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**III WORKING GROUP ON IFRS IMPACT AND
CBSO DATABASES**

Document n° 4

Annex 4

REDUCED STANDARD FORMAT

Methodological note

European Committee of Central Balance Sheet Data Offices (CBSO)

III WORKING GROUP ON IFRS IMPACT AND CBSO DATABASES
2009 REDUCED FORMAT
METHODOLOGICAL NOTE

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I. GENERAL CHARACTERISTICS AND EMPLOYMENT

1. Name of reporting entity

This field requires the name of the reporting entity (wording as in the commercial register) or of the group of entities (IAS 1.51.a).

2. Identification code of the corporation

It concerns the identification code of the entity. In case of consolidated accounts the identification code of the parent should be included.

2.1. National identification code

The national identification numbers or codes as the commercial register code must be noted.

2.2. ERICA identification code

The ERICA identification code, created for internal purposes by the III WG, must be noted.

3. Nature of financial statements

Consolidated

The financial statements cover a group of entities. Consolidated financial statements include all entities that are controlled by the parent or in which the parent has a significant influence.

Individual

The financial statements cover only the individual entity.

4. Accounting period

4.1. Yearly or interim financial statements

The information about the usual period of accounting (yearly, half-yearly or quarterly) is disclosed here.

4.2. Date of the beginning of the reporting period (yyyy-mm-dd)

4.3. Date of the end of the reporting period (yyyy-mm-dd)

These dates inform about the period that is covered by the financial statements (IAS 1.51.c). Additionally, the information is provided whether the balancing year is identical with the fiscal year.

5. Presentation currency

The format should include the information about the reporting currency, especially in cases where it is different to the euro (IAS 1.51.d).

6. Level of precision in financial statement's figures

Financial statements can be fulfilled in units, thousands or millions. The purpose of this line item is identifying the currency units under which the information is disclosed.

7. Legal form of reporting entity

The breakdown is based in terms used in the English translation of the EU's Accounting Directives, taking into consideration, at the extent possible, heterogeneity amongst countries. In Annex 1, an overview on the peculiarities of each member state is disclosed.

Corporations with limited liability - issuing shares (public limited company)

It includes entities whose capital is divided into shares. Shares are usually not bound on a particular person (except name shares) therefore they are freely transferable. Many large entities apply for stock exchange quotations to facilitate dealings in the shares they have issued.

Corporations with limited liability - issuing participations (private limited company)

The capital of these entities is held by associates (natural or legal persons), which have the risk limited to their share of capital. Normally the ownership transfer is only possible under strict conditions and has to be decided at the general meeting. The entity must not offer its shares to the general public.

Corporations with unlimited liability - personal oriented

These entities are partnerships e.g. associations of two or more persons as co-owners. In case of limited partnerships there are two types of partner: "general partners", with unlimited liability, and "limited partners", whose liability is limited to the amount of their agreed capital contribution.

Corporations with unlimited liability - others

If the above mentioned are not describing the form of the entity, a description of the legal form should be given (e.g. general partnerships).

8. Country of incorporation

The country of incorporation or the principal place of business, if different from the registered office, should be noted (IAS 1.138.a).

9. Year of foundation of the company

The year of formation or establishment of the entity should be mentioned, e.g. the entry in the commercial register.

10. Description of operations and principal activities

10.1. Sector classification of the reporting entity (two digits NACE code)

For the ease of the entity allocation to a sector of activity, its main NACE code must be reported here, which will be used for analysis purposes. This activity should be the one with the highest turnover in the entity.

10.2. Description of activities by NACE code and turnover

In these columns, a brief description of the enterprise's operations and principal activities should be given as well as the specific NACE codes (2 digits) and the turnover of each activity (in same unit of the financial statements). Please remember that this information might not be 100% equivalent to information by segments (as requires IFRS 8).

11. Listed companies

Listed with shares

These entities are listed with shares at a stock exchange.

Listed with other instruments

Entities listed at a stock exchange but with other financial papers than shares (e.g. bonds, convertible bonds).

Listed with shares and other instruments

Non-listed

It includes entities which are not listed at a stock exchange.

12. Information about parent entity of the group

12.1. Name of parent entity

The parent entity is the owner of the reporting company.

12.2. Name of ultimate parent entity of group

The ultimate parent entity of the group is the head of the group, even if there is only an indirect ownership relation with the reporting entity.

13. Data previous period

Official data

The official data contains exactly the figures of the financial statements of the previous year.

Recalculated data

In this case there are changes in the current year of the financial statements (changes in accounting policies or errors) and therefore also the previous data are recalculated on this new basis in order to maintain the comparability.

14. Statement about going concern principle

Financial statements should be prepared on a going concern basis unless management either intends to liquidate the enterprise or has no realistic alternative but to do so. When the financial statements are not prepared on a going concern basis, that fact should be disclosed.

15. Statement of IFRS compliance

Information whether the financial statement of the entity / group is disclosed under the principles of IFRS or under different accounting standards.

16. Information about auditing. Financial statements audited

16.1. Financial statements audited

16.2. Opinion on the financial statements given by the auditor

Here the opinion of the auditor concerning the financial statement must be disclosed; i.e. if he gives an unqualified opinion or if there are any restrictions. Mainly, an unqualified opinion represents financial statements without any restrictions, whereas qualified opinions contain restrictions or remarks.

17. Information about employment *(for further information, please refer to annex 2)*

An option has been allowed according to which this information can be presented in FTE (Full-Time Equivalents) or in total number of employees. The first option is preferable but since it has been observed that some entities do not use FTE when disclosing information about employment, the second one has been enabled.

Number of employees' average over period: number of employees each month, expressed in full time equivalents, divided by the number of months of the accounting year.

The date of registration differs from country to country. More details are shown in the following table.

Country	Distinctions between registration date
Austria	Number of employees at the last working day of each month.
Belgium	Number of employees at the last working day of each month.
France	Non fixed rules ¹
Germany	No fixed rules, only broad recommendations
Italy	Non-fixed rule: recommended daily average.
Portugal	People who have worked the last complete week of each month.
Spain	Number of employees at the last working day of each month.

(1) France: it exists only a recommendation of accounting practitioners that proposes to determine the average total employees with this formula: average total employees = total employees in full time during all the year + (with a calculation in proportion of the time of employment) total employees in partial time + (with a calculation in proportion of the time of employment) total employees hired during the year – (with a calculation in proportion of the time of employment) total employees having left the company during the year.

Number of employees at end of period: the number of employees at the last working day of the accounting period expressed in FTE.

18. Information about options allowed by IFRS (as at December 2008)

Some IFRS allow alternative treatments of certain transactions, what can pose some problems when comparing information from different entities. To that end, the reduced format asks for the alternative used in these cases. Please note that if an entity uses more than one alternative and it is not possible to identify the predominant, the cell must remain empty. The transactions covered are the following:

18.1. Cost of inventories

FIFO (benchmark treatment), weighted average cost (benchmark treatment) or individual identification of costs.

18.2. Method of presentation of cash-flow statement

Direct method or indirect method.

18.3. Subsequent measurement of property, plant and equipment

Acquisition cost or revalued amount.

18.4. Presentation of government grants related to assets

As deferred income in liabilities or deducting the carrying amount of the asset.

18.5. Presentation of government grants related to income

As a credit in income statement or deducting the related expenses.

18.6. Accounting for borrowing costs

As an expense in income statement (benchmark treatment) or as part of cost of the asset (allowed alternative treatment). If the revised IAS 23 is applied, this item shall not be filled in since capitalization of borrowing costs is compulsory, no longer an option, if certain conditions are met.

18.7. Method of consolidation of a venturer in a jointly-controlled entity

Proportionate consolidation (benchmark treatment) or equity method (allowed alternative treatment).

18.8. Subsequent measurement of intangible assets

Acquisition cost or revalued amount (if active market exists).

18.9. Subsequent measurement of investment property

Acquisition cost or fair value (with gains and losses to be included in income statement).

19. Information about early-adoption of IFRS

The recently issued IAS 1 and IAS 23 allow early adoption of them (their effective date is 1st January 2009). This heading aims to collect this information, what influences in the structure of the financial statements prepared by the entity (mainly, a statement of comprehensive income is compulsory under the revised IAS 1).

II. BUSINESS COMBINATIONS AND CONSOLIDATION

1. Most important business combinations in accounting period

For all business combinations some disclosures should be shown for the period during which the combination has taken place (IFRS 3.B64).

Name of entities acquired:

The names of the acquired entities should be in the wording of the commercial register.

Type of acquisition:

In this field, a list with the most common combinations (merger, acquisition, absorption, reverse acquisition, others) helps to identify the right one.

Effective date of acquisition:

This is the date on which the acquirer effectively obtains control of the acquired entity.

% voting shares acquired:

The percentage of voting shares acquired.

Turnover of the acquired entity:

This information aims to basically assess the size of the other entity involved in the acquisition.

2. Most important disposals in accounting period

For all disposals which took place in the period and symmetrically to the information provided for business combinations, some disclosures should be presented for the period during which the operation has taken place.

Name of entity disposed:

The names of the disposed entities should be in the wording of the commercial register.

Effective date of disposal:

This is the date on which the acquirer effectively loses control of the disposed entity.

Turnover of the disposed entity:

This information aims to basically assess the size of the other entity involved in the disposal.

3. Total number of subsidiaries consolidated

Under IFRS, all subsidiaries, foreign and domestic, must be disclosed. In this cell only the number of consolidated subsidiaries (not the reporting entity), which exist at the closing date, should be filled in.

4. Total number of associates consolidated

In this cell all the consolidated associates, which exist at the closing date, should be counted.

5. Total number of joint ventures consolidated

In this cell all the consolidated joint ventures, which exist at the closing date, should be counted.

III. INCOME STATEMENT BY FUNCTION AND BY NATURE

PRELIMINARY REMARKS

Distinction between nature and function

An entity should present, either on the face of the income statement or in the notes to the income statement, an analysis of expenses using a classification based on either the nature of expenses or their function within the entity.

The first analysis is referred to as the nature of expense method. Expenses are aggregated in the income statement according to their nature, and are not reallocated amongst various functions within the entity. The second analysis is referred to as the function of expense or 'cost of sales' method and classifies expenses according to their function as part of cost of sales, distribution or administrative activities.

Entities classifying expenses by function should disclose additional information on the nature of expenses, including depreciation and amortisation expense and staff costs. The choice of analysis between the cost of sales method and the nature of expenditure method depends on both historical and industry factors and on the nature of the organisation.

Continuing and discontinuing operations

The items of income statement do not include the amount arising from discontinuing operations; the disclosure of this kind of operations may be presented either in the notes or on the face of the financial statement except the disclosure of the amount of the post-tax gain or loss, which should be presented on the face of the income statement.

I. INCOME STATEMENT BY NATURE

1. Operating revenue

An entity should disclose the amount of each significant category of revenue recognised during the period including revenue arising from the sale of goods, the rendering of services, interest, royalties and dividends.

1.1. Revenue

The item contains among others the following categories:

Turnover:

The turnover covers 3 categories of revenues:

Sale of goods: The item includes the revenues from the sale of goods; it does not include the revenues arising from lease agreements, dividends from investments, insurance contracts, and change in the fair value. The revenues from the sale of goods should be recognised when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods and when the amount of the revenue can be measured reliably (IAS 18.14). If the entity retains significant risks of ownership, the transaction is not a sale and revenue is not recognised. Revenue is not recognised when there is simply an intention to acquire or manufacture the goods in time for delivery (IAS 18.16).

Rendering of services: Revenues associated with a transaction involving the rendering of services should be recognised by reference to the stage of completion of transaction at the balance sheet date

(IAS 18.20).

Revenue from construction contracts: An entity should disclose the amount of contract revenue recognised as revenue in the period (IAS 11.39.a) by reference to the stage of completion of the contract activity at the balance sheet date (IAS 11.22).

Revenue from construction contracts classified as sale of goods: Those amounts arisen from construction contracts classified as sale of goods, according to IFRIC 15, should be reported here.

Royalty income: Income received for the use of long term assets by another entity, such as patents, trademarks and copyrights. They should be recognised on an accrual basis in accordance with the substance of the relevant agreement (IAS 18.30.b).

Property rental income: It includes the rental income from investment property (IAS 40.75.f.i)

Other miscellaneous operating revenue

1.2. Other operating income, total

This heading contains, amongst others, the following items:

Interest income [financial activities]: The use by others of the entity's financial assets rises to revenue in the form of interest for the use of cash or cash equivalents or amounts due to the entity. Interest income should be recognised on an accrual basis. As stated in IAS 18 only those amounts derived from the ordinary activities of the entity should be included under this caption (i.e., as the format is not aimed to financial institutions only amounts derived from financial subsidiaries of the entity must be considered). For further guidance on accounting for interest income from loans by non-financial institutions, please refer to heading 8.

Dividend income [financial activities]: The use by others of investments in subsidiaries, associates and joint ventures rise to revenue in the form of dividends; they are distribution of profits to holders of equity investments in proportion to their holdings of a particular class of capital. The item does not include the dividend from trading investments, classified into the income from investments. Dividend income should be recognised when the shareholder's right to receive payment is established. As stated in IAS 18 only those amounts derived from the ordinary activities of the entity should be included under this caption (i.e., as the format is not aimed to financial institutions only amounts derived from financial subsidiaries of the entity must be considered). For further guidance on accounting for dividend income from investments by non-financial institutions, please refer to heading 8.

Other remaining operating income

Of which, Income from government grants

Income from government grants related to income: Grants related to income are presented as a credit in the income statement; alternatively, they are deducted in reporting the related expense.

Income from government grants related to assets: The grants, including non-monetary grants at fair value, may be set up as deferred income which is recognised as income on a systematic and rational basis over the useful life of the assets. In case the entity chooses the second method of presentation (deducting from the carrying amount of the asset), the grant is recognised by way of a reduced depreciation charge.

1.3. Increases in inventories of finished goods and work in progress

The change in finished goods and work in progress during the period represents an adjustment to production expenses to reflect the fact that either production has increased inventory levels or that sales in excess of production have reduced inventory levels. Only increases must be shown under this caption. This item excludes the write-downs, which are included in other items of income statement.

1.4. Work performed by the enterprise and capitalised

This line is used in case an entity is constructing an asset for its own use (for instance a building). Since the costs must be activated, they are reversed from the income statement by means of this line.

2. (-) Operating expenses

These items are expenses that arise in the course of the ordinary activities of the entity. Expenses are aggregated according to their nature and are not reallocated among various functions within the entity.

2.1. (-) Raw materials and consumables used

(-) *Purchases of raw materials and consumables*: Amounts paid or to be paid to suppliers, VAT excluded.

(-) *Changes in inventories of raw materials and consumables*: This item excludes write-downs, which are included in other items of income statement. A negative sign is a rise of inventories.

(-) *Purchases of merchandises*

(-) *Changes in inventories of merchandises*

2.2. Decreases in inventories of finished goods and work in progress

The change in finished goods and work in progress during the period represents an adjustment to production expenses to reflect the fact that either production has increased inventory levels or that sales in excess of production have reduced inventory levels. Please note that only decreases should be disclosed here. This item excludes write-downs, which are included in other items of income statement.

2.3. (-) Employee expenses

The heading includes all the expenses relating to employment, are divided into the following:

2.3.1. (-) Wage and salaries

Gross salaries, vacation pay, 13th month, bonuses, etc.

2.3.2. (-) Short term employee benefits

Including the expenses for social security

2.3.3. (-) Post employment benefit charges

(-) *Post employment benefit obligation expense, defined contributions plans*: When an employee has rendered service to an entity during a period, the entity should recognise the contribution payable to a defined contribution plan as an expense.

(-) *Post employment benefit obligation expense, defined benefit plans*: Includes current service cost, interest cost, net actuarial gain (loss) recognised, etc.

2.3.4. (-) Other employee charges:

(-) *Termination benefits*: These benefits are separated from the other benefits because the event, which gives rise to an obligation, is the termination rather than the employee service.

(-) *Equity compensation plans*: They include benefits in such form as shares, share options and other equity instruments issued to employees at less than the fair value at which those instruments would be issued to a third party; they include even cash payments.

(-) *Other long term benefits*: It includes information about other long-term benefits, for example for key management personnel.

(-) *Other employee expenses*: It includes all the items not foreseen by the previous items.

2.4. (-) Depreciation and amortisation

The depreciable amount of fixed assets should be allocated on a systematic basis over its useful life.

of which, (-) write down of inventories to net realisable value, net

The amount of any write-down of inventories to net realisable value and all losses of inventories should be recognised as an expense in the period the write-down or loss occurs.

2.5. (-) Impairment losses (reversals)

If the recoverable amount of an asset is lower than its carrying amount, the carrying amount of the asset should be reduced to its recoverable amount. The reduction is an impairment loss (IAS 36.5).

of which, (-) impairment losses from goodwill

of which, (-) impairment losses from bad and doubtful commercial debts

2.6. (-) Research and development (by nature)

The item includes the aggregate amount of research and development expenditure recognised as an expense during the period.

2.7. (-) Restructuring costs

Examples of restructuring costs are sale or termination of a line of business, changes in management structure as eliminating a layer of management, or a fundamental reorganisation that have a material effect on the nature and focus of the enterprise's operations.

2.8. (-) Service costs

Nowadays, entities have outsourced many services that previously were performed within their structure. However, not only outsourcing charges are included in this caption: it also aims at subcontracting, external staff, auditor fees, lawyer fees, insurance costs, maintenance costs, rental charges, telephone bills, electricity, subscription to magazines, etc.

2.9. (-) Other taxes different than income tax

It includes all the taxes not included in the income tax expense, such as real estate tax or environmental taxes.

2.10. (-) Net additions to provisions

Allocation of funds shall be accounted for here, including increases to already existing provisions and reversals of (existing) provisions.

2.11. (-) Other operating expenses (by nature)

The item includes all the operating expenses not included in the previous items or the operating expenses that are a mix of various expenses.

3. Gain (loss) on changes in fair value of non-current assets

As EU's Directives allow some non-current assets to be measured at fair value, only the following categories should be included here:

(Gain) loss on changes in fair value of investment property: According to IAS 40 the entities that apply the fair value model should disclose the net gain or losses from fair value adjustment.

(Gain) loss on changes in fair value of biological assets: A gain or loss arising on initial recognition of a biological asset at fair value should be included in net profit or loss during the period in which it arises (IAS 41.26). Subsequent gains or losses from the application of the fair value model should be recognized in income statement as well.

II. INCOME STATEMENT BY FUNCTION

The following items are only used in income statements by function.

1a. Gross profit

It is the difference between operating revenue and the cost of sales, excluding the other operating income and expenses.

1b. Other operating income

Refer to heading 1.2 of Income Statement by Nature

2. (-) Operating expenses (IAS 1.103): All the expenses (depreciation, impairment, employee expenses, etc.) should be allocated to the different "functions" within the entity.

2.1. (-) Marketing and distribution costs

2.2. (-) Research and development (by function)

It includes all research expenditure and development costs not recognised as an asset (IAS 38.126)

2.3. (-) Administrative expenses

2.4. (-) Restructuring costs

2.5. (-) Miscellaneous other operating expenses (by function)

3. (-) Gain (loss) on changes in fair value of non-current assets

Refer to heading 3 of Income Statement by Nature

III. INCOME STATEMENT BY NATURE AND BY FUNCTION

The following items are used in both income statements by nature and by function

4. Profit (loss) from continuing operations before tax, finance and other related costs

This item is the difference between Operating revenue (heading 1 of the income statement), Operating expenses (heading 2) and Gain (loss) on changes in fair value of non-current assets (heading 3).

5. Gain (loss) on financial instruments designated as hedges

Amounts arisen from all kind of hedging operations shall be included here, also those reclassified from equity to income statement.

6. Gain (loss) on disposal of non-current assets, total

This item includes the gains or the losses arising from the disposal of non-current assets. Gains and losses from the retirement or disposal of non-current assets should be determined as the difference between the net disposal proceeds and the carrying amount of the assets and should be recognised as income or expense in the income statement. Please note that also gains and losses arising from the disposal of non-current assets held for sale should be included in this heading.

7. (-) Finance costs [for non-financial activities]

Apart from interest expenses, this line should include costs arising from:

- (-) *Amortisation of discounts or premiums relating to borrowings*
- (-) *Amortisation of ancillary costs relating to borrowing arrangements*

(-) *Fee expenses from financial liabilities*: Fee expenses from financial assets or financial liabilities that are not at fair value through profit or loss shall be disclosed separately according to IFRS 7.20.c

Gain (loss) on redemption and extinguishment of debt: Additional costs paid to reimburse a debt before its due date, often referred to as re-investment indemnity.

Example: initial amount borrowed = 100, to be reimbursed by 2010. Suppose the loan is valued at cost. Suppose the bank accepts a reimbursement of 101 before the due date of the loan. In that case, the loss equals 1.

(-) *Other finance costs*

of which, (-) interest expense

(-) *Interest expense, bank borrowings*: It includes only the interest and the other costs in connection with bank borrowings. It includes interest on short-term and long-term borrowings

(-) *Interest expense, other borrowings*: This item includes all the financial cost in connection with non-bank borrowings.

8. Financial income from financial assets, net

Under this heading, amounts arising from financial assets must be disclosed. Apart from interest earned on loans and deposits, the following should be considered:

Dividends from trading investments

Fee income (expense) from financial assets

Other gains (losses) from financial assets: It includes all the income or losses not foreseen in the previous items.

of which, interest earned on loans and deposits

Interest arisen from loans and deposits, current and non-current, to third and related parties.

9. Fair value gains (losses) from financial instruments

They comprise fair value gains and losses from financial assets as well as from financial liabilities (according to the version of IAS 39 endorsed in the European Union, some financial liabilities are allowed to be measured at fair value).

10. Exchange differences recognised in profit or loss except for financial instruments measured at fair value through profit or loss

Exchange differences must be presented aggregated in this caption, following IAS 21.52.a, including:

Foreign exchange gains (losses) from foreign currency borrowings related to interest costs: It includes the negative exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The positive effects are included in the operating revenue.

Foreign exchange differences from operations, net

Other foreign exchange differences recognised in income statement

11. Share of profit (loss) from equity accounted investments

The following item includes all the income and the losses from investments accounted using the equity method; they include only the investments where is presumed to exist at least a significant influence.

12. Gain arisen from a bargain purchase (negative goodwill)

Any excess in the net fair value of acquired entity's identifiable assets, liabilities and contingent liabilities over cost should be recognised in this caption.

13. Other non operating income (expense)

It includes all the non operating incomes and expenses which have not been possible to allocate to the previous items.

14. Profit (loss) before tax

15. Income tax expense (income)

The tax expense (income) related to profit or loss from ordinary activities should be presented on the face of the income statement. Components of tax expense (income) may include: current tax expense, the amount of deferred tax expense (income) relating to the origination and reversal of temporary differences and to changes in tax rates, the amount of the benefit arising from a previously unrecognised tax loss, and others.

16. Profit (loss) after tax from continuing operations (before minority interest)

17. Profit (loss) from discontinued operations, net of tax

An entity shall disclose a single amount on the face of the income statement comprising the total of (IFRS 5.33 a):

- (i) the post-tax profit or loss of discontinued operations and
- (ii) the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

18. Profit (loss) (before minority interest)

19. Profit (loss) attributable to minority interest

Minority interest is that portion of the profit or loss of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent (IAS 27.4).

20. Profit (loss) attributable to equity holders of parent

IV. ADDITIONAL DISCLOSURES BY NATURE

Please refer to the Income Statement by Nature, headings of Employee expenses, Depreciation and amortization, and Impairment losses (reversals), total, net.

IV. STATEMENT OF COMPREHENSIVE INCOME

Important remark: This statement must be filled in only if the revised IAS 1 is early adopted. Otherwise, it must remain empty.

I. PROFIT (LOSS)

Line 18 of income statement must be reported here.

II. OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX

This heading must contain all the incomes and expenses recognised during the period which did not go through income statement. They must be reported excluding income tax, which is added as a separate item.

1. Other comprehensive income

1.1. Gains (losses) arising from translating the financial statements of a foreign operation

Financial statements of foreign operations must be translated into the reporting currency at the end of the accounting period. Differences arising from currency exchange rates shall be considered as other comprehensive income.

1.2. Available-for-sale financial assets

1.2.1. Gains (losses) arising during the period: Amounts recognised in the period other than reclassification adjustments must be disclosed here (mainly, fair value adjustments).

1.2.2. (-) Reclassification adjustments for gains (losses) included in profit or loss: The amounts previously recognised in the statement of comprehensive income in the previous line must be reclassified to profit or loss when the related available-for-sale financial assets is disposed.

1.3. Cash flow hedges

1.3.1. Gains (losses) arising during the period: Amounts recognised in the period other than reclassification adjustments and adjustments to the carrying amount of hedged items must be disclosed here (mainly, fair value adjustments).

1.3.2. (-) Reclassification adjustments for gains (losses) included in profit or loss: The amounts previously recognised in the statement of comprehensive income in the previous line must be reclassified to profit or loss when the hedged forecast transaction affects profit or loss.

1.3.3. (-) Adjustments for amounts transferred to initial carrying amount of hedged items: When a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment, the entity might transfer the associated gains and losses recognised in other comprehensive income to the initial carrying amount of the asset or liability.

1.4. Changes in revaluation surplus

It contains revaluations adjustments arising from property, plant and equipment, and intangible assets. According to EU Directives on IFRS implementation, this caption should, in principle, remain empty for European groups, since the use of fair value is not allowed in this kind of assets.

1.5. Actuarial gains (losses) on defined benefit plans

Actuarial gains and losses accounted for according to paragraph 93A of IAS 19 must be included here.

1.6. Share of other comprehensive income of associates and joint ventures accounted for using the equity method

2. Income tax relating to components of other comprehensive income

This line discloses the aggregated amount of income tax relating to the components of other comprehensive income already recognised.

III. TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (I + II)

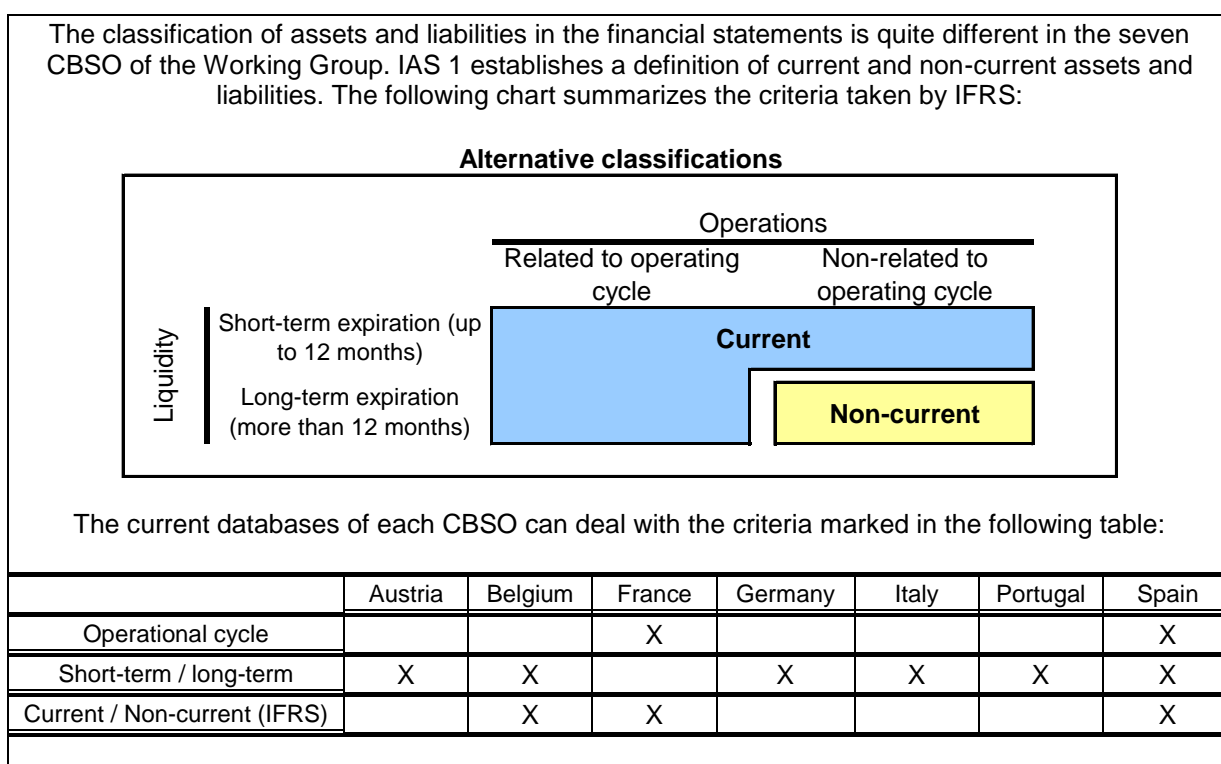
This heading adds the two previous ones, obtaining the total comprehensive income for the period. It is divided into two lines: the income attributable to owners of the parent and the income attributable to minority interests.

V. BALANCE SHEET: ASSETS SIDE

Important remark: The main body of the assets side must be presented *using net values*; that is to say, to fulfil the carrying amount (net book value) of the correspondent asset net of accumulated depreciation and amortisation, accumulated impairment losses, and **government grants** (if the company has chosen to account for them as a reduction in the value of the related assets).

The following captions have several explanations, in order to help the entity to fulfil the reduced format, based on IFRS taxonomy.

Box 1. Definition of current / non-current



I. ASSETS, NON-CURRENT, TOTAL

Advanced payments must be allocated among the different elements they are referring to. No further information about them is required in the note.

1. Property plant and equipment are tangible assets that:

- are held by the enterprise for use in the production or supply of goods or services, or for administrative purposes; and
- are expected to be used during more than one period.

Those elements held for sale must be presented under caption 10 of the current assets.

1.1. Land and buildings

Land: Only land and natural resources must be included here. With respect to land, only those ones which have not been built or are in the course of construction shall be reported here.

Buildings: Also including the land, when the building has been finished.

1.2. Plant and equipment

It includes machinery, production lines...

1.3. Remaining property, plant and equipment: Under this item the following elements are included:

Motor vehicles: It includes aircrafts, ships, trains, cars, fork-lift trucks, motorbikes...

Fixtures and fittings: It includes climate control units, heating, sewer systems, carports...

Leasehold improvements: Finance leases are not included here. Finance leases must be allocated among the different property, plant and equipment elements. Leasehold improvements are specific fixtures to enhance/use an operationally leased or rented asset such as a heating, climate control unit, shelves, etc. in an operationally leased or rented warehouse. Leasehold improvements are capitalised if two conditions are met: (a) the cost is too important to be charged to the income statement; (b) the cost cannot be capitalised along with the related asset since that asset does not appear on the entity's balance sheet.

IT equipment: It includes mainframe computers, personal computers, laptops, screens, printers,...

Exploration and evaluation assets: Exploration and evaluation assets are expenditures incurred by an entity in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable (Appendix A of IFRS 6). Such assets must be classified according to their nature. Thus, those meeting the definition of property, plant and equipment shall be included here. Examples are vehicles and drilling rigs.

Other property, plant and equipment: Office equipment such as computers, furniture, small refrigerators, coffee-makers, hat stands must be included under this caption.

1.4. Construction in progress:

As long as the property, plant and equipment element is not ready for operation, it remains included under this caption. As soon as it is ready for operation, it is transferred to one of the captions above.

2. Investment property is property, finished or under construction, (land or a building, or part of a building, or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of the business

3. Intangible assets, net

3.1. Goodwill, net

Any excess of the cost of an acquisition (business combination) over the acquirer's interest in the fair value of the identifiable assets and liabilities acquired as at the date of the business combination shall be described as goodwill and recognised as an asset.

3.2. Development costs, net

They are costs related to 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 prior to the commencement of commercial production or use.

3.3. Software, net

3.4. Patents, trademarks and other rights, net

3.5. Remaining intangible assets

Exploration and evaluation assets: Exploration and evaluation assets are expenditures incurred by an entity in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable (Appendix A of IFRS 6). Such assets must be classified according to their nature. Thus, those meeting the definition of intangible assets shall be included here (for example, drilling rights).

Assets arising from service concession arrangements: According to IFRIC 12, an entity shall recognize an intangible asset when it has a right to charge users of the infrastructure.

Other identifiable intangible assets, net

4. Biological assets, total

Under this item the total of the following elements are included:

Biological assets are living animals or plants such as sheep, trees in a plantation forest, pigs, vines, fruit trees.

Agricultural produce at the point of harvest is the harvested product of the enterprise's biological assets, at the point of harvest, such as wool, logs, carcass, grapes, picked fruit.

5. Investments in related parties

Here the below-explained captions must be disclosed:

Investments in subsidiaries, at cost: It includes investments in controlled entities that are not consolidated, but valued at cost. Control is presumed to exist when the parent owns directly or indirectly through subsidiaries, more than one half of the voting power

Investments in associates, at cost: An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is presumed to exist if the investor holds, directly or indirectly through subsidiaries, 20% or more of the voting power. This caption only includes those investments in associates that are left outside the consolidation perimeter and that are valued at cost.

Investments in joint ventures, at cost: A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Please only include those joint ventures valued at cost.

Equity method accounted investments, total: These investments can be either investments in associates or investments in joint ventures.

6. Deferred tax assets

If transactions recorded during the current period will give rise to a lower **current** tax liability in a subsequent year, a **deferred** tax asset should be recorded in the year of the transaction. According to IAS 12.70, when the format of presentation of the balance sheet uses the division between non-current and current assets, assets and liabilities by deferred taxes must be classified as non-current.

7. Other financial assets, non-current

The detail required is based on the type of financial assets held.

Loans, non-current

Remaining financial assets, non current

Assets arising from service concession arrangements: According to IFRIC 12, an entity must recognize a financial asset when it has a contractual right to be paid for the construction of an infrastructure.

Other miscellaneous financial assets, non-current: Examples are swaps, puts, calls,... not designated as hedging instruments.

of which, securities, non-current:

Shares, non-current (including participations): Participations in investment funds and individual shares, for the purpose of speculation.

Securities other than shares, non-current: Treasury securities (treasury bonds or certificates, treasury time deposits with a repurchase option, REPOS) and other securities (commercial paper and others).

of which, loans to related parties, non-current:

Loans to subsidiaries, to associates, to joint ventures and to other related parties are included under this element.

8. Hedging assets, non-current

Examples are foreign exchange contracts, interest rate swaps

9. Remaining assets, non-current:

Finance lease receivables, non-current: These receivables appear in the lessor's financial statements.

Prepayments, non-current: Prepaid expenses, such as rent, insurance costs, and costs resulting from a maintenance contract must be included under this heading.

Cash restricted or pledged: Examples are the amounts deposited as continuous security, among other things at public administrations or government services (customs, excise taxes, telephone, rent, etc.)

Assets pledged as collateral subject to sale or replying, non-current

Other assets, non current

of which, post-employment benefit surplus:

A surplus is an excess of the fair value of the plan assets over the present value of the defined benefit obligation (IAS 19.58B).

II. ASSETS, CURRENT, TOTAL

10. Non-current assets and disposal groups held for sale

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use (IFRS 5.6). The asset (of a disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be *highly probable* (IFRS 5.7).

11. Inventories

They are assets held for sale in the ordinary course of business; in the process of production for such sale; or in the form of materials or supplies to be consumed in the production process or in the rendering of services. In case of a service provider, inventories include the costs of a service, for which the entity has not yet recognised the related revenue (IAS 2.8). Advance payments on account of stock supplies must be included under heading 18.

12. Other financial assets, current

The detail required is based on the type of financial assets held.

Loans, current

Other financial assets, current: Examples are swaps, puts, calls,... not designated as hedging instruments.

of which, securities, current:

Shares, current (including participations): Participations in investment funds and individual shares, for the purpose of speculation.

Securities other than shares, current: Treasury securities (treasury bonds or certificates, treasury time deposits with a repurchase option, REPOS) and other securities (commercial paper and others).

of which, loans to related parties,-current:

Loans to subsidiaries, to associates to joint ventures and to other related parties are included under this element.

13. Hedging assets, current

Examples are foreign exchange contracts, interest rate swaps

14. Current tax receivables

This caption only includes receivables relating to income taxes.

15. Trade receivables, net, total

of which, trade receivables with related parties (see annex 3 for further information about related parties)

16. Prepayments, current

Prepaid expenses must be included under this heading, such as rent, insurance costs and costs resulting from a maintenance contract.

Suppose an entity must pay its rent in advance as per July 1st N for the period July 1st N till June 30th N+1 and suppose the closing date of the financial statements is December 31st. Then the entries relating to the rent are as follows:

July 1st N

Debit: Rental costs	X: 2
Debit: Prepayments, current	X: 2
Credit: Bank account	X

January 1st N+1

Debit: Rental costs	X: 2
Credit: Prepayments, current	X: 2

17. Cash and cash equivalents

Cash includes cash at hand, bank balances and short-term deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (IAS 7.6).

18. Remaining assets, current

Assets pledged as collateral subject to sale or repledging, current

Finance lease receivables, current: These receivables appear in the lessor's financial statements.

Other receivables, net, total: Advance payments on inventories must be included under this caption. Other examples are receivables from VAT tax authorities, receivables from social security, receivables from employees,...

Other assets, current

VI. BALANCE SHEET: LIABILITIES AND EQUITY

Preliminary remarks

Dividends proposed or declared after the balance sheet date should not be recognised as a liability at the balance sheet date (IAS 10.12). Such dividends are disclosed in the notes to the financial statements in accordance with IAS 1.

(IAS 1.69) A liability should be classified as a current liability when it:

- is expected to be settled in the normal course of the enterprise's operating cycle; or
- is due to be settled within twelve months of the balance sheet date.

All other liabilities should be classified as non-current liabilities.

I. EQUITY, TOTAL

A. EQUITY ATTRIBUTABLE TO OWNERS OF PARENT

A **parent** is an entity that has one or more subsidiaries (IAS 27.4)

1. Share capital

The item "share capital" is divided into two:

1.1. Issued capital (*including paid-in and unpaid capital*)

It corresponds to the total amount of contribution invested by the entity's shareholders and is represented by issued shares. The shares can be paid-in or not.

1.2. (-) Unpaid capital not called for

Please refer in this line the outstanding amount of share capital issued but still not paid as it has not been called for.

2. Share premium

It is the difference (or the bonus) between the offering price and the face value of the share.

3. Other reserves.

These are amounts stemming from non-distributed profits. This item is neither a real obligation nor an eventual liability and is not related to any depreciation of assets. It corresponds to the increase of the entity's value and belongs to the shareholders. Reserves include legal and statutory reserves, translation reserves, hedging reserves, available for sale reserves, share-based payments reserves, actuarial gains and losses reserves, and miscellaneous other reserves.

4. (-) Treasury shares

They are issued shares hold by the company (or the group) itself.

5. Retained earnings (accumulated losses)

Profit (loss) of the year: It concerns the profit or the loss realised by the entity during the year. It should show the same amount as line 20 in income statement.

Interim dividends: This line asks for those dividends paid in advance (before year end) in anticipation of the appropriation of the profit (loss) of the current year.

Remaining retained earnings (accumulated losses): it includes all the profits recorded by the entity from its setting up, diminished by all the losses possibly realised and excluding dividends and other components that would be retained.

B. Minority interest (in net assets)

(IAS 27.4) Minority interest is that part of the net assets of a subsidiary attributable to interests which are not owned, directly or indirectly through subsidiaries, by the parent.

II. LIABILITIES, TOTAL

A. LIABILITIES, NON-CURRENT, TOTAL

6. Borrowings, non current

The distinction between the periods (up to one year and more than one year) is requested to classify the amounts in the current or non-current category but in both cases the items are the same, only the maturity date is different.

6.1. Borrowings from financial institutions, non-current:

Bank borrowings: This item concerns the amounts of money lent by a bank to the entity.

Bank overdrafts: Bank overdrafts correspond to the treasury facilities consented by a bank to its client, whose current account can be, on agreement, overdrawn during a given period.

6.2 Finance leases

For the lessee, it corresponds to a lease in accordance with which the lessor transferred to the lessee almost all the advantages and risks included in the property of the rented good.

6.3. Unsecured debentures, non-current

This component is related with the bonds delivered by the entity to investors, generally in the frame of long-term borrowings.

6.4. Convertible borrowings, non-current

Amount of money borrowed by the entity that can be converted into shares or sometimes into other bonds according to the investors during a given period.

6.5. Borrowings with related parties, non-current

For further guidance about related parties, please refer to annex 3. Borrowings with related parties must be classified in this line, regardless of their nature or if they could fit in any of the categories already disclosed in this heading.

6.6. Remaining interest-bearing borrowings, non-current

Redeemable preference shares, non-current: This item corresponds to shares that the entity has the possibility to buy back or write off¹.

Non-interest bearing borrowings, non-current: It refers to all the borrowings which bear no interest.

Other borrowings: This item includes all the borrowings which are not included in the categories above as hybrid instruments such as subordinated loan with indefinite life, non-voting shares, etc.

7. Deferred income, non-current of which, government grants

It corresponds to a capital grant (definition IAS 20.3) agreed by the government which will be gradually reported in the profit and loss account (IAS 20.26).

8. Provisions, non current

A provision is (IAS 37.10 & 37.14)

- A present obligation of the entity arising from past events,
- The settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits and,
- For which a reliable estimate can be made of the amount of the obligation.

Note that repairs and maintenance expenses are not provided for. Most of the time, there is no legal requirement and there is no present obligation from past events (see IAS 37 example 11).

Main classes of provisions are explained below:

Warranty provisions

Example: An entity sells goods with a warranty under which customers are covered for the cost of repairs of any manufacturing defects that become apparent within the first six months after purchase. Based on past experience, a provision has to be recognized for the best estimate of the costs of repair of the goods, sold during the last six months before the balance sheet date, taking into account the statistical possibility for defects.

Restructuring provisions: A restructuring (IAS 37.10) is planned and controlled by management, and materially changes either the scope of a business undertaken by an entity or the manner in which that business is conducted.

The following are examples of events that may fall under the definition of restructuring (IAS 37.70):

- (a) Sale or termination of a line of business;
- (b) The closure of business locations in a country or region or the relocation of business activities from one country or region to another;
- (c) Changes in management structure (for example, eliminating a layer of management); and
- (d) Fundamental reorganizations that have a material effect on the nature and focus of the entity's operations.

Example: On 12 December Y, the Board of Directors decided to close down a division in the summer of Y+1. During the next week, a detailed plan was agreed by the Board. Before year-end letters were sent to customers, warning them to seek an alternative source of supply, and redundancy notices were sent to the staff of the division. As per 31 December Y, a provision should be recognised for the best estimate of the costs of closing down the division.

Legal proceedings provisions

Example: A caterer delivers a bunch of oysters for a party, after which a number of employees die as a result of food poisoning. The catering entity is not insured against such professional mistakes. Legal proceedings are started seeking damages from the caterer. At balance sheet date, the lawyers of the catering entity advise that it is probable that the entity will be found liable. Thus, the best estimate of the amount to settle the obligation has to be provided for.

Onerous contracts provisions: An onerous contract (IAS 37.10) is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Example: An entity operated profitably from a factory that it has leased under an operating lease. During the year the entity relocated its operations to a new factory. The lease on the old factory continues for the next four years, it cannot be cancelled and the factory cannot be re-let to another user. A provision is recognized for the best estimate of the unavoidable lease payments.

Environmental provisions

¹ This type of liabilities does not exist in France except in the very specific case of liquidation.

Example: An entity in the oil industry causes contamination. National legislation requires the entity to clean up the contaminated land, which will result in a significant cost in the future. Therefore, these clean-up costs have to be provided for.

Provisions for waste electrical and electronic equipment: According to the European Union's Directive on Waste Electrical and Electronic Equipment (WE&EE) producers are responsible of the collection, treatment, recovery and disposal of the waste equipment. The waste management implied in these operations gives rise to a provision according to IFRIC 6.

Provisions for contributions to decommissioning, restoration and rehabilitation funds: Contributions to one of these funds in which the entity does not own control must be accounted for as a provision, according to IFRIC 5.

Contractual obligations from service concession arrangements: According to IFRIC 12, contractual obligations derived from the concession arrangement created to maintain or to restore an infrastructure must be accounted for according to IAS 37.

9. Post employment benefit obligation, non-current

This item corresponds to the employee benefits (other than termination benefits) which are payable after the completion of employment. For further guidance, refer to the defined benefit plan note of the extended format.

10. Hedging liabilities, non-current

A hedging instrument is a designated derivative or a designated non-derivative financial asset or liability (for a hedge of the risk of changes in foreign currency exchange rates only) whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item (IAS 39.9).

11. Deferred tax liabilities

Amounts of income taxes payable in future periods in respect of taxable temporary differences. This item is always classified as non-current even if it is supposed to be settled within twelve months after the balance sheet date.

12. Remaining liabilities, non-current

Other financial liabilities, non-current

Other liabilities, non-current

B. LIABILITIES, CURRENT, TOTAL

13. Liabilities included in disposal groups held for sale

According to IFRS 5.38, the liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the balance sheet. As the result of discontinued operations, liability must be classified as liability held for sale. This item is current by nature as the disposal should normally occur in the short term.

14. Borrowings, current

See point 6 above.

15. Deferred income, current

See point 7 above.

16. Provisions, current

See point 8 above.

17. Post employment benefit obligation, current

See point 9 above.

18. Hedging liabilities, current

See point 10 above.

19. Current tax payables

Outstanding amounts of income taxes payable at the end of the year.

20. Trade payables, total

It discloses to the amount of money due by the entity to its suppliers for goods or services received.

of which, trade payables with related parties (see annex 3 for further information about related parties)

21. Remaining liabilities, current

Other payables

Interest payable, total

Accrued payroll and amounts due to employees

Accrued administrative liabilities

Dividends to pay

Other financial liabilities, current

Other liabilities, current

of which, advances received

Amount of money paid by the clients or other partners for goods or services to be delivered by the entity.

VII. STATEMENT OF CHANGES IN EQUITY

This statement shows the movements in equity from the end of year n-2 (e.g. 2006) above the end of the year n-1 (e.g. 2007) to the end of the year n (e.g. 2008). About the filling in this chart, please note that cells in blue mean that they expect no value to be input, and columns match those lines included in equity in the balance sheet so refer to them for further guidance; while rows are the same in both years. Explanations below refer to both years (N – 1 and N).

If the revised IAS 1 is applied, the breakdown of line 8 must not be reported since it is redundant with the statement of comprehensive income.

An explanatory chart which may be helpful when fulfilling this statement is found in Annex 5.

For operations regarding equity options, please refer to Annex 4 for further guidance.

I - III. BALANCE, END OF PERIOD

1. Prior period adjustments to equity, total:

Change in accounting policy affecting equity: under this element are including changes in the accounting policy of the entity which are relevant for the development of the equity capital (e.g. reduction of the fix-asset valuation with concurrent allocations with the revaluation reserves).

Errors affecting equity

II - IV. RESTATED BALANCE, END OF PERIOD

1. Issue of shares (all kind of issuances)

It discloses the issue of shares from authorized capital or from the expenditure of preference shares.

2. (-) Capital reduction

It shows reductions of capital (e.g. recalling of shares).

3. Equity increase (decrease) resulting from a business combination

Up and down fluctuations of the equity resulting of a combination with another entity.

4. Operations with treasury shares:

Sale (purchase) of treasury shares

(-) Cancellation of treasury shares

Transfer of treasury shares in (out)

5. Conversion of debt to equity

It represents the conversion of debenture capital to equity.

6. Remaining movements in equity not related to income or expenses:

(-) Reclassification of financial instruments from equity to liability

Reclassification of financial instruments from liability to equity

Other increase (decrease)

7. (-) Dividends

The part of the profit which is distributed to for the owners is included here.

8. Total recognised income and expense for the period

8.1. Profit (loss) (before minority interest) (line 18 of income statement)

8.2. Net gains (losses) not recognized in income statement

Those incomes and expenses directly recognized in equity, as some IFRS allow.

8.2.1. Surplus (deficit) on revaluation of assets: Changes in the revaluation reserves of non-current non-financial assets.

8.2.2. Foreign currency exchange increase (decrease): Changes in items of assets and liabilities because of currency adjustments. The amount of the currency adjustments are directly allocated with the reserves.

8.2.3. Fair value gains (losses) on available-for-sale financial assets: A gain or loss on an available-for-sale financial asset shall be recognised directly in equity, through the statement of changes in equity, until the financial asset is derecognised (IAS 39.55.b).

8.2.4. Remaining income (expense) recognized directly in equity

Realisation of cash flow hedges removed from equity

Transfer from share premium: The share premium from an increase in the share capital which is provided for a allocation with the reserves.

Deferred tax adjustment

Released to retained earnings: Release of profits from past financial years. Refer to IAS 12.64 for further information.

Reclassification of assets: Additions or disposals in equity because of the reclassification of assets

(-) Cash flow hedge gains (losses) transferred to income

(-) Cash flow hedge gains (losses) transferred to inventory

(-) Cash flow hedge gains (losses) transferred to property, plant and equipment

(-) Cash-flow hedge gains (losses) transferred to non financial assets

(-) Cash-flow hedge gains (losses) transferred to non financial liabilities

(-) Available for sale reserve transferred to income

Cash flow hedged gains (losses)

Actuarial gains and losses recognized on post-employment benefit obligations

Other income (expense) recognised directly in equity

III - V. BALANCE, END OF PERIOD

VIII. STATEMENT OF CASH FLOWS

The statement of cash flows sets out all the incoming and outgoing cash flows during the financial year, broken down by origin: cash flows from operating, investing or financing activities. It provides a summary of the cash resources available during the period and how those resources have been used. The statement of cash flows gives an indication of the ability of the reporting entity to generate cash flows, and provides additional information facilitating more accurate assessment of liquidity, solvency and the results achieved.

Cash flows from operating activities can be recorded by the direct or the indirect method. The direct method adds up the major types of cash receipts and payments: cash receipts from customers, payments to suppliers, payments to employees, etc. The indirect method is based on the net profit or loss and eliminates the effects of:

- non-cash transactions such as impairment losses, depreciation, additions to provisions, reversals of provisions, etc;
- the attribution to a particular period of revenues and expenses which have no cash implication in the reporting period (e.g. outstanding amounts due from customers and amounts payable to suppliers);
- revenues and expenses connected with cash flows from investing and financing activities.

I. CASH AND CASH EQUIVALENTS, BEGINNING BALANCE

This field shows the amount of the cash and/or cash equivalents at the beginning of the balance year. It is the amount that was identified in the previous year as "VII. Cash and cash equivalents, ending balance".

A. CASH FLOW STATEMENT: DIRECT METHOD

II. NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

1. Cash flows from (used in) operations

Under the direct method, information about major classes of gross cash receipts and cross cash payments have to be obtained. Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the entity. Therefore, they generally result from the transactions and other events that enter into the determination of net profit or loss (IAS 7.14).

Please note that cash receipts on government grants must only include income and interest grants. Capital grants are to be recorded as cash flows from investing activities.

2. Cash-flows from (used in) other operating activities, total.

Refer to Cash Flow Statement - Indirect Method, heading B.

B. CASH FLOW STATEMENT: INDIRECT METHOD

II. NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Under the indirect method, net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows (IAS 7.18 b).

A. CASH FLOWS FROM (USED IN) OPERATIONS

A1. Cash flows before changes in working capital

It includes the following items:

Profit and loss from operations: Non cash-items are to be disclosed such as: net profit (loss) transferred to equity, minority interest, interest expense, income tax expense (income), or other items that have an effect on profit or loss.

Non cash- adjustments, cash flow operating activities: Non-cash items that are adjusted for the effects of respective transactions, any deferrals or accruals of past or future operating cash receipts or payments.

A2. Increase (decrease) in working capital

A positive amount means that a profit recorded in the income statement has to be reversed, since no cash inflow occurred. A negative amount means that a cost recorded in the income statement has to be reversed, since no cash outflow occurred.

Example: suppose trade payables have increased, which means that the related suppliers have not been paid at balance sheet date. However, the cost is included in the profit or loss from operations (line A1). Since it does not represent a cash outflow, the amount should be reversed.

B. Cash-flows from (used in) other operating activities, total.

Financing and taxation flows: Cash flows from interests received and paid, and dividends received and paid should each be classified in a consistent manner from period to period either as operating, investing or financing activities.

Dividends received classified as operating: Dividends received are usually classified as operating cash flows for a financial institution. In industrial companies, they may be classified as operating cash flows because they enter into the determination of net profit or loss (IAS 7.33).

Dividends paid classified as operating: Dividends paid may be classified as a component of cash flows from operating activities in order to assist users to determine the ability of an entity to pay dividends out of operating cash flows (IAS 7.34).

Interest received classified as operating: Interest received is usually classified as operating cash flow for a financial institution. In industrial companies, it may be classified as operating cash flow because it enters into the determination of net profit or loss (IAS 7.33).

Interest paid classified as operating: Interest received is usually classified as operating cash flow for a financial institution. In industrial companies, it may be classified as operating cash flow because it enters into the determination of net profit or loss (IAS 7.33).

Income tax (paid) refunded: Cash flows arising from taxes on income should be classified as cash flows from operating activities unless they can be specially identified with financing and investing activities.

Other cash flows from (used in) operating activities: Here all the information/items that were not mentioned above shall be included.

C. CASH FLOW STATEMENT: COMMON PART

III. NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES

1. (-) Acquisitions, cash flow investing activities

The separate disclosure of cash flows arising from acquisitions is important, because they represent the extent to which expenditures have been made for resources intended to generate future income and cash flows.

2. Disposals, cash flow investing activities

Sale of assets may give rise to a gain or loss which is included in the determination of net profit or loss (IAS 7.14). This line does not include this gain or loss, but the entire amount received for the asset sold (selling price).

3. Proceeds from dividends received classified as investing

Cash flows from dividends received should be disclosed separately, in a consistent manner from period to period, either as operating or investing activities. Since they represent returns on investment, an enterprise may classify dividends received as cash flows from investing activities.

4. Remaining cash-flows from (used in) investing activities

Proceeds from interest received classified as investing: Cash flows from interest received should be disclosed, in a consistent manner from period to period, either as operating or investing activities. Since they represent returns on investment, an entity may classify interests received as cash flows from investing activities.

(-) Payments for cash advances and loans made: Cash advance and loans made to other parties (other than advances and loans made by a financial institution) (IAS 7.16 e).

Repayment of cash advances and loans received: Other parties paying back the cash advances and loans made to them. The repayment amount does not include any interest.

Proceeds from government grants received: This line only includes capital grants as these grants support an investment made. Income and interest grants are recorded as cash flows from operating activities.

Other cash flows from (used in) investing activities: Here all information/items relating to cash flows from/used in investing activities are obtained that were not mentioned above.

IV. NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES

The separate disclosure of cash flows arising from financing activities is important because it is useful in predicting claims on future cash flows by providers of capital to the entity.

1. Proceeds from cash flow from financing activities

Amounts for financing business received from:

- stockholders (that is, equity)
- third parties such as financial institutions, excluding related parties (that is, debt)

2. (-) Repayments, cash flow from financing activities

It reports cash repayments of amounts that were used for financing business. The repayment amount does not include any interest.

3. (-) Payments of dividends classified as financing

Cash flows from dividends paid should be disclosed separately, in a consistent manner from period to period, either as operating or financing activities. Since they represent costs of obtaining financial resources, an entity may classify dividends paid as cash flows from financing activities.

4. (-) Payments of interests classified as financing

Cash-flows from interests paid should be disclosed, in a consistent manner from period to period, either as operating or financing activities. Since they represent costs of obtaining resources, an entity may classify interests paid as cash flows from financing activities.

5. Remaining cash-flows from (used in) financing activities

Proceeds from cash advances from related parties: Cash inflow coming from related parties (other than advances made by a financial institution).

(-) Repayment of cash advances from related parties: Return compensation of cash advances received beforehand from related parties. The repayment amount does not include any interest.

Bank overdrafts increased (decreased): An increase of this item represents amounts received by using the credit facility on a bank account. On the other hand, a decrease involves the repayment of amounts previously received by using the credit facility on a bank account.

Other cash flows from (used in) financing activities: Here all information/items relating to cash flows from/used in financing activities are obtained that were not mentioned above.

V. NET INCREASE IN CASH AND CASH EQUIVALENTS

This line is to be obtained as the addition of the main lines II. Net cash flows from (used in) operating activities, III. Net cash flows from (used in) investing activities, and IV. Net cash flows from (used in) financing activities.

VI. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS

In order to reconcile cash and cash equivalents at the beginning and at the end of the period, the effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported here.

VII. EFFECTS OF CHANGES IN SCOPE OF CONSOLIDATION ON CASH AND CASH EQUIVALENTS

In order to reconcile cash and cash equivalents at the beginning and at the end of the period, the effect of changes in the scope of consolidation on cash and cash equivalents is reported here.

Example: a subsidiary is bought in period 01 but not consolidated because it is not material. In period 02 the subsidiary is growing fast and consolidation is necessary. The presentation in the cash flow statement would be as followed:

The price the company paid is shown in cash flow from investing operations in period 01. However, the balance of cash of the subsidiary is not included in period 01 as it is not consolidated. In period 02 it is consolidated for the first time and its cash cannot be presented in the beginning figure of cash and cash equivalents for period 01. Therefore this change must be accounted in this item.

A similar issue would appear if a subsidiary is not part any more in the consolidated group but it is not sold.

VIII. CASH AND CASH EQUIVALENTS, ENDING BALANCE.

This field shows the amount of the cash and/or cash equivalents at the end of the balance year. It consists of the "Cash and cash equivalents, beginning balance" plus "Net Increase in cash and cash equivalents" plus the "Effects of the exchange rate changes on cash and cash equivalents" and "Effect of changes in scope of consolidation on cash and cash equivalents" (lines I., V., VI and VII.) It must equal in most cases the amount identified in the following year as "I. Cash and cash equivalents, beginning balance".

IX. NON-CURRENT ASSETS AND PROVISIONS' NOTE

Firstly, it must be remarked that meaningless combinations between rows and columns are coloured in blue. Concepts included in the columns are those from the assets side of the balance sheet. For further reference, please refer to the chapter of balance sheet in this document. Some additional explanations about rows are to be found below.

Please note that all the movements are referred to carrying amounts, that is to say, the net amount of the gross carrying values less accumulated depreciation and accumulated impairment losses.

I. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

1. Property, plant and equipment, beginning balance of the period

1.1. Gross amount

1.2. (-) Accumulated depreciation and impairment losses

According to IAS 16.55 only items of property, plant and equipment that are available for use are subject to depreciation. By definition, construction in progress is not ready for use and therefore it cannot be depreciated.

2. Additions

It discloses investments, acquisitions to third parties or gross investments of the accounting period. Please do not include a net amount of investments, that is to say, purchases minus sales. Increases (decreases) due to changes in scope of consolidation, capitalised borrowing costs and increases due to revaluations are not considered as investments of the period.

3. Changes in scope of consolidation

Acquisitions through business combinations: Increases due to business transactions such as mergers, absorptions, etc.

(-) Disposals through business divestiture: Decreases due to business transactions such as scissions, sale of a business unit, sale of an entire subsidiary, etc.

4. (-) Retirements and disposals

(-) Disposals: Carrying amount reversed due to sales.

(-) Retirements: Carrying amount reversed due to write-off of the element.

5. (-) Depreciation expense

Amount of depreciation charged to the income statement during the period. Please mention the net amount, which is depreciation expense minus reversed depreciation. Revalued property, plant and equipment must be depreciated over its remaining useful life.

8. Revaluation increase (decrease)

Increases (decreases) of the period as a result of the revaluations accounted for. These lines can only be used in case the entity chooses the revaluation model for subsequent valuations.

Revaluation increase (decrease) recognised in equity

Revaluation increase (decrease) recognised in income

9. Impairment loss (reversal) recognised

(-) Impairment loss recognised in income

Impairment reversal recognised in income

(-) Impairment loss recognised in equity

Impairment reversal recognised in equity

10. Foreign currency exchange increase (decrease)

Net exchange differences arisen as a result of the translation of financial statements of a non-resident entity

11. Transfers from (to) other items

Transfers from (to) non-current assets and disposal groups held for sale

Transfers from (to) investment property

Other transfers

12. Remaining movements in property, plant and equipment

16. Property, plant and equipment, ending balance

It must be equal to heading 1 of balance sheet.

16.1. Gross amount

16.2. (-) Accumulated depreciation and impairment losses

II. MOVEMENTS IN INVESTMENT PROPERTY

1. Investment property, beginning balance

1.1. Gross amount

1.2. (-) Accumulated depreciation and impairment losses

2. Additions

It shows investments, acquisitions to third parties or gross investments of the accounting period. Please do not include a net amount of investments, that is to say, purchases minus sales. Increases (decreases) due to changes in scope of consolidation, capitalised borrowing costs and increases due to changes in fair value are not considered as investments of the period.

3. Changes in scope of consolidation

Acquisitions through business combinations: Increases due to business transactions such as mergers, absorptions, etc.

(-) Disposals through business divestitures

4. (-) Retirements and disposals

(-) Disposals: Carrying amount reversed due to sales.

(-) Retirements

5. (-) Depreciation expense

Amount of depreciation charged to the income statement during the period. This line should only be filled in when using the cost model. Please mention the net amount, which is depreciation expense minus reversed depreciation.

6. Gain (loss) on fair value adjustments

This line should only be filled in when using the fair value model.

9. (-) Impairment loss (reversal) recognised

(-) Impairment loss recognised in income

Impairment reversal recognised in income

10. Foreign currency exchange increase (decrease)

Net exchange differences arisen as a result of the translation of financial statements of a non-resident entity.

11. Transfers from (to) other items

Transfers from (to) inventories: Transfers made when there is a change in use, evidenced by commencement of development with a view to sale

Transfers from (to) owner-occupied property: Transfers made when there is a change in use, evidenced by commencement (end) of owner-occupation

Transfers from (to) assets and disposal groups held for sale

Other transfers

13. Remaining movements in investment property.

Capitalised subsequent expenditure

Other increase (decrease)

16. Investment property, ending balance

It must be equal to heading 2 of the balance sheet.

16.1. Gross amount

16.2. (-) Accumulated depreciation and impairment losses

III. MOVEMENTS IN INTANGIBLE ASSETS

IAS 38.107 requires a reconciliation of the carrying amount at the beginning and at the end of the period for each category of intangible assets. The information related to goodwill is integrated in these columns.

1. Intangible assets, beginning balance

1.1. Gross amount

1.2. (-) Accumulated depreciation and impairment losses

2. Additions

It contains also: *Additions from internal development*

3. Changes in the scope of consolidation

Acquisitions through business combinations: Increases due to business transactions such as mergers, absorptions, etc.

(-) Disposals through business divestitures

4. (-) Retirements and disposals

(-) Disposals: Carrying amount reversed due to sales. In the column of goodwill, goodwill derecognised on disposal of business should be accounted for in this row as well.

(-) Retirements

5. (-) Amortization expense

Amount of amortization charged to the income statement during the period. Please mention the net amount, which is amortization expense minus reversed amortization. Revalued intangible assets must be depreciated over its remaining useful life. Amortization of goodwill is not allowed according to IFRS 3.

8. Revaluation increase (decrease)

Increases (decreases) of the period as a result of the revaluations accounted for. These lines can only be used in case the entity chooses the revaluation model for valuation.

Revaluation increase (decrease) recognised in equity

Revaluation increase (decrease) recognised in income

9. (-) Impairment loss (reversal) recognised

Reversal of impairment losses of goodwill is not allowed according to IFRS 3.

(-) Impairment loss recognised in income

Impairment reversal recognised in income

(-) Impairment loss recognised in equity

Impairment reversal recognised in equity

10. Foreign currency exchange increase (decrease)

Net exchange differences arisen as a result of the translation of financial statements of a non-resident entity.

11. Transfers from (to) other items

Transfers from (to) non-current assets and disposal groups held for sale

Other transfers

14. Remaining movements in intangible assets

Adjustments from subsequent recognition of deferred tax assets: Only in the column of goodwill.

Other increase (decrease): Reclassifications to or from other items, except transfers to assets held for sale, are examples.

16. Intangible assets, ending balance

It must be equal to heading 3 of the balance sheet for intangible assets and to item 3.1. for goodwill.

16.1. Gross amount

16.2. (-) Accumulated depreciation and impairment losses

IV. MOVEMENTS IN BIOLOGICAL ASSETS

As required by IAS 41, those biological assets which fair value cannot be measured reliably must be carried at cost. Anyhow, the benchmark valuation is at fair value (IAS 41.12) and valuation at cost is only a residual option. The movement chart herein presented must be fulfilled for biological assets in aggregate, regardless of the distinction current-non-current made in balance sheet.

1. Biological assets, beginning balance

1.1. Gross amount

1.2. (-) Accumulated depreciation and impairment losses

2. Additions

It should contain, among others:

Additions through purchase: Investments, acquisitions to third parties or gross investments of the accounting period. Please do not include a net amount of investments, that is to say, purchases minus sales. Increases (decreases) due to changes in the scope of consolidation are not considered as investments of the period.

3. Changes in scope of consolidation

Acquisitions through business combinations: Increases due to business transactions such as mergers, absorptions, etc.

(-) *Disposals through business divestitures*

4. (-) Disposals

Decreases through sales shall be considered in this row for biological assets.

5. (-) Depreciation expense

Amount of depreciation charged to the income statement during the period. Please mention the net amount, which is depreciation expense minus reversed depreciation.

7. Gain (loss) arising on changes in fair value costs to sell

9. (-) Impairment loss (reversal) recognised

(-) *Impairment loss recognised in income*

Impairment reversal recognised in income

10. Foreign currency exchange increase (decrease)

Net exchange differences arisen as a result of the translation of financial statements of a non-resident entity

11. Transfers from (to) other items

(-) *Transfers to (from) non-current assets held for sale*

Other transfers

15. Remaining movements in biological assets

(-) *Decreases due to harvest*

Other increase (decrease)

16. Biological assets, ending balance

It must be equal to heading 4 of balance sheet.

16.1. Gross amount

16.2. (-) Accumulated depreciation and impairment losses

V. MOVEMENTS IN PROVISIONS

It might refer to both current and non-current provisions, or only to non-current provisions. Please specify it in the spreadsheet.

1. Provisions, beginning balance

2. Increase (decrease) to provisions

Additional provisions: New provisions recognised should be recorded here.

Increase (decrease) to existing provisions: Provisions should be reviewed at each balance sheet date and adjusted to reflect the current best estimate (IAS 37.59).

3. Changes in scope of consolidation

Acquisition through business combination: Addition to provisions as a result of the group uniting with or obtaining control over the net assets and operations of a separate entity.

(-) *Disposals through business divestiture:* Diminution of provisions as a result of the group splitting off or losing control over the net assets and operations of an entity formerly included in the group.

4. (-) Provisions used

Expenditures that relate to the original provision are set against it.

5. (-) Unused provisions reversed

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision should be reversed (IAS 37.59).

6. Foreign currency exchange increase (decrease)

Net exchange differences arisen as a result of the translation of financial statements of a non-resident entity.

7. Remaining movements in provisions

Increase from time value of money adjustment: Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time (IAS 37.60).

Increase (decrease) from change in the discount rate

Other increase (decrease)

8. Provisions, ending balance

Depending on the provisions disclosed, It must be equal to headings 8 and 16 of the liabilities' side of the balance sheet or only to heading 8.

VI. OTHER INFORMATION OF NON-CURRENT ASSETS AND BORROWINGS

1. Additions from internal and external development, development costs

The amount of development costs capitalized during the period must be reported here. This amount and the item in income statement will allow the user to assess the total expenditure of the entity in R+D activities. Please note that development costs are an element of intangible assets.

2. Breakdown of borrowing by maturity date

All the borrowings of the entity, current and non-current, must be disclosed here according to their maturity date: within one year, between one and five years and beyond five years. Borrowings classified as current cannot be allocated into maturities beyond one year.

X. ANNEX 1. LEGAL FORM OF COMPANIES

AUSTRIA AND GERMANY

Capital oriented companies

Public limited company (“Aktiengesellschaft”): capital is divided into shares, which are basically freely transferable.

Private limited company (“Gesellschaft mit beschränkter Haftung”): the transfer of shares resp. participations is restricted i.e. has to be decided at the general meeting. Many private limited companies are family businesses run as companies to secure the benefits of limited liabilities

Personal oriented companies

General partnerships (“Offene Handelsgesellschaft”): an association of two or more persons who, as co-owners, carry on business. Each partner (only natural persons) has unlimited liability

Limited partnerships (“Kommanditgesellschaften”): it is also an association of two or more persons but there are two types of partner: “general partners” with unlimited liabilities and “limited partners”, whose liability is limited to the amount of their agreed capital contribution.

“Erwerbsgesellschaft”: enterprise that is set up for the purpose of a common purchase or the common use and administration of assets; two types: limited and unlimited (similar to the above mentioned partnerships)

Hybrid model

“GmbH & Co. KG”: there are two types of partners/owners – natural persons with limited liability (Kommanditisten) and a partner with unlimited liability. The last one is a private limited company and thus the liability is again limited

Other legal forms

Cooperatives (“Genossenschaften”)

Registered associations (“eingetragene Vereine”)

Foundation (“Stiftung”)

BELGIUM

Name		Characteristics
Capital oriented company		
issuing shares	Limited company (LTD)	Minimum two associates. The capital (min 61.500 €) is divided into shares (quoted or unquoted). Share's transfer possible.
issuing participations	Private company with limited liability (PLC)	Minimum two associates with risk limited to the capital. Capital (min 18.550 €) divided into shares. Share's transfer possible but under strict conditions.
	One-person private company with limited liability (OPLC)	One person with risk limited to the capital. Capital (min 18.550 €) divided into shares. Share's transfer possible but under strict conditions.
Personal oriented company		
	UCPjsL, participative cooperative partnership (UCPjsL, PC)	
	Limited cooperative partnership (LCP)	Minimum 3 associates with risk limited to the capital. Capital (min 18.550 €).
	LCP, participative cooperative partnership (LCP, PC)	
	Co-operative partnership (old status) (CP)	Minimum 3 associates with risk unlimited. Capital without minimum
	Unlimited cooperative partnership with joint and several liabilities (UCPjsL)	Minimum 3 associates with risk unlimited. Capital without minimum
	General partnership (GP)	The partners (min 2) have unlimited responsibility for the debt of the partnership.
	Limited partnership	Partnerships in which some partners have only limited liability.
	Partnership limited by shares (PLS)	
	Agricultural partnership (AP)	Partnerships in which some partners have only limited liability. The main characteristic is the activity (production and processing of agricultural products).
Others		
	Professional association	
	Mutual insurance association	
	International scientific organisation	
	Other private law bodies corporate	
	Economic interest group (EIG) with head office in Belgium	The aim is the development of the activity of the members (physical or moral persons). The members are responsible for the debt of the group.
	European economic interest group (EEIG) with head office in Belgium	

FRANCE

The legal types of companies in France are the following:

1. Capital oriented companies

1.1. Issuing shares

- **Société anonyme (SA):** minimum seven associates; minimum capital of 225.000 EUR (if public issue) or 37.000 EUR (if not public issue).
- **Société par actions simplifiée (SAS):** minimum two associates that are necessarily companies with a capital of a minimum of 225.000 EUR; minimum capital of 37.000 EUR.
- **Société en commandite par actions (SCA):** minimum one person with unlimited risk and three associates with risk limited to the capital; minimum capital of 225.000 EUR (if public issue) or 37.000 EUR (if no public issue).

1.2. Issuing participations

- **Société à responsabilité limitée (SARL):** minimum two associates and maximum fifty associates; minimum capital of 1 EUR.
- **Entreprise unipersonnelle à responsabilité limitée (EURL):** maximum one associate; minimum capital of 1 EUR.

2. Personal oriented companies

- **Société en nom collectif (SNC):** minimum two associates that have an unlimited risk; no minimum capital.
- **Société en commandite simple (SCS):** minimum one person with unlimited risk and one associate with risk limited to the capital; no minimum capital.

ITALY

The legal type of Italian companies is the following:

1. Capital oriented companies (almost 700.000 firms, of which more than 450.000 active).

1.a Issuing shares

- *Limited liability company (società per azioni):* the capital is divided into shares; the risk is limited to the capital; the minimum capital is 100.000 euro (120.000 euro for the companies established up to 2004).
- *Limited partnership (società in accomandita per azioni):* the capital is divided into shares; minimum one person with unlimited risk, the others with risk limited to the capital.

1.b issuing participations

- *Limited liability company* (società a responsabilità limitata): the capital is divided into participations; the minimum capital is 10.000 euro.

2. Personal oriented companies (almost 4.500.000 firms)

- *General Partnership* (società in nome collettivo): the partners have unlimited responsibility for the debt of the companies; the name of the firm should include at least one name of the associate.
- *Unlimited partnership* (società in accomandita semplice): the capital is divided into participations; minimum one person with unlimited risk, the others with risk limited to the capital.
- *Simple company*: only for non business companies
- *Company de-facto* (società di fatto)
- *Individual company* (impresa individuale)

3. Cooperative & Consortium (more than 35.000)

3.a Cooperative

- *Unlimited liability cooperative* (cooperativa a responsabilità illimitata): the capital is divided into shares; the partners have unlimited risk in case of default.
- *Limited liability cooperative* (cooperativa a responsabilità limitata): the capital is divided into participations; the risk of the partners is limited to the capital.

3.b Consortium

- *Unlimited liability consortium* (società consortile per azioni): the capital is divided into shares;
- *Consortium* (società consortile): the capital is divided into shares;
- *Limited liability consortium* (società consortile a resp. limitata): the capital is divided into participations.

4. Others (more than 150.000)

Joint-venture

- Government Bodies: it includes the economic and non economic bodies and the local administrations
- Italian branch of foreign company
- Bank
- Insurance

PORTUGAL

In Portugal's questionnaire the company is asked to classify its legal form under the following alternatives:

- Public enterprise, meaning that it is owned by the government.

- Joint stock company, a capital oriented share issuing limited liability company, whose capital can be split up into shares.
- Joint quota company, a personal oriented limited liability company, whose capital can be split up into quotas.
- Collective society, a personal oriented unlimited liability collectively owned company.
- Cooperative, a personal oriented limited liability collectively owned "company", whose purpose is not profit but the satisfaction of the needs of its members.
- Entrepreneur, a personal oriented unlimited liability one-man "company".
- E.I.R.L., a personal oriented limited liability one-man "company", except in the case of bankruptcy, in which, under certain circumstances, liability can be unlimited.
- Other legal forms.

SPAIN

In Spain there are the following non-financial types:

1. Capital oriented limited

1.1. Issuing shares (public limited companies)

- Ordinary (Sociedad Anónima - SA)
- Employee-owned (Sociedad Anónima Laboral - SAL)
- Sports (Sociedad Anónima Deportiva - SAD)

1.2. Issuing participations

- Private limited companies – small companies (Sociedad Limitada-SL)
- Private limited companies – very small and recently incorporated (Sociedad Limitada Nueva Empresa - SLNE)

2. Personal oriented limited

- Limited partnerships (Sociedades Comanditarias - SCom)

3. Others

- General partnerships (Sociedades Colectivas - SCol)
- Cooperatives (Cooperativas)
- Farming partnerships (Sociedades Agrarias de Transformación - SAT)
- Jointly-held property (Comunidades de Bienes)

XI. ANNEX 2. EMPLOYMENT

1. Definitions

1.1. Target population

Staff definition

Staff has to be taken into account in the employment board if

- the worker has a contract of employment or a training contract directly with the entity (and not through an interim entity) and he is registered in a official document completed for the social security, and
- the worker is salaried (not self-employed persons)

The registration of some specific categories of workers depends on the national legislations summarized in the following table.

Category	Austria	Belgium	France ^(a)	Germany	Italy ^(a)	Portugal	Spain
Fixed paid worker	X	X	X	X	X	X	X
Self employed person		–	–	-		--	–
Temporary employment agency	–	–	– ⁵	–	–	–	–
Home worker	X	X	X	X	X	X	X
Students, apprentices	X	X	–	–	X	X	– ¹
On strike	X	X	X	X	X	X	X
Maternity leave, sickness	X	X	X	X	X	X	X
Career interruption	--	X	–	X ⁶	?	–	–
Early retirement	--	–	–	-	?	–	–
Workers of abroad branches	X	X ³	X	X ⁶	?	X ³	X ³
Temporary assignment	--	– ⁴	–	-	?	X ⁴	–
Workers of state-owned companies	--	X	–	-	?	?	X
Civil servants	--	–	–	-	?	–	–

(a): based on "BACH" table on employment.

Explanations

1 (Spain): Grantees or scholarships are not included as employees in Spain. They collaborate and make practices at the same time they are studying. The maximum time possible of the scholarship is half of an university yearly period (about 4 and a half months). In fact, they contribute to the entity as a third party, rendering a service, because it does not contribute to the Social Security for them. The entity pays directly to the School or University and not to the students, as a result of an agreement between parties.

2 (Portugal): Sick leave of more than one month is excluded (except maternity).

- 3 (Belgium), (Portugal), (Spain): Workers of abroad branches (different from subsidiaries) are considered employees of the entity, although for National Accountancy purposes, it is necessary to know the amount of employees and salaries paid, because they must be treated as non-residents.
- 4 (Belgium): On the employment board of the entity with which they have the contract.
(Portugal): On the employment board of the entity where they temporary work.
- 5 (France): The accounting authorities recommend for individual accounts the calculation of two kinds of average number of employees: the number of employees that have a work contract with the entity and the number of employees that have worked for the entity during the year (including the workers that have a contract with an interim entity). For the consolidated accounts, the rules to determine the employment have not been specified. In the board we have presented the calculation of the number of employees that have a work contract with the entity.
- 6 (Germany) as far as there is a contractual agreement leading to personal dependency.

1.2. Work schedule

Full time (unit): number of employees who perform the normal work schedule applied by the entity (e.g. 40 hours a week = 100%)

Part time (unit): number of employees who perform, on average, only a part of the normal work schedule

An apprentice is considered as part time taking into account the time spent on training sessions needed for his schooling.

Total in FTE: sum of all employees whereby

- Full time employed workers count for 1
- A part time employed worker counts for the number of hours performed by the part time worker divided by the number of hours normally performed by a full time worker

Examples:

- *An employee works 8 hours a day, but only for 3 days a week => part time at 60% (expressed in full time equivalents = 0,6)*
- *An employee is hired on July 1st and working at 50%. At the end of the accounting year, the number expressed in FTE for this employee = 0,5 and the average in FTE = $0,5 \times 6/12 = 0,25$*

XII. ANNEX 3. RELATED PARTIES

IAS 24 regulates the “disclosure of related party transactions and outstanding balances in the separate financial statements of a parent, venturer or investor” (§3).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Paragraph 9 defines, “a party is related to an entity if:

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - (i) Controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) Has an interest in the entity that gives it significant influence over the entity; or
 - (iii) Has joint control over the entity;
- (b) The party is an associate (as defined in IAS 28) of the entity;
- (c) The party is a joint venture in which the entity is a venturer (see IAS 31);
- (d) The party is a member of the key management personnel of the entity or its parent;
- (e) The party is a close member of the family of any individual referred to in (a) or (d);
- (f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) The party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity”.

XIII. ANNEX 4. INFORMATION ON EQUITY OPTIONS

IFRS rules explain accurately how to value the options but are less assertive about in which accounts to register it. Companies give it divergent treatments in their accounts. This annex aims to summarize some contributions made on this topic.

1. Issuance of bonds with warrants²

Borrowings	Other reserves	Bank deposits
X	Y	Z

Two alternatives for the valuation criteria under IFRS rules:

Alternative A

X = current value of the future cash-flows associated with the loan and interests, brought forward at an interest rate associated with a similar instrument that does not have an equity component associated

Z = cash received on account of the issue

$$Y = Z - X$$

Alternative B

Y = value of the equity component determined by an appropriate evaluation method, e.g. Black-Scholes

Z = cash received on account of the issue

$$X = Z - Y$$

2. Exercise (redemption) of the warrants

Share capital	Share premium	Other reserves	Bank deposits
V	P	S	T

V = nominal value of the stocks issued

S = value of the warrants that were exercised (S=Y, if all warrants are exercised)

T = price of exercise of the warrant (at which the stocks are sold)

P = price of exercise of the warrant (T) - nominal value of the stocks issued (V) + value of the warrants that were exercised (S)

Thus, when the option is exercised, the reserve is cancelled and restated as share premium of the new share issue.

Working with real cases, it has been observed that companies chose different methods to account for this kind of operations. Therefore, for similar situations companies followed different interpretations and presentations and the III WG should insure, to the extent possible, that similar situations are treated similarly in the format (fundamental for trust-worthy databases). The inability to do this, due to lack of information or to different interpretations done by different members of the III WG, is a new and important source of error to be aware of and alert the members of the ECCBSO.

In conclusion, to analyse similar operations, a manual approach must be taken and financial statements should be read one by one. For a given caption, it is impossible to know its content. This is quite a general problem with IFRS rules that Continental European accounting is much less permeable to.

² From RODRIGUES, Lúcia, "Tratamento contabilístico das obrigações com warrants: modelo actual e novos desenvolvimentos" in *Revisores & Empresas*, Revista da Câmara dos Revisores Oficiais de Contas, Jul/Set 99. Lúcia Rodrigues is a college professor of accounting and a researcher in the field, with a long list of publications

XIV. ANNEX 5. EXPLANATORY GRAPH FOR THE STATEMENT OF CHANGES IN EQUITY

COUNTRY OF INCORPORATION: _____
 NAME OF REPORTING ENTITY: _____

STATEMENT OF CHANGES IN EQUITY (IAS 1.96)

This column is disclosed with negative sign in balance sheet, but in this chart its ending balance must be in absolute values (that is to say, it shall be positive). If disclosed with negative sign, all amounts must swap signs.

At least, this column will show the net profit of the year, which must be firstly

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IFRS paragraph	XBRL Taxonomy	CBSO code	Share capital CBSO-RF 50	Share premium CBSO-RF 51	Other reserves IFRS-GP 52	Treasury shares IFRS-GP 53	Retained earnings (accumulated losses) IFRS-GP 54/55	Minority interest (in net assets) IFRS-GP 56	TOTAL EQUITY IFRS-GP 50/56
I. BALANCE, END OF PERIOD N - 2	IFRS-GP	580							0
1. Prior period adjustments to equity, total	1.96.d IFRS-GP	581							0
II. RESTATED BALANCE, END OF PERIOD N - 2	IFRS-GP	582	0	0	0	0	0	0	0
1. Issuance of shares (all kind of issuances)	1.97.a CBSO-RF	583							0
2. (-) Capital reduction	1.97 IFRS-GP	584							0
3. Equity increase (decrease) resulting from a business combination	1.97.a IFRS-GP	585							0
4. Operations with treasury shares	CBSO-RF	586							0
5. Conversion of debt to equity	1.97 IFRS-GP	587							0
6. Remaining movements in equity not related to income or expenses	CBSO-RF	588							0
7. (-) Dividends	1.97, 32.35 CBSO-RF	589							0
8. Total recognised income and expense for the period	1.96.c CBSO-RF	590		0	0				0
8.1. Profit (loss) (before minority interest) (line 18 of income statement)	1.96.a, 1.81.f IFRS-GP	591							0
8.2. Net gains (losses) not recognized in income statement	1.97 IFRS-GP	592							0
8.2.1. Surplus (deficit) on revaluation of assets	1.97 IFRS-GP	593							0
8.2.2. Foreign currency exchange increase (decrease)	1.97, 21.30, 2 IFRS-GP	594							0
8.2.3. Fair value gains (losses) on available-for-sale financial assets	IFRS 7.20.a.ii CBSO-RF	595							0
8.2.4. Remaining income (expense) recognised directly in equity	CBSO-RF	599							0
III. BALANCE, END OF PERIOD N - 1	IFRS-GP	580	0	0	0	0	0	0	0
1. Prior period adjustments to equity, total	1.96.d IFRS-GP	581							0
II. RESTATED BALANCE, END OF PERIOD N - 2	IFRS-GP	582	0	0	0	0	0	0	0
1. Issuance of shares (all kind of issuances)	1.97.a CBSO-RF	583							0
2. (-) Capital reduction	1.97 IFRS-GP	584							0
3. Equity increase (decrease) resulting from a business combination	1.97.a IFRS-GP	585							0
4. Operations with treasury shares	CBSO-RF	586							0
5. Conversion of debt to equity	1.97 IFRS-GP	587							0
6. Remaining movements in equity not related to income or expenses	CBSO-RF	588							0
7. (-) Dividends	1.97, 32.35 CBSO-RF	589							0
8. Total recognised income and expense for the period	1.96.c CBSO-RF	590		0	0				0
8.1. Profit (loss) (before minority interest) (line 18 of income statement)	1.96.a, 1.81.f IFRS-GP	591							0
8.2. Net gains (losses) not recognized in income statement	1.97 IFRS-GP	592							0
8.2.1. Surplus (deficit) on revaluation of assets	1.97 IFRS-GP	593							0
8.2.2. Foreign currency exchange increase (decrease)	1.97, 21.30, 2 IFRS-GP	594							0
8.2.3. Fair value gains (losses) on available-for-sale financial assets	IFRS 7.20.a.ii CBSO-RF	595							0
8.2.4. Remaining income (expense) recognised directly in equity	CBSO-RF	599							0
V. BALANCE, END OF PERIOD N	IFRS-GP	580	0	0	0	0	0	0	0

These two lines are subtracting

These amounts must equal those in balance sheet for the previous year.

These amounts must equal those in balance sheet for the current year.

Profits allocated to reserves are included here with positive sign, offset by cell M22.

If profits are partially allocated to reserves, they shall be disclosed in this cell with negative sign.

Dividends to equity holders of the parents are included here (positive sign)

Profits allocated to reserves are included here with positive sign, offset by cell M44.

Thus, this line will equal line 18 in income statement, previous period

It must equal line 20 in income statement, for the previous period.

It must equal line 19 in income statement, for the previous period.

Thus, this line will equal line 18 in income statement, current period

It must equal line 20 in income statement, for the current period.

It must equal line 19 in income statement, for the current period.

Incomes and expenses recognized in equity and not belonging to the three previous lines must be included here (attention, only incomes and expenses). Other movements in equity must go to line 6.

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Document Management

Document name **Methodological note of the reduced format**
This document is created with the aim of becoming a user guide for the reduced format designed by this Working Group. First use of this document is expected to be in the work with real cases and the CBSO-RF taxonomy.

Release Doc4.4 - WGIII_mnreduced_2009F
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Revision History Each distributed document forms a "final version".
List of successive "final versions"

Revision version	Revision date	Summary of Changes
Doc4.4 - WGIII_mnreduced_2009 D1	05/06/2009	First draft of the document taking in to consideration changes in the formats approved in 2009.
Doc4.4 - WGIII_mnreduced_2009 D2	24/09/2009	Second version of the document, for approval in the meeting of Frankfurt.
Doc4.4 - WGIII_mnreduced_2009 F	15/10/2009	Final version of the document, approved by the III WG

Distribution This document has been distributed to:

Version	Date of issue	Name
Doc4.4 - WGIII_mnreduced_2009 D1	05/06/2009	Members of III WG.
Doc4.4 - WGIII_mnreduced_2009 D2	24/09/2009	Members of III WG
Doc4.4 - WGIII_mnreduced_2009 F	15/10/2009	Members of the III WG Members of the ECCBSO

Version management

Key dates: For each final version of the document, key dates for the national revisions or corrections
Name and date of revised document send by each member

Members	Draft		Revision		Approval
	Name	Date	Name	Date	Date
Austria			Sabine Wukovits		15/10/2009
Belgium			Camille Dümm		15/10/2009
France			Jean-Luc Cayssials		15/10/2009
Germany	Dominik Elgg	13/08/2009	Domink Elgg		15/10/2009
Italy			Vincenzo Favale		15/10/2009
Portugal			Ana Barbara Pinto		15/10/2009
Spain	Antonio Sánchez	05/06/2009	Antonio Sánchez Manuel Ortega	24/09/2009	15/10/2009