# Explanatory notes

**1.** *IAS 1.10*

IAS 1 *Presentation of Financial Statements* uses the title 'Statement of financial position'. This title is not mandatory. An entity may use other titles – e.g. 'Balance sheet' – as long as the meaning is clear and they are not misleading.

**2.** *IAS 1.45*

The presentation and classification of items in the financial statements is retained from one period to the next unless:

- changes are required by a new standard or interpretation; or
- it is apparent, following a significant change to an entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate. In this case, the entity also considers the criteria for the selection and application of accounting policies in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

**3.** *IAS 1.10, 39*

An additional statement of financial position and related notes are presented as at the beginning of the earliest comparative period following a retrospective change in accounting policy, a retrospective correction of an error, or a reclassification of items in the financial statements. The current IAS 1 provides no further guidance in terms of how this requirement should be interpreted. In our view, the requirement to present a 'third' statement of financial position should be interpreted having regard to materiality based on the particular facts and circumstances. In our view, 'related notes' should be interpreted as requiring disclosure of those notes that are relevant to the reason why the third statement of financial position is presented – i.e. not all notes are required in every circumstance. This issue is discussed in the 9th Edition 2012/13 of our publication *Insights into IFRS* (2.1.35).

**Forthcoming requirements**

In *Annual Improvements to IFRS – 2009–2011 Cycle*, which is effective for annual periods beginning on or after 1 January 2013, the IASB amends IAS 1 to clarify, among other things, the requirements regarding the presentation of the third statement of financial position.

- The third statement of financial position is required only if a retrospective change in accounting policy, a retrospective correction of an error or a reclassification has a material effect on the information in the statement of financial position.
- Except for the disclosures required under IAS 8, notes related to the third statement of financial position are no longer required.
- The third statement of financial position to be presented is that at the beginning of the *preceding* period, rather than at the beginning of the *earliest* comparative period presented. This is also the case even if an entity provides additional comparative information beyond the minimum comparative information requirements.

**4.**

In our view, derivative assets and liabilities should be presented as separate line items in the statement of financial position if they are significant. If derivative instruments are not significant, then they may be included within other financial assets and other financial liabilities, respectively, with additional details disclosed in the notes. This issue is discussed in the 9th Edition 2012/13 of our publication *Insights into IFRS* (7.8.120.40).

**5.** *IAS 1.60–61*

In these illustrative financial statements, we have presented current and non-current assets, and current and non-current liabilities, as separate classifications in the statement of financial position. An entity may present its assets and liabilities broadly in order of liquidity if such presentation provides reliable and more relevant information.

Whichever method of presentation is adopted, for each asset and liability line item that combines amounts expected to be recovered or settled within:

- no more than 12 months after the end of the reporting period; and
- more than 12 months after the end of the reporting period,

an entity discloses in the notes the amount expected to be recovered or settled after more than 12 months.

# Consolidated statement of financial position[1,2]

IAS 1.10(a), 10(f), 38, 113

| | | | | | |
|---|---|---|---|---|---|
| | *In thousands of euro* | **Note** | **31 December 2012** | **31 December 2011 Restated*** | **1 January 2011[3] Restated*** |
| | **Assets** | | | | |
| IAS 1.54(a) | Property, plant and equipment | 16 | **26,586** | 31,049 | 34,937 |
| IAS 1.54(c) | Intangible assets and goodwill | 17 | **6,226** | 4,661 | 5,429 |
| IAS 1.54(f) | Biological assets | 18 | **4,860** | 6,636 | 6,111 |
| IAS 1.54(h) | Trade and other receivables | 24 | **213** | - | - |
| IAS 1.54(b), 17.49 | Investment property | 19 | **2,170** | 1,050 | 950 |
| IAS 1.54(e), 28.38 | Equity-accounted investees | 20 | **4,179** | 3,638 | 3,099 |
| IAS 1.54(d) | Other investments, including derivatives[4] | 21 | **3,631** | 3,525 | 3,212 |
| IAS 1.54(o), 56 | Deferred tax assets[2 on page 10] | 22 | **-** | 1,376 | 1,902 |
| | Employee benefits | 29 | **635** | 731 | 587 |
| IAS 1.60 | **Non-current assets[5]** | | **48,500** | 52,666 | 56,227 |
| IAS 1.54(g) | Inventories | 23 | **12,867** | 12,119 | 12,716 |
| IAS 1.54(f) | Biological assets | 18 | **245** | 140 | 402 |
| IAS 1.54(d) | Other investments, including derivatives[4] | 21 | **662** | 1,032 | 821 |
| IAS 1.54(n) | Current tax assets[3 on page 10] | | **-** | 228 | - |
| IAS 1.54(h) | Trade and other receivables | 24 | **26,250** | 17,999 | 16,311 |
| | Prepayments | | **330** | 1,200 | 895 |
| IAS 1.54(i) | Cash and cash equivalents | 25 | **1,505** | 1,850 | 2,529 |
| IFRS 5.38, 40, IAS 1.54(j) | Assets held for sale[4 on page 10] | 8 | **14,410** | - | - |
| IAS 1.60 | **Current assets[5]** | | **56,269** | 34,568 | 33,674 |
| | **Total assets** | 6 | **104,769** | 87,234 | 89,901 |

* See Note 2(e).

*The notes on pages 27 to 219 are an integral part of these consolidated financial statements.*

# Explanatory notes

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|---|---|---|
| **1.** | *IAS 1.55, 58* | Additional line items, headings and subtotals are presented in the statement of financial position when relevant to an understanding of an entity's financial position. The judgement is based on an assessment of:<br>• the nature and liquidity of the assets;<br>• the function of assets within the entity; and<br>• the amounts, nature and timing of liabilities.<br>Additional line items may include, for example, a bank overdraft as illustrated here. |
| | *IAS 1.57* | IAS 1 does not prescribe the order or format in which an entity presents items. Additional line items are included when the size, nature or function of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of the entity's financial position and the descriptions used. The ordering of items or aggregation of similar items may be amended according to the nature of the entity and its transactions to provide information that is relevant to an understanding of an entity's financial position. |
| **2.** | *IAS 12.74* | Deferred tax assets and liabilities are offset if the entity has a legally enforceable right to offset current tax liabilities and assets (see Explanatory note 3 below), and the deferred tax liabilities and assets relate to income taxes levied by the same tax authority on either:<br>• the same taxable entity; or<br>• different taxable entities, but these entities intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously for each future period in which these differences reverse. |
| **3.** | *IAS 12.71* | An entity offsets current tax assets and current tax liabilities only if it has a legally enforceable right to offset the recognised amounts and intends to realise the asset and settle the liability on a net basis or simultaneously. |
| **4.** | *IFRS 5.40* | Comparatives are not restated to reflect classification as held-for-sale or held-for-distribution at the end of the reporting period. |
| | *IAS 1.66* | In our view, non-current assets, as well as assets and liabilities of disposal groups, classified as held-for-sale or held-for-distribution are classified as current in the statement of financial position. Consequently, presentation of a three-column statement of financial position with the headings 'Assets/Liabilities not for sale', 'Assets/Liabilities held for sale' and 'Total', with the assets and liabilities held for sale or held for distribution included in non-current line items, would not generally be appropriate. This issue is discussed in the 9th Edition 2012/13 of our publication *Insights into IFRS* (5.4.110.30). |

# Consolidated statement of financial position (continued)[1]

| | *In thousands of euro* | Note | 31 December 2012 | 31 December 2011 Restated* | 1 January 2011 Restated* |
|---|---|---|---|---|---|
| *IAS 1.10(a), 10(f), 38, 113* | | | | | |
| | **Equity** | | | | |
| *IAS 1.54(r), 78(e)* | Share capital | | **14,979** | 14,550 | 14,550 |
| *IAS 1.55, 78(e)* | Share premium | | **4,777** | 3,500 | 3,500 |
| *IAS 1.54(r), 78(e)* | Reserves | | **1,210** | 449 | 322 |
| *IAS 1.55, 78(e)* | Retained earnings | | **20,886** | 14,006 | 10,600 |
| | **Equity attributable to owners of the Company** | | **41,852** | 32,505 | 28,972 |
| *IAS 1.54(q), 27.27* | Non-controlling interests | | **1,582** | 842 | 601 |
| | **Total equity** | 26 | **43,434** | 33,347 | 29,573 |
| | **Liabilities** | | | | |
| *IAS 1.54(m)* | Loans and borrowings | 28 | **20,942** | 19,206 | 21,478 |
| *IAS 1.55, 1.78(d)* | Employee benefits | 29, 30 | **982** | 841 | 2,204 |
| *IAS 1.54(k)* | Trade and other payables | 33, 34 | **290** | 5 | - |
| *IAS 20.24* | Deferred income/revenue | 31 | **1,389** | 1,436 | - |
| *IAS 1.54(l)* | Provisions | 32 | **1,010** | 400 | 682 |
| *IAS 1.54(o), 56* | Deferred tax liabilities[2] | 22 | **2,464** | 1,567 | 1,436 |
| *IAS 1.60* | **Non-current liabilities**[5 on page 10] | | **27,077** | 23,455 | 25,800 |
| *IAS 1.55* | Bank overdraft | 25 | **334** | 282 | 303 |
| *IAS 1.54(n)* | Current tax liabilities[3] | | **762** | - | 25 |
| *IAS 1.54(m)* | Loans and borrowings | 28 | **4,390** | 4,386 | 2,017 |
| *IAS 1.54(k)* | Trade and other payables | 33 | **23,489** | 24,370 | 30,627 |
| *IAS 11.42(b)* | Deferred income/revenue | 31 | **213** | 194 | 156 |
| *IAS 1.54(l)* | Provisions | 32 | **660** | 1,200 | 1,400 |
| *IFRS 5.38, 40, IAS 1.54(p)* | Liabilities held for sale[4] | 8 | **4,410** | - | - |
| *IAS 1.60* | **Current liabilities**[5 on page 8] | | **34,258** | 30,432 | 34,528 |
| | **Total liabilities** | 6 | **61,335** | 53,887 | 60,328 |
| | **Total equity and liabilities** | | **104,769** | 87,234 | 89,901 |

* See Note 2(e).

*The notes on pages 27 to 219 are an integral part of these consolidated financial statements.*

# Explanatory notes

| | | |
|---|---|---|
| **1.** | *IAS 1.7, 81* | Total comprehensive income is the change in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Entities have a choice of presenting all items of income and expense recognised in a period either in:<br>• one statement – i.e. a statement of comprehensive income; or<br>• two statements – i.e. a separate income statement and a statement beginning with profit or loss and displaying components of other comprehensive income.<br>In these illustrative financial statements, the one-statement approach is illustrated. Appendix II provides an illustration of the two-statement approach. |
| **2.** | *IAS 1.85* | An entity presents additional line items, headings and subtotals when such presentation is relevant to an understanding of its financial performance. |
| **3.** | *IAS 1.99, 100* | An entity presents an analysis of expenses based on function or nature whichever provides information that is reliable and more relevant. This analysis may be presented in the statement of comprehensive income or in the notes. Individual material items are classified in accordance with their nature or function, consistent with the classification of items that are not material individually. This issue is discussed in the 9th Edition 2012/13 of our publication *Insights into IFRS* (4.1.82.10–20). In these illustrative financial statements, we present the analysis based on functions within the entity. |
| **4.** | | IFRS does not specify whether revenue should be presented only as a single line item in the statement of comprehensive income, or whether an entity may also present the individual components of revenue, with a subtotal for revenue from continuing operations. |
| **5.** | *IAS 28.38* | An entity separately presents its share of any discontinued operations of associates. |
| **6.** | *IFRS 5.33(a)–(b), IAS 1.82(e)* | An entity discloses a single amount in the statement of comprehensive income comprising the total of the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.<br>In addition, an entity analyses the above single amount into revenue, expenses and the pre-tax profit or loss from discontinued operations; tax on the profit or loss from discontinued operations; gain or loss on the disposal or measurement to fair value less costs to sell; and tax on that gain or loss.<br>The above analysis may be presented either in the statement of comprehensive income or in the notes (see Note 7). An entity may also present this analysis in the statement of comprehensive income, in a section identified as related to discontinued operations. For example, a columnar format presenting the results from continuing and discontinued operations in separate columns is acceptable. |
| **7.** | *IAS 1.82(g)–(h)* | An entity presents each component of other comprehensive income by nature. The only exception to this principle relates to equity-accounted investees. An entity's share of the other comprehensive income of an equity-accounted investee is presented as a separate line item separately from the other components of other comprehensive income. For forthcoming requirements see Explanatory note 6 on page 14. |
| **8.** | *IAS 1.92, 94* | An entity may present reclassification adjustments directly in the statement of comprehensive income or in the notes. In these illustrative financial statements, we have illustrated the former approach. |
| **9.** | *IAS 1.90–91* | Individual components of other comprehensive income may be presented either net of related tax effects or before related tax effects with an aggregate amount presented for tax.<br>In these illustrative financial statements, we have illustrated the latter approach. Consequently, disclosures related to tax on each component of other comprehensive income are presented in the notes. |