

Chapter 3

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PUBLISHED FINANCIAL STATEMENTS

- proforma financial statements following IAS1 (revised)

XYZ GROUP

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December, 2009

(classification of expenses by function)

	2009 \$'000	2008 \$'000
Revenue	X	X
Cost of sales	(X)	(X)
	<hr/>	<hr/>
Gross profit	X	X
Other operating income	X	X
Distribution costs	(X)	(X)
Administrative expenses	(X)	(X)
Other operating expenses	(X)	(X)
	<hr/>	<hr/>
Profit from operations	X	X
Finance cost	(X)	(X)
Income from associates	X	X
	<hr/>	<hr/>
Profit before tax	X	X
Income tax expense	(X)	(X)
Profit after tax	<hr/> <hr/>	<hr/> <hr/>

XYZ GROUP

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December, 2009

	2009 \$'000	2008 \$'000
Surplus/(deficit) on revaluation of properties	(X)	X
Surplus/(deficit) on revaluation of investments	X	(X)
	<hr/>	<hr/>
Net gains not recognised in the Statement of Income	X	X
Net profit for the period	X	X
Total Comprehensive Income	<hr/> <hr/>	<hr/> <hr/>



XYZ GROUP
Statement of Financial Position as at 31 December, 2009

	2009 \$'000	2009 \$'000	2008 \$'000	2008 \$'000
ASSETS				
Non-current assets				
Goodwill	X		X	
Property, plant and equipment	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		<u>X</u>		<u>X</u>
EQUITY AND LIABILITIES				
Equity				
Issued capital	X		X	
Reserves	X		X	
Retained earnings	X		X	
Non-controlling interest	X		X	
		X		X
Non-current liabilities				
Interest bearing borrowings	X		X	
Deferred tax	X		X	
		X		X
Current liabilities				
Trade and other payables	X		X	
Short term borrowings	X		X	
Current tax	X		X	
Current portion of interest bearing borrowings	X		X	
		X		X
Total equity and liabilities		<u>X</u>		<u>X</u>



Statement of Changes in Equity

- IAS 1 (revised) requires an entity to disclose the information in the Statement of Changes in Equity as a separate component of its financial statements.

XYZ GROUP

Statement of Changes in Equity for the year ended 31 December, 2009

	<i>Share capital</i>	<i>Share premium</i>	<i>Revaluation reserve</i>	<i>Retained earnings</i>	<i>Non-controlling interest</i>	<i>Total</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Balance at 31 December, 2007	X	X	X	X	X	X
Changes in accounting policies				(X)		(X)
Restated balance	X	X	X	X	X	X
Surplus on revaluation of properties			X		X	X
Deficit on revaluation of investments			(X)			(X)
Net Income and Expense not recognised in the Statement of Income			X		X	X
Net profit for the period				X		X
Dividends				(X)	(X)	(X)
Non-controlling interest				(X)	X	
Issue of share capital	X	X				X
Balance at 31 December, 2008	X	X	X	X	X	X
Deficit on revaluation of properties			(X)		(X)	(X)
Surplus on revaluation of investments			X			(X)
Net income and expense not recognised in the Statement of Income			(X)		(X)	(X)
Net profit for the period				X		X
Non-controlling interest				(X)	X	
Dividends				(X)	(X)	(X)
Issue of share capital	X	X				X
Balance at 31 December, 2009	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>



- the notes to the financial statements should present information about the basis of preparation of the financial statements and the accounting policies selected. They should disclose all information required by IFRS not disclosed elsewhere in the financial statements.
- in addition they should disclose any additional information not disclosed on the face of the financial statements, but which is necessary for a true and fair view.

- accounting policies**

- the financial statements are prepared in accordance with and comply with IFRS. The financial statements are prepared under the historical cost convention as modified by the revaluation of property, plant and equipment, marketable securities and investment properties.
- depreciation is calculated on the straight line basis in order to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful life as follows:

Buildings	X%
Machinery	X%
Office equipment	X%

- Inventories have been valued at the lower of cost and net realisable value.

- segment information**

- profit from operations**

Profit from operations is stated after charging/ (crediting):

Depreciation	X
Impairment	X
Profit on disposal of tangible non-current assets	(X)
Gain or loss on disposal or restatement to fair value of financial instruments	(X)
Write-down of inventory to net realisable value	X
Amortisation	X
Research and development expenditure	X
Operating lease rentals	X
Staff costs	X
Rental income from investment property	(X)
Operating expenses from investment property generating rental income	X
Operating expenses from investment property not generating rental income	X
Amounts paid to the auditors	X



• **staff costs**

Wages and salaries	X
Termination benefits	X
Social security costs	X
Pension costs - defined contribution plan	X
Pension costs - defined benefit plan	X
Other post retirement benefits	<u>X</u>
	<u>X</u>
Average weekly number of persons employed during the year:	
Full time	X
Part time	<u>X</u>
	<u>X</u>

Note:

Average number
Either the number of employees at the end of the period or the average for the period.

• **finance costs**

Interest income (if material)	<u>X</u>
Interest expense	
- bank borrowings	X
- finance leases	X
Preference dividend 8.1% paid	<u>X</u>
	<u>X</u>
	<u>X</u>

• **income tax expense**

Current tax	X
Under/(overstatement) of prior periods	X/(X)
Deferred tax	<u>X</u>
	<u>X</u>

• **dividends**

Ordinary		
- interim	4.15c paid	X
- final	7.85c proposed	<u>X</u>
		<u>X</u>

Note

Show the amount per share for each class of share distinguishing between amounts paid and proposed, (if proposed before the year end)



• intangible assets

	<i>Deferred Development Expenditure</i>	<i>Goodwill</i>	<i>Total</i>
Net book value at 1 January, 2009	X	X	X
Additions	X	X	X
Impairment losses	(X)	(X)	(X)
Amortisation	(X)		(X)
Disposals	(X)	(X)	(X)
Net book value at 31 December, 2009	<u>X</u>	<u>X</u>	<u>X</u>

At 31 December, 2009

Cost	X	X	X
Accumulated amortisation/impairment losses	(X)	(X)	(X)
Net book value	<u>X</u>	<u>X</u>	<u>X</u>

At 1 January, 2009

Cost	X	X	X
Accumulated amortisation/impairment losses	(X)	(X)	(X)
Net book value	<u>X</u>	<u>X</u>	<u>X</u>

• **property, plant and equipment**

	<i>Land and buildings</i>	<i>Machinery</i>	<i>Office equipment</i>	<i>Total</i>
Net book value at 1 January, 2009	X	X	X	X
Additions	X	X	X	X
Revaluation surplus	X	-	-	X
Impairment losses	(X)	(X)	-	(X)
Depreciation charge	(X)	(X)	(X)	(X)
Disposals	(X)	(X)	(X)	(X)
Net book value at 31 December, 2009	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

At 31 December, 2009

Cost or valuation	X	X	X	X
Accumulated depreciation/impairment losses	(X)	(X)	(X)	(X)
Net book value	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

At 1 January, 2009

Cost or valuation	X	X	X	X
Accumulated depreciation/impairment losses	(X)	(X)	(X)	(X)
Net book value	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

- Included within the net book value of plant and machinery is \$X in respect of assets held under finance leases (IAS 17 revised)

Note

- The following should be disclosed separately (IAS 16 revised):
 - any restrictions on title of property, plant and equipment pledged as security for liabilities
 - the amount of expenditure on property, plant and equipment in the course of construction
 - the amount of capital commitments for the acquisition of property, plant and equipment



• **revaluations in the year (IAS 16 revised)**

- For items of property, plant and equipment revalued disclose:
 - basis used to revalue the assets;
 - the effective date of the revaluation;
 - where an independent valuer was involved, the name and/or qualifications
 - the historic cost equivalent of the above information as if the asset had not been revalued (ie if using the benchmark treatment); and
 - the amount of the revaluation surplus.

• **investment properties (IAS 40)**

	<i>Fair Value Model</i>	<i>Cost Model</i>
At 1 January, 2009	X	X
Additions - acquisition	X	X
Additions - subsequent expenditure	X	X
Transfers	X/(X)	X/(X)
Net gain/loss from fair value adjustments	X	-
Disposals	(X)	(X)
Depreciation	-	(X)
Impairment losses	-	(X)
Other movements	X	X
At 31 December, 2009	<u>X</u>	<u>X</u>
At 31 December, 2009		
Gross carrying amount		X
Accumulated depreciation/ impairment losses		(X)
Net book value		<u>X</u>
At 1 January, 2009		
Gross carrying amount		X
Accumulated depreciation/ impairment losses		(X)
Net book value		<u>X</u>

• **inventories (IAS 2 revised)**

Merchandise	X
Production supplies	X
Materials	X
Work in progress	X
Finished goods	<u>X</u>
	<u>X</u>

The carrying amount of inventories carried at net realisable value should be disclosed separately

• **trade and other receivables**

Trade receivables	X
Amounts receivable from group undertakings	X
Amounts receivable from associates and joint ventures	X
Amounts receivable from related parties	X
Other receivables	X
Prepayments	<u>X</u>
	<u>X</u>

Non-current receivables should be disclosed separately broken down by the above categories



• **cash and cash equivalents (IAS 7 revised)**

Cash in hand and balances with banks	X
Short-term investments	<u>X</u>
	<u>X</u>

Cash includes cash in hand and current and other accounts with banks. Cash which is not immediately available for use, for example, balances frozen in foreign banks by exchange restrictions, should be disclosed separately.

• **issued share capital**

	<i>Number of shares</i>	<i>Equity shares</i>	<i>Share premium</i>	<i>Total</i>
		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
At 1 January, 2009	X	X	X	X
Issue of shares	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
At 31 December, 2009	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

The total number of shares is Xm with a par value of \$1 per share. All shares issued are fully paid (disclose any which are not).

• **interest-bearing borrowings**

9% unsecured loan stock 2020	X
8.1% redeemable preference shares	<u>X</u>
	<u>X</u>

• **finance lease liabilities**

see separate chapter.

• **trade and other payables**

Trade payables	X
Amounts payable to group undertakings	X
Amounts payable to associates and joint ventures	X
Income tax	X
Social security and other taxes	X
Dividends payable	X
Other payables	X
Accrued expenses	<u>X</u>
	<u>X</u>

Note

- Details of security given for all secured payables.
- Include only the current portion of instalment payables,
- The non-current portion is disclosed in the note for non-current liabilities.



- **provisions**

Provision brought forward at 1 January, 2009	X
Additional provisions	X
Amounts used	(X)
Unused amounts reversed	<u>(X)</u>
Provision carried forward at 31 December, 2009	<u>X</u>

The following should be disclosed for each class of provision:

- a brief description of the nature of the obligation and expected timing of outflows
- an indication of the uncertainties about the amount or timing of the outflows
- the amount of any expected reimbursement

- **contingent assets and contingent liabilities** IAS 37

(see separate chapter)

- **events after the reporting period (IAS 10 revised)**

The following should be disclosed for non-adjusting events of such importance that non-disclosure would influence the ability of the user of the financial statements to make proper evaluations and decisions:

- the nature of the event
- an estimate of the financial effect or a statement that such an estimate cannot reasonably be made, and
- an explanation why.

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