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Financial Reporting Standard 28
"Corresponding Amounts" is issued by the Accounting Standards Board in respect of its application in the United Kingdom and by the Institute of Chartered Accountants in Ireland in respect of its application in the Republic of Ireland.
Financial Reporting Standard 28 ‘Corresponding Amounts’ is set out in paragraphs 1-18.

The Statement of Standard Accounting Practice, which comprises the paragraphs set in bold type, should be read in the context of the Objective as stated in paragraph 1 and also of the Foreword to Accounting Standards and the Statement of Principles for Financial Reporting currently in issue.

The explanatory paragraphs contained in the FRS shall be regarded as part of the Statement of Standard Accounting Practice insofar as they assist in interpreting that statement.

Appendix III ‘The development of the FRS’ reviews considerations and arguments that were thought significant by members of the Board in reaching the conclusions on the FRS.
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SUMMARY

a Financial Reporting Standard 28 sets out the requirements for the disclosure of corresponding amounts* for items shown in an entity’s primary financial statements and notes to the financial statements.

b The requirements of the FRS apply to financial statements that are intended to give a true and fair view except where an accounting standard or Urgent Issues Task Force Abstract requires or permits an alternative treatment.

c Corresponding amounts should be shown for items in the primary financial statements and the notes to the financial statements.

d Where the corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

e The FRS permits a reporting entity not to show corresponding amounts for certain items in the notes to the financial statements that were previously exempted under company law. It also does not require corresponding amounts for the earliest period presented where financial statements for two or more consecutive periods are presented together.

* Also described as ‘comparative figures’ or ‘comparative information’ in other accounting standards.
FINANCIAL REPORTING STANDARD

OBJECTIVE

1. The objective of this FRS is to require appropriate disclosures of corresponding amounts for items shown in an entity’s primary financial statements and notes to the financial statements.

SCOPE

2. The FRS applies to all financial statements that are intended to give a true and fair view of a reporting entity’s financial position and profit and loss (or income and expenditure) for a period.

3. The requirements of the FRS apply except where an accounting standard or an Urgent Issues Task Force Abstract requires or permits an alternative treatment.

4. Where financial statements intended to give a true and fair view for two or more consecutive periods are presented together this FRS does not require corresponding amounts for the earliest period presented.

5. Reporting entities applying the Financial Reporting Standard for Smaller Entities currently applicable are exempt from the FRS.

DISCLOSURE REQUIREMENTS

Primary financial statements

6. In respect of every item shown in an entity’s primary financial statements the corresponding amount for the accounting period immediately preceding that to which the primary financial statements relate shall also be shown.
Primary financial statements generally comprise statements of financial performance (for example, profit and loss account and statement of total recognised gains and losses); a statement of financial position (for example, balance sheet) and a cash flow statement. FRS 3 ‘Reporting financial performance’ notes that the reconciliation of movements in shareholders’ funds may be presented as a primary statement. Other terminology may be used to describe these primary financial statements in some industries and sectors.

Where there is no amount to be shown for an item in respect of the accounting period to which the primary financial statements relate but a corresponding amount can be shown for the item in question for the accounting period immediately preceding that to which the primary financial statements relate, the corresponding amount shall be shown.

Where a corresponding amount given in accordance with paragraph 6 or 8 of this FRS is not comparable with the amount to be shown for the item in question in respect of the accounting period to which the primary financial statements relate, the former amount shall be adjusted and particulars of the adjustment and the reasons for it shall be disclosed in a note to the financial statements.

Notes to the financial statements

In respect of every item stated in a note to the financial statements:

(a) the corresponding amount for the accounting period immediately preceding that to which the financial statements relate shall also be stated, unless not required by paragraph 11 of this FRS; and
(b) where a corresponding amount is not comparable, it shall be adjusted and particulars of the adjustment and the reasons for it shall be given.

11 A reporting entity is not required to apply paragraph 10(a) in relation to any amounts stated for the items listed below which correspond to the requirements of the Companies Act 1985 identified in the marginal notes:

(a) details of additions, disposals, revaluations, transfers and cumulative depreciation of fixed assets; [From Sch 4 42]

(b) transfers to or from reserves and provisions and the source and application of any transfers; [From Sch 4 46]

(c) accounting treatment of acquisitions; [From Sch 4A 13]

(d) details of shareholdings in subsidiary undertakings held by a company or, where group accounts are prepared, held by the parent company and by the group; [From Sch 5 2 and 16]

* The corresponding requirement is set out in Schedule 9 paragraph 55 for banking companies and Schedule 9A paragraph 62 for insurance companies.

† The corresponding requirement is set out in Schedule 9 paragraph 59 for banking companies and Schedule 9A paragraph 66 for insurance companies.
(e) significant holdings in undertakings other than subsidiary undertakings where group accounts are not prepared, details of the identity of each class of share in the undertaking held by the company, and the proportion of the nominal value of the shares of that class represented by those shares;

(f) the proportion of the capital of the joint venture held by undertakings included in the consolidation;

(g) details of shareholdings of associated undertakings held by the parent company and group; and

(h) details of other significant shareholdings of the parent company or the group.

DATE FROM WHICH EFFECTIVE

The accounting practices set out in the FRS should be regarded as standard for financial statements relating to accounting periods which begin on or after 1 January 2005 and which end on or after 1 October 2005.

AMENDMENTS TO THE FINANCIAL REPORTING STANDARD FOR SMALLER ENTITIES (EFFECTIVE JANUARY 2005)

Paragraph 2.23 of the Financial Reporting Standard for Smaller Entities (effective January 2005) is deleted and replaced with the following:
“2.23 Corresponding amounts for the previous accounting period shall be shown for every item disclosed in the balance sheet, profit and loss account and notes to the financial statements. Where there is no amount to be shown for an item for the current accounting period but a corresponding amount can be shown for the previous accounting period, the corresponding amount shall be shown. Where a corresponding amount is not comparable with that for the current accounting period, it shall be adjusted and particulars of the adjustment and the reasons for it shall be disclosed in a note to the financial statements. Corresponding amounts are not required in relation to any amounts stated in the notes to the financial statements for the items listed below:

(a) details of additions, disposals, revaluations, transfers and cumulative depreciation of fixed assets;

(b) transfers to or from reserves and provisions and the source and application of any transfers;

(c) details of a company’s shareholdings in subsidiary undertakings;

(d) details of a company’s significant holdings in undertakings other than subsidiary undertakings.”

Footnote:

1 The requirements in paragraph 2.23 apply to accounting periods which begin on or after 1 January 2005 and which end on or after 1 October 2005.

14 The first sentence of paragraph 16.1 of the FRSSE is amended as follows:

“.....as they apply in respect of consolidated financial statements, FRSs 5, 9, 10* and 11 and 28.”

15 A new paragraph is inserted in Appendix IV ‘The development of the FRSSE’:
“31A As a consequence of amendments* to the Companies Act 1985 it falls to accounting standards to prescribe whether corresponding amounts should be restated and whether corresponding amounts should be provided for amounts disclosed in the notes to the financial statements. The Board issued FRS 28 ‘Corresponding Amounts’ in October 2005. The legal requirements for corresponding amounts reflected in paragraph 2.23 of the FRSSE have been superseded. Therefore, consistent with the objective of FRS 28 to maintain the existing requirements for disclosing corresponding amounts, a consequential amendment was made to the FRSSE. Paragraph 2.23 is deleted and replaced with requirements reflecting those of FRS 28. This amendment takes effect for accounting periods beginning on or after 1 January 2005 and which end on or after 1 October 2005.”

Footnote:

* SI 2005/2280 Companies Act 1985 (Investment Companies and Accounting and Audit Amendments) Regulations 2005

The following line is inserted into Appendix V ‘Derivation tables in respect of accounting standards’ after the entry for 2.15:

| 2.23 | FRS 28 (6, 8, 9, 10 and 11(a), (b), (d) and (e)) | ✓ |

The following line is inserted into Appendix VI ‘Simplifications in the FRSSE’ after the entry for FRS 21:
“FRS 28
Corresponding amounts

♦ No reference to primary financial statements 6, 7

♦ No reference to disclosure exemptions for consolidated financial statements.” 10

Line 2.23 of Table 1 in Appendix VII ‘Derivation tables in respect of legislation’ is deleted.
ADOPTION OF FRS 28 BY THE BOARD

Financial Reporting Standard 28 *Corresponding Amounts* was approved for issue by the ten members of the Accounting Standards Board.

Ian Mackintosh       Chairman
Andrew Lennard       Technical Director
Michael Ashley
Marisa Cassoni
Anthony Good
Roger Marshall
Isobel Sharp
Jonathan Symonds
Helen Weir
Peter Westlake
APPENDIX I

NOTE ON LEGAL REQUIREMENTS

GREAT BRITAIN

1. The statutory requirements relating to the disclosure of corresponding amounts for items presented in the balance sheet or profit and loss account are set out in paragraph 3(5) and paragraph 4 of Schedule 4 to the Companies Act 1985. Corresponding requirements are set out in Schedule 9 paragraphs 3(4) and 4 for banking companies and groups and in Schedule 9A paragraphs 2(4) and 3 for insurance companies and groups. Schedule 4 to the Act does not apply to small companies to the extent that they choose instead to comply with the reduced requirements set out in Schedule 8.

2. The UK Government has recently amended the Companies Act 1985 by a statutory instrument – SI 2005 No. 2280 ‘Companies Act 1985 (Investment Companies and Accounting and Audit Amendments) Regulations 2005’. The statutory instrument will apply in respect of companies’ financial years which begin on or after 1 January 2005 and which end on or after 1 October 2005.

3. The statutory instrument amends paragraph 4(2) of Schedule 4 by removing the requirement to restate corresponding amounts in the balance sheet and profit and loss account where they are not comparable. The statutory instrument deletes paragraph 58(2) of Schedule 4 thereby removing the requirement to provide corresponding amounts for items disclosed in the notes to the financial statements. As a consequence paragraph 58(3) of Schedule 4, which previously provided certain exemptions from the requirement to provide corresponding amounts for items disclosed in the notes to the financial statements, is also deleted.
The Regulations make corresponding amendments to Schedule 9 for banking companies and groups and Schedule 9A for insurance companies and groups to the 1985 Act.

NORTHERN IRELAND

The statutory requirements in Northern Ireland are set out in the Companies (Northern Ireland) Order 1986. These requirements are identical to the legislation for Great Britain cited above. Under the Northern Ireland Act 1998 company law is a transferred matter. Northern Ireland is expected to make Statutory Regulations, with provisions similar to those in the statutory instrument SI 2005 No. 2280 to amend the Companies (Northern Ireland) Order 1986. It is intended these Regulations should take effect before the end of 2005.

REPUBLIC OF IRELAND

The statutory requirements in the Republic of Ireland that correspond to those cited above for Great Britain are shown in the following table.

<table>
<thead>
<tr>
<th>Great Britain Companies Act</th>
<th>Republic of Ireland</th>
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<tbody>
<tr>
<td>Schedule 4, paragraph 3(5)</td>
<td>Companies (Amendment) Act 1986, section 4(9)</td>
</tr>
<tr>
<td>Schedule 4, paragraph 4(1)</td>
<td>Companies (Amendment) Act 1986, section 4(8)</td>
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<tr>
<td>Schedule 4, paragraph 4(2)</td>
<td>Companies (Amendment) Act 1986, section 4(8)</td>
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<tr>
<td>Schedule 4, paragraph 4(3)</td>
<td>Companies (Amendment) Act 1986, section 4(10)</td>
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<tr>
<td>Schedule 4, paragraph 42</td>
<td>Companies (Amendment) Act 1986, Schedule paragraph 29</td>
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<tr>
<td>Great Britain Companies Act</td>
<td>Republic of Ireland</td>
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<tr>
<td>Schedule 4, paragraph 46</td>
<td>Companies (Amendment) Act 1986, Schedule paragraph 32</td>
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<tr>
<td>Schedule 4A, paragraph 13</td>
<td>No specific equivalent in Republic of Ireland legislation</td>
</tr>
<tr>
<td>Schedule 5, paragraph 2</td>
<td>Companies (Amendment) Act 1986, section 16(1)</td>
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<tr>
<td>Schedule 5, paragraph 16</td>
<td>Companies (Amendment) Act 1986, section 16(1), and European Communities (Companies: Group Accounts) Regulations 1992, Schedule paragraph 18</td>
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<tr>
<td>Schedule 5, paragraph 8(3)</td>
<td>Companies (Amendment) Act 1986, section 16(1)</td>
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<tr>
<td>Schedule 5, paragraph 21(1)(d)</td>
<td>No equivalent reference</td>
</tr>
<tr>
<td>Schedule 5, paragraphs 22(4) and 22(5)</td>
<td>Companies (Amendment) Act 1986, section 16(1)</td>
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<tr>
<td>Schedule 5, paragraphs 24(3) and 24(4)</td>
<td>Companies (Amendment) Act 1986, section 16(1)</td>
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<td>Schedule 5, paragraphs 27(3) and 27(4)</td>
<td>Companies (Amendment) Act 1986, section 16(1)</td>
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<tr>
<td>Schedule 9</td>
<td>European Communities (Credit Institutions: Accounts) Regulations 1992</td>
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<tr>
<td>Schedule 9A</td>
<td>European Communities (Insurance Undertakings: Accounts) Regulations, 1996</td>
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</tbody>
</table>

The Department of Enterprise, Trade and Employment in the Republic of Ireland is considering similar amendments to those made in Great Britain.
The International Accounting Standards Board deals with corresponding amounts in its standards IAS 1 ‘Presentation of Financial Statements’, IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ and IFRS 1 ‘First-time Adoption of International Financial Reporting Standards’.

IAS 1 ‘Presentation of Financial Statements’ paragraphs 36 to 41 set out requirements for comparative information. IFRS 1 ‘First-time adoption of IFRS’ paragraph 36A provides exemption from the requirement to restate comparative information for IAS 32, IAS 39 and IFRS 4 for entities adopting IFRSs before 1 January 2006. IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ deals in general with adjustments to comparative information required when an entity changes an accounting policy or corrects an error. It also discusses the impracticability of retrospective restatement.

The requirements of the FRS are consistent with international accounting standards in most cases except that:

(a) the FRS does not explicitly require comparative information for narrative and descriptive information required under paragraph 36 of IAS 1;

(b) the FRS does not permit non-restatement of comparative amounts on first time adoption of certain accounting standards or require disclosures of this as set out in paragraph 36A of IFRS 1;

(c) IAS 1 paragraph 38 does not require reclassification of comparative amounts where reclassification is
impractical. This FRS does not contain a similar exemption; and

(d) paragraph 11 of the FRS provides specific exemptions from the requirement to disclose corresponding amounts for certain items disclosed in a note to the financial statements, not all of which have equivalent exemptions in IFRS.
APPENDIX III
THE DEVELOPMENT OF THE FRS

BACKGROUND

1 In March 2005 the Department of Trade and Industry
(DTI) issued a Consultation Document ‘A consultation on
extending use of summary financial statements and other
minor changes’. In parallel the ASB issued Financial
Reporting Exposure Draft 35 ‘Corresponding Amounts’.
FRED 35 related to one aspect of the Consultation
Document: the proposals in respect of corresponding
amounts.

2 Following the consultation period the Companies Act 1985
was amended by a statutory instrument SI 2005 No. 2280
‘Companies Act 1985 (Investment Companies and
Accounting and Audit Amendments) Regulations 2005’.

3 The amendments made by the statutory instrument
removed from the law the requirement to restate
corresponding amounts where they are not comparable –
although it remains a legal requirement to provide
corresponding amounts in respect of the balance sheet and
the profit and loss account, and the law permits them to be
restated where they are not comparable. The amendments
also removed from the law the requirement to provide
corresponding amounts for items disclosed in the notes to
the financial statements.

4 As a consequence of the amendments to the Companies Act
1985 it falls to accounting standards to prescribe whether
corresponding amounts should be restated and whether
corresponding amounts should be provided for amounts
disclosed in the notes to the financial statements. FRED 35
set out the Board’s proposal for a new FRS to require
disclosure of corresponding amounts, generally adjusted
onto a comparable basis, in an entity’s primary financial
statements and items disclosed in the notes to the financial statements.

**APPROACH ADOPTED BY THE BOARD**

5 The Board considers that the disclosure of corresponding amounts, generally adjusted onto a comparable basis, is an important part of accepted accounting practice. This Financial Reporting Standard is intended to secure this. In the main, the FRS replicates the legal requirements on corresponding amounts that existed prior to amendments made by the statutory instrument.

6 The Board intends that entities using UK IFRS-based accounting standards should be able to take advantage of the same exemptions as entities adopting IFRS. To enable the Board to incorporate these exemptions in UK IFRS-based standards the requirements of this FRS do not apply where a UK accounting standard or Urgent Issues Task Force Abstract requires or permits an alternative accounting treatment. This will allow the Board to consider exemptions for IFRS-based UK standards as the individual standards are developed.

**CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS**

7 The Board considered adopting the requirements of International Financial Reporting Standards for corresponding amounts. These are set out in IAS 1 ‘Presentation of Financial Statements’, IFRS 1 ‘First-time Adoption of International Financial Reporting Standards’ and IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’. However, the Board concluded it was undesirable to introduce on a piecemeal basis elements of individual international accounting standards. This might introduce unintended consequences for other UK standards, whilst not achieving a substantive step towards convergence.
The Board also considered whether to introduce a general exemption from restating corresponding amounts on a comparable basis on grounds of practicality. The Board noted there is no such exemption under present or past requirements and considered that practicality is better addressed as each new accounting standard is developed.

In considering the comments made by respondents to FRED 35 the Board noted that most respondents supported the Board’s approach in respect of these matters and the proposals have been retained in the FRS.

**Scope of the FRS**

The requirements of the FRS to disclose corresponding amounts apply to all entities and not just entities reporting under the Companies Act 1985. In its Statement of Principles* the Board notes that information in an entity’s financial statements gains greatly in usefulness if it can be compared with similar information about the entity for some other period or point in time in order to identify trends in financial performance and financial position. It has become widely accepted practice to provide corresponding amounts in the financial statements of all entities. The FRS requires that where corresponding amounts are not comparable they should be restated unless an accounting standard or Urgent Issues Task Force Abstract permits or requires an alternative treatment.

During its redeliberations of FRED 35 the Board became aware that the requirements proposed in FRED 35 could, in certain circumstances, be considered to extend regulatory requirements. One possible example was where a regulator requires a three year financial record and that the information given for each of the three years is required to give a true and fair view. The impact of FRED 35 would be to require a further year of corresponding amounts (ie

* Statement of Principles for Financial Reporting; December 1999.*
corresponding amounts for the earliest year presented and thereby a further year presented). The Board decided it would be appropriate to amend the scope of the FRS such that where financial statements intended to give a true and fair view for two or more consecutive periods are presented together the FRS does not require corresponding amounts for the earliest period presented. This would avoid the potential extension of reporting requirements, as set out in the example above, but preserve the requirement to present corresponding amounts for at least one period.

**Exemptions**

12 As noted FRED 35 was issued in parallel with the DTI’s Consultation Document; ‘A consultation on extending use of summary financial statements and other minor changes’. The Consultation Document did not propose to amend the legal requirements relating to corresponding amounts required for the notes to the financial statements. The DTI sought views on whether the requirements for disclosure in the notes should be retained in the Companies Act 1985, or should be removed and any future requirements be a matter for the ASB.

13 Previously the Companies Act 1985 (paragraph 58 of Schedule 4) required corresponding amounts for every item stated in a note to the accounts for the financial year immediately preceding that to which the accounts relate. It also provided a number of specific exemptions from this requirement. The amendments made by the statutory instrument deleted the requirement to provide corresponding amounts for every item stated in a note to the accounts and thereby the exemptions from this requirement.

14 FRED 35 replicated the legal requirements and exemptions to these requirements previously set out in paragraph 58 of Schedule 4 to the Companies Act 1985 and corresponding schedules for banking and insurance and companies, except that it did not include an exemption from the requirement
to provide corresponding amounts for loans and other dealings in favour of directors and others*. This was on the basis that the corresponding amounts for these items can often be easily provided and inclusion would enhance the usefulness of the financial statements. It is also difficult to justify these specific exemptions as there is no general exemption for related party transactions. Respondents to FRED 35 were generally in favour of the Board’s proposals and these have been retained.

**DATE FROM WHICH EFFECTIVE**

15 The Regulations are effective in respect of financial years which begin on or after 1 January 2005 and which end on or after 1 October 2005. The FRS is effective from the same date.

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* Part II and III of Schedule 6 (loans and other dealings in favour of directors and others) to the Companies Act 1985.
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