Technical Factsheet 189

Intangible Fixed Assets

CONTENTS

1. INTRODUCTION

The purpose of this factsheet is to provide guidance on the accounting and disclosure of accounting for intangible assets within statutory financial statements. This factsheet will consider the provisions within the Companies Act 2006 and the accounting and disclosure requirements within the related accounting regulations, FRS 10 Goodwill and Intangible Assets, FRS 11 Impairment of Fixed Assets and Goodwill , SSAP 13 Accounting for Research and Development, Financial Reporting Standard for Smaller Entities 2008 (FRSSE 2008), FRSSE 2015 and Financial Reporting Standard 102 (FRS 102) The Financial Reporting Standard Applicable in the UK and Republic of Ireland.

This factsheet will not address the specific requirements of IAS.

Throughout the factsheet notes and section references are to relevant to Companies Act, Regulations and Standards as highlighted in each paragraph.

2. LEGISLATIVE REQUIREMENTS

The accounting provisions are contained within two pieces of legislation as there are no specific provisions within the Companies Act 2006.

The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008

These regulations apply to all companies that qualify as small and are preparing accounts under the provisions available for small companies.

Note 2 to the balance sheet format states that: 'Amounts representing goodwill must only be included to the extent that the goodwill was acquired for valuable consideration'. Confirming the principle that only purchased Goodwill may be included.

Note 3 to the balance sheet format states that: 'Amounts in respect of concessions, patents, licences, trademarks and similar rights and assets must only be included in a company's balance sheet under this item if either:

(a) the assets were acquired for valuable consideration and are not required to be shown under goodwill, or
(b) the assets in question were created by the company itself.'

Section 21 of the regulations contains provisions in respect of development costs, stipulating that: '(1) Notwithstanding that an item in respect of 'development costs' is included under 'fixed assets' in the balance sheet formats set out in Part 1 of this Schedule, an amount may only be included in a company's balance sheet in respect of development costs in special circumstances.

(2) If any amount is included in a company's balance sheet in respect of development costs the following information must be given in a note to the accounts:

(a) the period over which the amount of those costs originally capitalised is being or is to be written off, and
(b) the reasons for capitalising the development costs in question.

Section 22 of the regulations then goes on to deal with goodwill. Stating that: '(1) The application of paragraphs 17 to 20 in relation to goodwill (in any case where goodwill is treated as an asset) is subject to the following:

(1) Subject to sub-paragraph (3), the amount of the consideration for any goodwill acquired by a company must be reduced by provisions for depreciation calculated to write off that amount systematically over a period chosen by the directors of the company.
(2) The period chosen must not exceed the useful economic life of the goodwill in question.
(3) In any case where any goodwill acquired by a company is shown or included as an asset in the company's balance sheet there must be disclosed in a note to the accounts:

(a) the period chosen for writing off the consideration for that goodwill, and
(b) the reasons for choosing that period.

Section 32 under the alternative accounting rules states that: 'Intangible fixed assets, other than goodwill, may be included at their current cost.'

The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008
Notes 2 and 3 to the balance sheet formats contain the equivalent information in respect of the inclusion of goodwill and other intangible assets. Sections 21 and 22 then provide the disclosure requirements which are consistent with the requirements for small companies. Section 32(1) contains the same provisions as above in respect of the alternative accounting rules.

Companies Act 2006 and the related accounting regulations are accessible on the legislation website:

http://www.legislation.gov.uk/

Disclosure issues under the legislation:
Both sets of regulations require the same disclosure as follows:

(a) The policy for recognising goodwill and other intangible assets
(b) The period over which the assets will be amortised and the reason for determining that period

3. ACCOUNTING STANDARDS

The relevant accounting provisions are contained within 4 standards and one SORP:

- FRSSE (2008) – contains the disclosure relevant to companies that qualify for the small company regime. This will be replaced by FRSSE 2015 for accounting periods commencing on or after 1 January 2015. There are no changes in the accounting treatment proposed by this update although the proposed maximum useful life has been reduced from 20 to five years.
- FRS 10 Goodwill and Intangible Assets – contains the details in respect of the treatment of goodwill and other intangible assets for all other entities.
- FRS 11 Impairment of Fixed Assets and Goodwill – contains details of the requirement to undertake an impairment review in specific circumstances.
- SSAP 13 Accounting for Research and Development – contains details of the accounting requirements for research and development.

- FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland – this standard applies for all entities adopting UK GAAP for accounting periods commencing on or after 1 January 2015 where the FRSSE has not been used.

Definitions

FRS 10 defines intangible assets (including goodwill) as: 'Non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights.' It goes on to define purchased goodwill as 'The difference between the cost of an acquired entity and the aggregate of the fair values of its accountable and identifiable net assets.'

FRSSE defines purchased goodwill as: 'Purchased goodwill is goodwill that is established as a result of the purchase of a business accounted for as an acquisition. It represents the difference between the cost of the acquired business and the aggregate of the **fair values** recorded for the **identifiable assets and liabilities** acquired. Positive goodwill arises when the acquisition cost exceeds the aggregate **fair values** of the **identifiable assets and liabilities**. Negative goodwill arises when the aggregate **fair values** of the **identifiable assets and liabilities** of the entity exceed the acquisition cost.' This definition is consistent within both of the versions.

Under FRS 102 goodwill is defined as: 'Future economic benefits arising from assets that are not capable of being individually identified and separately recognised.'

FRSSE defines intangible assets as follows: 'Intangible assets are non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights.'

FRS 102 defines intangible assets as: 'An identifiable non-monetary asset without physical substance.' Such an asset is identifiable when:

(a) it is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

(b) it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

FRS 102 will look to split out more categories of intangible asset on initial recognition.

SSAP 13 contains the following definition of development expenditure: 'Research and development expenditure means expenditure falling into one or more of the following broad categories (except to the extent that it relates to locating or exploiting oil, gas or mineral deposits or is reimbursable by third parties either directly or under the terms of a firm contract to develop and manufacture at an agreed price calculated to reimburse both elements of expenditure):

(a) pure (or basic) research: experimental or theoretical work undertaken primarily to acquire new scientific or technical knowledge for its own sake rather than directed towards any specific aim or application;

(b) applied research: original or critical investigation undertaken in order to gain new scientific or technical knowledge and directed towards a specific practical aim or objective;

(c) development: use of scientific or technical knowledge in order to produce new or substantially improved materials, devices, products or services, to install new processes or systems prior to the commencement of commercial production or commercial applications, or to improving substantially those already produced or installed.'

FRSSE then defines development as: 'Use of scientific or technical knowledge in order to produce new or substantially improved materials, devices, products or services, to install new processes or systems before the commencement of commercial production or commercial applications, or to improve substantially those already produced or installed.'

FRS 102 defines development as; 'The application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use.'

Accounting

The standards provide specific guidance on the accounting treatments for the different types of intangible assets.

Purchased goodwill

Recognition and initial treatment

FRS 10 requires that purchased goodwill be capitalised as an intangible fixed asset and amortised over the useful economic life of the goodwill. In such circumstances the goodwill should be reviewed for impairment:

- at the end of the first financial year following the acquisition;
- in other periods if events or changes in circumstances indicate that the carrying amount may not be recoverable.

The procedures for performing the impairment review are as laid down in FRS 11

FRS 10 makes the refutable presumption that the useful economic life of purchased goodwill (and also certain other intangible fixed assets) is limited and does not exceed 20 years. This presumption may be rebutted if:

- the durability of the acquired business or intangible asset can be demonstrated and justifies estimating the useful economic life to exceed 20 years;
- the goodwill or intangible asset is capable of continued measurement.

The FRS allows for circumstances in which the useful economic life of purchased goodwill can be taken to be infinite. In such cases, subject to the results of annual impairment reviews no amortisation would be required. One of the issues that needs to be considered in this regard is the durability of the acquired business. Durability depends on a number of factors, such as:

- the nature of the business;
- the stability of the industry in which the acquired business operates;
- typical life-spans of the products to which the goodwill attaches;
- the extent to which the acquisition overcomes market entry barriers that will continue to exist;
- the expected future impact of competition on the business.

Negative goodwill arises when the amount paid for a business is less than the sum of the fair values of the accountable and identifiable net assets.

Impairment reviews

FRS 11 requires that an impairment review should be undertaken where events or changes in circumstances indicate that the carrying amount of the fixed asset or goodwill may not be recoverable.

The standard sets out details of the circumstances where such a review should be undertaken as follows:

- a current period operating loss in the business in which the fixed asset or goodwill is involved or net cash outflow from the operating activities of that business, combined with either past operating losses or net cash outflows from such operating activities or an expectation of continuing operating losses or net cash outflows from such operating activities
- a significant decline in a fixed asset's market value during the period
- evidence of obsolescence or physical damage to the fixed asset
- a significant adverse change in:

    - either the business or the market in which the fixed asset or goodwill is involved, such as the entrance of a major competitor
    - the statutory or other regulatory environment in which the business operates
    - any 'indicator of value' (for example turnover) used to measure the fair value of a fixed asset on acquisition
- a commitment by management to undertake a significant reorganisation
- a major loss of key employees
- a significant increase in market interest rates or other market rates of return that are likely to affect materially the fixed asset's recoverable amount.

Research and development

Recognition and initial treatment

SSAP 13 Accounting for research and development has the following accounting requirements.

The cost of fixed assets acquired or constructed in order to provide facilities for research and development activities over a number of accounting periods should be capitalised and written off over their useful lives through the profit and loss account.

Expenditure on pure and applied research should be written off in the year of expenditure through the profit and loss account.

Development expenditure should be written off in the year of expenditure except in the following circumstances when it may be deferred to future periods:

(a) there is a clearly defined project, and
(b) the related expenditure is separately identifiable, and
(c) the outcome of such a project has been assessed with reasonable certainty as to:
   (i) its technical feasibility, and
   (ii) its ultimate commercial viability considered in the light of factors such as likely market conditions (including competing products), public opinion, consumer and environmental legislation, and
(d) the aggregate of the deferred development costs, any further development costs, and related production, selling and administration costs is reasonably expected to be exceeded by related future sales or other revenues, and
(e) adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

If an accounting policy of deferral of development expenditure is adopted, it should be applied to all development projects that meet the criteria set out above.

If development costs are deferred to future periods, they should be amortised. The amortisation should commence with the commercial production or application of the product, service, process or system and should be allocated on a systematic basis to each accounting period, by reference to either the sale or use of the product, service, process or system or the period over which these are expected to be sold or used.

Deferred development expenditure for each project should be reviewed at the end of each accounting period and where the circumstances which have justified the deferral of the expenditure set out above no longer apply, or are considered doubtful, the expenditure, to the extent to which it is considered to be irrecoverable, should be written off immediately project by project.

The above provisions are consistent with the requirements of FRSSE 2008 and 2015, except that in FRSSE 2015 the maximum life of intangible assets is assumed to be five years.

FRS 102

The accounting and disclosure requirements in respect of intangible assets are contained within two section of FRS 102. Section 18 deals with intangible assets other than goodwill and Section 19 deals with Business Combinations and Goodwill.

Intangible assets other than Goodwill
Section 18 states that an intangible asset is recognised when it is probable that the entity will receive the expected future economic benefits attributable to the asset, and its cost or value can be measured reliably. To measure management uses judgement and reasonable assumptions to assess the degree of certainty attached to expected future economic benefits attributable to an asset. As in all standards more weight is given to external evidence. When an intangible asset is acquired separately it is always considered probable that future economic benefits will flow to the entity.

Intangible assets are measured initially at cost.

The cost of an intangible asset is determined as follows:

- For a separately acquired intangible asset, cost comprises purchase price including import duties and non-refundable purchase taxes but net of trade discounts and rebates, and any costs directly attributable to preparing the asset for its intended use.
- For an internally generated intangible asset, cost comprises the directly attributable costs incurred after a certain point in the project.
- For an intangible asset acquired in a business combination, cost is the asset's fair value at the acquisition date.
- For an intangible asset acquired by way of a grant, cost is the asset's fair value on the date the grant is received or receivable.
- For an intangible asset acquired through an exchange of non-monetary assets, cost is the asset's fair value unless the transaction lacks commercial substance or the fair value of both the asset(s) given up, and the asset(s) received cannot be measured reliably. In that case, the carrying amount of the asset given up is used as the cost of the intangible asset acquired.

Development costs
In assessing whether the recognition criteria are met for an internally generated intangible asset, its generation is split into a research phase and a development phase, defined as:

- Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.
- Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use.

If an entity cannot distinguish between the two phases then all expenditure on the project is treated as relating to the research phase

Expenditure relating to the research phase of a project is expensed as incurred. Examples of research activities include obtaining new knowledge, and searching for and evaluating alternative materials, products, processes, systems or services.

Other examples of expenditure that are expensed rather than recognised as an intangible asset include expenditure on:

- internally generated brands, logos, publishing titles and customer lists;
- start-up activities, including, for example, legal and secretarial costs incurred in establishing a legal entity, pre opening costs of a new facility or business and expenditure for starting new operations or launching new products or processes (i.e. pre-operating costs);
- training activities;
- advertising and promotional activities;
- relocating or reorganising part of an entity; and
- internally generated goodwill.

An entity makes an accounting policy choice to capitalise expenditure in the development phase as an intangible asset or recognise it as an expense. If it adopts a policy of capitalisation this applies to a development if, and only if, the entity can demonstrate that a series of criteria have all been met. These are:

- the project is technically feasible;
- the entity intends to complete the project and use or sell the intangible asset;
- the entity is able to sell or use the asset;
- it is probable that the asset will generate future economic benefits;
- the entity has sufficient resources to complete the project; and
- the entity can measure reliably the directly attributable expenditure.

If these criteria are met then from the date at which these criteria are met, all costs that are directly attributable to creating, producing, and preparing the asset to be capable of operating in the manner intended by management are capitalised.

Directly attributable costs include the costs of materials, services and employees used to generate the asset. They also include legal registration fees and the amortisation of licences and patents used in generating the intangible asset. Borrowing costs are capitalised when the entity has adopted a policy of capitalising borrowing costs for qualifying assets.

If these requirements are not met, or a policy of capitalisation of development expenditure is not adopted, the costs are expensed in profit or loss as incurred.

Expenditure that has been expensed cannot be ‘revived’ and capitalised at a later date as part of the cost of an asset.

Measurement
Intangible assets are measured after initial recognition using either:

- the cost model; or
- the revaluation model, provided that fair value can be determined by reference to an active market. The revaluation model is applied consistently to all such intangible assets of the same class.

An active market is one in which willing buyers and sellers normally can be found at any time for items that are homogeneous and for which prices are available to the public. By requiring the fair value to be measured with reference to an active market, FRS 102 therefore requires a high threshold to be met for entities to be able to apply the revaluation model.

Under the cost model, intangible assets are measured at cost less any accumulated amortisation and impairment losses.

Under the revaluation model, an intangible asset is carried at its fair value (revalued amount) less any subsequent accumulated amortisation and impairment losses. Fair value is determined by reference to an active market. Assets are revalued with sufficient frequency that the revalued amount does not differ materially from the fair value at the period end.

The revaluation model is applied after the asset has been measured initially at cost and does not permit either the revaluation of intangible assets that have not been previously recognised, or the initial recognition of an intangible asset at an amount other than cost.

Amortisation (with exception of Goodwill dealt with separately further in the factsheet)
All intangible assets are considered to have a finite useful life. For intangible assets arising from contractual or legal rights, the useful life does not exceed the period of the contractual or legal rights, although it may be shorter if the period over which the entity expects to use the asset is shorter. If the contractual or legal rights can be renewed, the useful life of the intangible asset includes the renewal period only if there is evidence to support renewal by the entity without significant cost.

The useful life of an intangible asset is presumed to be no more than five years unless a reliable estimate of its life can be made.

The depreciable amount of an intangible asset is allocated on a systematic basis over its useful life. Amortisation commences when the intangible asset is available for use. An asset is available for use when it is in the location and condition necessary for it to be used in the manner intended by management. An amortisation method is chosen that reflects the pattern of expected consumption of the asset's future economic benefits. If a pattern of consumption cannot be determined reliably the straight-line method is used.

It is assumed that the residual value of an intangible asset is zero unless either a third party is committed to purchase the asset at the end of its useful life or the residual value can be determined by reference to an active market and it is probable that such a market will exist at the end of the asset's useful life.

Indicators such as technological advancement, changes in market prices or a change in the use of an intangible asset may provide evidence that the useful life or residual value has changed in the reporting period. When such indicators exist, the estimates of residual value, useful life or amortisation method are reviewed and amended as appropriate. Changes are accounted for prospectively as a change in accounting estimate.

Disposal
Intangible assets are derecognised on disposal or when no future economic benefits are expected from the asset's use or disposal. Any resultant gain or loss is recognised in profit or loss

Goodwill
In respect of a business acquisition at the acquisition date, the acquiree's identifiable assets and liabilities and contingent liabilities that satisfy the recognition criteria are brought in at their fair values at that date. The differences between the cost of the business combination and the acquirer's interest in the net fair value (i.e. net of any non-controlling interest's share) of the identifiable assets, liabilities and recognised contingent liabilities is accounted for as goodwill, or so-called 'negative goodwill'.

At the acquisition date, the acquirer recognises goodwill acquired in a business combination as an asset. It is measured as the excess of cost over the acquirer's interest in the net fair value of the assets, liabilities and contingent liabilities recognised on acquisition.

After initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation
Goodwill is amortised on a systematic basis over its useful life, which is considered to be finite. Goodwill has no residual value. If a reliable estimate of the useful life of goodwill cannot be made then it is presumed to be five years. The amortisation period and method are reviewed when events and circumstances indicate that the useful life may have changed since the last reporting date.

When the acquirer's interest in the net fair value of the identifiable assets, liabilities and provisions for contingent liabilities acquired exceeds the cost of the business combination (sometimes referred to as 'negative goodwill'), the acquirer:

(a) reassesses the identification and measurement of the acquirer's assets, liabilities and provisions for contingent liabilities and the measurement of the cost of the combination;
(b) records any excess that remains after the reassessment on the balance sheet immediately below any positive goodwill (striking a net total of the positive and negative goodwill); and
(c) recognises the excess in profit or loss in the periods in which the non-monetary assets acquired are recovered. Any excess over the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to benefit.

Disclosure
The following should be disclosed:

- The accounting policies for all types of intangible assets – setting out the bases for capitalisation and the policy for amortisation. Additionally where a useful life exceeding 20 years (five years under FRSSE 2015 and FRS 102) has been identified the justification for this should be included.
- For each category of intangible asset the following should be disclosed:
    - The cost or valuation at the beginning and the end of the year.
    - The effect of any:
        - Revaluation made during the year;
        - Acquisitions during the year;
        - Disposals during the year; and
        - Transfers during the year.
    - The following information must be provided in respect of provisions for depreciation or diminution in value:
        - The cumulative amount of such provisions as at the beginning and end of the year;
        - The amount of any such provisions made during the year;
        - The amount of any adjustments made on disposal during the year; and
        - The amount of any other adjustments made during the year.

4. EXAMPLES

The following are examples of the lease disclosures required in a set of statutory accounts. The examples of the disclosure are consistent in each standard although some of the amounts included will vary as set out within the accounting explanations above.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 10% straight line

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

In the event that an internally generated intangible asset arises from the company's development activities then it will be recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- the project from which the asset arises meets the company's criteria for assessing technical feasibility;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Release of costs

Research and development expenditure capitalised in accordance with the above policy is written off over the expected life of the project which is between three and five years.

Development costs - 25%-40% straight line

Other intangible assets
Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the accounts as an expense as incurred.

Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Operating profit
Operating profit is stated after charging/(crediting):

	20XX	20YY
	£	£
Amortisation of goodwill	1,000	1,000

Intangible fixed assets

	Goodwill	Development costs	Total
	£	£	£
Cost			
At 1 May 20YY and 30 April 20XX	10,000	17,500	27,500
Amortisation			
At 1 May 20YY	1,000	2,000	3,000
Charge for the year	1,000	5,853	6,853
At 30 April 20XX	2,000	7,853	9,853
Net book value			
At 30 April 20XX	8,000	9,647	17,647
At 30 April 20YY	9,000	15,500	24,500

5. CHECKLIST

Issue	FRS 10 and SSAP 13	FRSSE 2008	FRS 102	FRSSE 2015	Comment/Reference
Ascertain the policy for development costs					
Identify all development costs that will be capitalised as defined by the accounting standards. For SSAP 13 and FRSSE 2008 and 2015 this includes anyone satisfying the following conditions: (a) there is a clearly defined project, and (b) the related expenditure is separately identifiable, and					

(c) the outcome of such a project has been assessed with reasonable certainty as to: (i) its technical feasibility, and (ii) its ultimate commercial viability considered in the light of factors such as likely market conditions (including competing products), public opinion, consumer and environmental legislation, and (d) the aggregate of the deferred development costs, any further development costs, and related production, selling and administration costs is reasonably expected to be exceeded by related future sales or other revenues, and (e) adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.					
Identify all development costs that will be capitalised as defined by FRS 102 where: • the project is technically feasible; • the entity intends to complete the project and use or sell the intangible asset; • the entity is able to sell or use the asset; • it is probable that the asset will generate future economic benefits; • the entity has sufficient resources to complete the project; and • the entity can measure reliably the directly attributable expenditure					
Disclose the following information in respect of development expenditure: • the aggregate amount of research and development expenditure recognised as an expense during the period • For amounts capitalised the following should be disclosed: o The cost or valuation at the beginning of the year o The effect of any: o Revaluation made during the year; o Acquisitions during the year; o Disposals during the year; and o Transfers during the year. o The following information must be provided in respect of provisions for depreciation or diminution in value: o The cumulative amount of such provisions as at the beginning and end of the year; o The amount of any such provisions made during the year; o The amount of any adjustments					

made on disposal during the year; and o The amount of any other adjustments made during the year					
Ascertain the policy for accounting for goodwill and ensure that the accounting policy reflects this policy. Where the useful life applied exceeds 20 years (5 years under FRS 102 and FRSSE 2015) ensure that the policy explains how this policy has been established					
For each category disclose: • The cost or valuation at the beginning and the end of the year; and • The effect of any: o Revaluation made during the year; o Acquisitions during the year; o Disposals during the year; and o Transfers during the year. • The following information must be provided in respect of provisions for depreciation or diminution in value: o The cumulative amount of such provisions as at the beginning and end of the year; o The amount of any such provisions made during the year; o The amount of any adjustments made on disposal during the year; and o The amount of any other adjustments made during the year					

6. SOURCES OF INFORMATION

Legislation

The legislation can be accessed at the following website:

www.legislation.co.uk

The following legislation should be referred to when required:

- Companies Act 2006
- The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008
- The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008

Accounting standards

The relevant standards can be accessed on the Financial Reporting Council website at the following link:

http://www.accaglobal.com/uk/en/technical-activities/technical-resources-search/2014/april/accounting_standards.html#

The following standards should be referred to when required:

- FRS 10 Goodwill and Intangible Assets
- FRS 11 Impairment of Fixed Assets and Goodwill
- SSAP 13 Accounting for Research and Development, Financial Reporting

- FRSSE (effective April 2008) – Financial Reporting Standard for Smaller Entities
- FRS 102 - The Financial Reporting Standard Applicable in the UK and Republic of Ireland.
- FRSSE (effective April 2015) – Financial Reporting Standard for Smaller Entities