
Current liabilities				
Trade and other payables	x		x	
Short-term borrowings	x		x	
Current portion of interest-bearing borrowings	x		x	
Warranty provision	x		x	
		x		x
Total equity and liabilities		x		x

From January 2005, UK listed companies will have to produce financial statements using International Standards (IAS and IFRS).

Under IAS, there is only one format for the Balance Sheet, a choice of two for the Income Statement, a choice of two for the Statement of Recognised Gains & Losses and one format for the Cash Flow Statement. Examples of these statements are on these pages, as you can see.

There are areas of similarity between IAS and current UK rules. At present, nine Statements of Standard Accounting Practice (SSAPs) are in force in the UK (4, 5, 9, 13, 17, 18, 20, 21 and 25) and 19 Financial Reporting Standards (FRSs) – FRS 1-19. The text of these can be found on the Accounting Standards Board website (www.frc.org.uk/asb).

To assist in preparing accounts under IAS, it would be useful to note the following similarities:

IAS	SSAP/FRS
1 Presentation of financial statements	FRS 18
2 Inventories	SSAP 9
7 Cash flow statements	FRS 1
10 Events after the Balance Sheet date	SSAP 17
12 Income taxes	FRS 19
20 Accounting for government grants	SSAP 4
22 Business combinations	FRS 6
26 Accounting for retirement benefit plans	FRS 17
27 Consolidated financial statements	FRS 7
32 Financial instruments – disclosure & presentation	FRS 4
36 Impairment of assets	FRS 11
37 Provisions, contingent liabilities and contingent assets	FRS 12
38 Intangible assets	FRS 10
39 Financial instruments – recognition & measurement	FRS 4
40 Investment properties	SSAP 19