

Consolidated statement of profit or loss

For the year ended 31 December 2021
(expressed in thousands of Euroland currency units, except per share amounts)

Telling the COVID Story

An entity should present additional line items when it is relevant to an understanding of the entity's financial position, financial performance or its cash flows. While an entity is allowed to add lines into its primary financial statements in respect of COVID-19, it is important to ensure COVID-19 related matters are not given undue prominence and therefore we would discourage this approach. In our view, it would not be appropriate to add columns that exclude the impact of COVID-19 in the financial statements.

In respect of the above view, IAS 1 requirements would not allow such a presentation. It states that total comprehensive income comprises all of 'profit or loss' and of 'other comprehensive income'. These are defined as:

- 'the total of income less expenses, excluding the components of other comprehensive income' for profit or loss, and
- 'items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other IFRS' for other comprehensive income.

In other words, due to the above IAS 1 requirements, it would not be appropriate to present some selected items of revenue and expenses as non-recurring or unusual, and they should never be described as extraordinary. When preparing financial statements bear in mind that an unusual or new type of transaction is more likely to be material than a routine or regularly occurring transaction of the same size.

IAS 1.98 provides some examples of items considered 'unusual' that could warrant disclosure that may otherwise fall below materiality thresholds, and some these could be relevant when reporting on the consequences of COVID-19:

- write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as reversals of such write-downs
- restructurings of the activities of an entity and reversals of any provisions for the costs of these restructurings
- disposals of items of property, plant and equipment
- disposals of investments
- discontinued operations
- litigation settlements, and
- other reversals of provisions.

Consolidated statement of profit or loss

For the year ended 31 December 2021
(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)		Notes	2021	2020
IAS 1.82(a)	Revenue	8, 9	205,793	191,228
IAS 1.85	Other income		299	708
IAS 1.85	Changes in inventories		(7,923)	(6,815)
IAS 1.85	Costs of material		(42,535)	(39,420)
IAS 1.85	Employee benefits expense	22	(113,809)	(109,515)
IAS 1.85	Change in fair value of investment property	14	310	175
IAS 1.85	Depreciation, amortisation and impairment of non-financial assets		(10,093)	(8,881)
IAS 1.82(ba)	Impairment losses of financial assets	34.2	(212)	(228)
IAS 1.85	Other expenses		(8,598)	(8,943)
	Operating profit		23,232	18,309
IAS 1.82(c)	Share of profit from equity accounted investments	7	391	141
IAS 1.82(b)	Finance costs	27	(3,869)	(3,993)
IAS 1.85	Finance income	27	964	885
IAS 1.85	Other financial items	28	943	1,182
	Profit before tax		21,661	16,524
IAS 1.82(d)	Tax expense	29	(6,794)	(4,888)
	Profit for the year from continuing operations		14,867	11,636
IAS 1.82(ea)	Loss for the year from discontinued operations	20	(9)	(325)
IAS 1.81A(a)	Profit for the year		14,858	11,311
	Profit for the year attributable to:			
IAS 1.81B(a)(i)	Non-controlling interest		121	116
IAS 1.81B(a)(ii)	Owners of the parent		14,737	11,195
			14,858	11,311
		Notes	2021	2020
	Earnings per share	30		
IAS 33.67A	Basic earnings (loss) per share			
IAS 33.66	– From continuing operations		1.19	0.93
IAS 33.68A	– From discontinued operations		(0.00)	(0.03)
IAS 33.66	Total		1.19	0.90
IAS 33.67A	Diluted earnings (loss) per share			
IAS 33.66	– From continuing operations		1.19	0.93
IAS 33.68A	– From discontinued operations		(0.00)	(0.03)
IAS 33.66	Total		1.19	0.90

Guidance note

IAS 1 permits an entity to present a statement of profit or loss and comprehensive income as:

- a single statement with profit or loss and other comprehensive income presented in two sections, or
- two statements: a separate statement of profit or loss and a separate statement of other comprehensive income. If so, the separate statement of profit or loss shall immediately precede the statement presenting other comprehensive income, which shall begin with profit or loss (IAS 1.10A).

These Example Financial Statements illustrate a statement of profit or loss and other comprehensive income in two statements. A single statement presentation is shown in Appendix B.

This statement of profit or loss illustrates an example of the 'nature of expense' method. See Appendix A for a format illustrating the 'function of expense' or 'cost of sales' method.

There may be situations where additional line items, headings and subtotals need to be included. IAS 1.85 requires an entity to present such additional items (including the disaggregation of the line items listed in IAS 1.82) in the statements of profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial performance.

IAS 1.85A requires any additional subtotals presented to be:

- comprised of line items made up of amounts recognised and measured in accordance with IFRS
- presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable
- consistent from period to period
- no more prominent than the subtotals and totals required in IFRS for the statement(s) presenting profit or loss and other comprehensive income.

This statement of profit or loss presents an operating profit subtotal, which is commonly seen but is not required or defined in IFRS. Where this subtotal is provided, the figure disclosed should include items that would normally be considered to be operating. It is inappropriate to exclude items clearly related to operations (eg inventory write-downs and restructuring and relocation expenses) on the basis they do not occur regularly or are unusual in amount (IAS 1.BC56).

This statement of profit or loss includes an amount representing the entity's share of profit from equity accounted investments (after tax and, if applicable, non-controlling interest).

Consolidated statement of comprehensive income

For the year ended 31 December 2021
(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)	Notes	2021	2020
IAS 1.81A(a)	Profit for the year	14,858	11,311
	Other comprehensive income:		
IAS 1.82A(a)(i)	Items that will not be reclassified subsequently to profit or loss		
IAS 16.77(f)	Revaluation of land	12	303
IAS 19.120(c)	Remeasurement of net defined benefit liability	22	3,830
IAS 1.90 IAS 1.91(b)	Income tax relating to items not reclassified	21.3	(1,240)
IAS 1.82A(a)(ii)	Items that will be reclassified subsequently to profit or loss		
	Cash flow hedging		
IFRS 7.24C(b) (j)	– current year gains (losses)	21.3	890
IAS 1.92 IFRS 7.24C(b) (iv)	– reclassification to profit or loss	21.3	(640)
IAS 21.52(b)	Exchange differences on translating foreign operations		(664)
IAS 1.82A(b)	Share of other comprehensive income of equity accounted investments	7	5
IAS 1.92	– reclassification to profit or loss		(3)
IAS 1.90 IAS 1.91(b)	Income tax relating to items that will be reclassified	21.3	176
IAS 1.81A(b)	Other comprehensive income for the year, net of tax	2,657	(2,897)
IAS 1.81A(c)	Total comprehensive income for the year	17,515	8,414
	Total comprehensive income for the year attributable to:		
IAS 1.81B(b)(i)	Non-controlling interest	121	116
IAS 1.81B(b)(ii)	Owners of the parent	17,394	8,298
		17,515	8,414

Guidance note

IAS 1 requires the entity to disclose reclassification adjustments (amounts previously recognised in other comprehensive income that are reclassified to profit or loss) and related tax effects (IAS 1.90–1.92). These Example Financial Statements present reclassification adjustments and current year gains and losses relating to other comprehensive income in the statement of comprehensive income. An entity may instead present reclassification adjustments in the notes, in which case the components of other comprehensive income are presented after any related reclassification adjustments (IAS 1.94).

IAS 1.82A requires an entity to present line items of other comprehensive income for the period, classified by nature and grouped into those that (in accordance with other IFRS):

- will not be reclassified subsequently to profit or loss, and
- will be reclassified subsequently to profit or loss when specific conditions are met.

IAS 1.82A requires the share of the other comprehensive income of associates and joint ventures accounted for using the equity method to be classified and presented in the same way.

IAS 1.90 permits a choice for disclosure of the amount of income tax relating to each component of other comprehensive income. In this example the entity presents components of other comprehensive income before tax with one amount shown for the aggregate amount of income tax relating to all components of other comprehensive income (IAS 1.91(b)). When an entity selects this alternative, it must allocate the tax between the items that might be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section.

Alternatively, an entity may present each component of other comprehensive income net of related tax effects (IAS 1.91(a)).

If the tax effect of each component of other comprehensive income is not presented in the statement of profit or loss and other comprehensive income, it is presented in the notes (IAS 1.90 – see Note 21.3).

Consolidated statement of financial position

as at 31 December 2021

(expressed in thousands of Euroland currency units, except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)		Notes	31 Dec 2021	31 Dec 2020
	Assets			
	Non-current			
IAS 1.60 IAS 1.66-67				
IAS 1.55	Goodwill	10	5,041	3,537
IAS 1.54(c)	Other intangible assets	11	17,424	13,841
IAS 1.54(a)	Property, plant and equipment	12	18,606	16,194
	Right-of-use assets	13	29,534	32,205
IAS 1.54(e)	Investments accounted for using the equity method	7	860	467
IAS 1.54(b) IFRS 16.48	Investment property	14	12,662	12,277
IAS 1.55	Other long-term assets	8	185	160
IAS 1.54(d)	Other long-term financial assets	15.1	4,051	4,137
IAS 1.54(o) IAS 1.56	Deferred tax assets	16	-	905
	Non-current assets		88,363	83,723
IAS 1.60 IAS 1.66	Current			
IFRS 5.38 IAS 1.54(j)	Assets included in disposal group classified as held for sale	20	103	3,908
IAS 1.54(g)	Inventories	17	18,298	17,226
IAS 1.55	Prepayments and other short-term assets	8	406	422
IAS 1.54(h)	Trade and other receivables	18	32,720	24,824
IAS 1.54(d) IAS 1.55	Derivative financial instruments	15.4 15.1	716	442
IAS 1.54(d)	Other short-term financial assets	15.1	655	649
IAS 1.54(i)	Cash and cash equivalents	19	34,729	11,197
	Current assets		87,627	58,668
IAS 1.55	Total assets		175,990	142,391

Guidance note:

These Example Financial Statements use the terminology in IAS 1. However, an entity is permitted to use other titles (eg 'balance sheet' instead of 'statement of financial position') for the statements identified in IAS 1 (IAS 1.10).

IAS 1.38A requires an entity to present, at a minimum, two statements of financial position, two statements of profit or loss and other comprehensive income, two statements of cash flows, two statements of changes in equity, and related notes. These statements and related notes should be prepared for the current period and prior period.

In addition, IAS 1.10(f) and IAS 1.40A require an entity to present a third statement of financial position as at the beginning of the preceding period if:

- it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in the financial statements, and
- the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period.

An entity can also elect to include additional comparative information (such as a third statement of financial position) as long as that information is prepared in accordance with IFRS (IAS 1.38C). When the additional comparative information includes one or more of the statements identified in IAS 1.10, an entity must also present related note information.

In contrast, IAS 1.40C states an entity that is required to present a third statement of financial position at the beginning of the preceding period does not need to present the related notes for that statement.

In the prior year, Illustrative Corporation Group adopted IFRS 16 and elected to apply the modified retrospective approach for this Standard. Accordingly, the Group did not restate its comparatives for previous periods and as a result presentation of a third statement of financial position was not required.

The consolidated statement of financial position reflects the separate classification of current and non-current assets and liabilities. When presentation based on liquidity is reliable and more relevant, the entity instead presents assets and liabilities in order of liquidity (IAS 1.60). Regardless of which method is used, the entity shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled within and after more than twelve months (IAS 1.61).