

## FRS 101 (Reduced Disclosures) Layout Limited

Report and Financial Statements

Year ended 31 December 2021

Company Number: 0123581

These financial statements have been prepared in accordance with FRS 101 (March 2018) and all subsequent amendments. The following amendments have been applied for the first time for the year ended 31 December 2021:

- The amendments issued in December 2020 - UK exit from the European Union
- The amendments to FRS 101 - 2020/21 cycle (May 2021)
- The amendments issued in March 2021 to IFRS 16 for Covid-19-related rent concessions beyond 30 June 2021
- The amendments issued in August 2020 to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 for Interest Rate Benchmark Reform – Phase 2

These financial statements also include the changes to the Companies Act and SI 2008/410, as amended by SI 2019/145, SI 2019/177 and SI 2019/685, arising from the UK exit from the European Union.

*FRS 101 (Reduced Disclosures) Layout Limited is an unlisted company so, amongst other things, is not required to publish:*

- *a Directors' Remuneration Report;*
- *EPS information (IAS 33:2); or*
- *Information on operating segments (IFRS 8:2)*

### PLEASE NOTE:

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances.

## FRS 101 (Reduced Disclosures) Layout Limited Introduction

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### INTRODUCTION

FRS 101 (Reduced Disclosures) Layout Limited has been prepared in accordance with FRS 101 (March 2018) and updated for amendments issued subsequently. Amendments that are effective for accounting periods beginning on or after 1 January 2021 have been highlighted in yellow within the guidance notes. FRS 101 (Reduced Disclosures) Layout Limited has also been updated for changes to company law as a result of Brexit which are effective from periods beginning on or after 1 January 2021 - these are also highlighted in yellow.

#### 1) Objective

This publication sets out examples of many of the presentation and disclosure requirements applicable for a UK company preparing its financial statements in accordance with FRS 101 '*Reduced Disclosure Framework*' and the Companies Act 2006. These example template financial statements illustrate the adoption of the disclosure exemptions from **UK-adopted IFRS<sup>1</sup>** for qualifying entities.

#### 2) The applicability of FRS 101 Reduced Disclosure Framework

The objective of FRS 101 is to set out the disclosure exemptions (a reduced disclosure framework) for the individual financial statements of subsidiaries, including intermediate parents, and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of **UK-adopted IFRS**.

FRS 101 is a voluntary framework, which can only be applied by 'qualifying' entities (see definition below) that previously used either **UK-adopted IFRS** or a form of UK GAAP.

Individual financial statements to which FRS 101 applies are accounts that are required to be prepared by an entity in accordance with the Companies Act 2006 (the Act) or other relevant legislation.

The reduced disclosures offered by FRS 101 **cannot** be applied to consolidated financial statements.

An entity using FRS 101 is prohibited from making the explicit and unreserved statement that its financial statements comply with **UK-adopted IFRS**.

#### 3) Qualifying entity

A qualifying entity is a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation.

**A charity is not** a qualifying entity and therefore may not apply FRS 101. [FRS 101 Appendix 1]

Entities which are required to apply 'Schedule 3 - Insurance companies' to the Regulations (or similar) and have contracts within the scope of IFRS 17 may not apply FRS 101 to periods beginning on or after 1 January 2023, or in the period they first apply IFRS 17 if earlier.

A qualifying entity which applies FRS 101 to its individual financial statements may take advantage of disclosure exemptions provided that (FRS 101 para 5):

- (a) deleted (requirement removed in Dec 2016)

[continued on next page]

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<sup>1</sup> Following the UK's exit from the European Union, references to 'EU-adopted IFRS' in FRS 101 have been changed to 'adopted IFRS' for accounting periods beginning on or after 1 January 2021. 'Adopted IFRS' is defined within FRS 101 as 'IFRS that has been adopted in the relevant jurisdiction' - For UK entities this refers to 'UK-adopted international accounting standards' (this is the term used within the Companies Act 2006). For the Republic of Ireland this refers to 'EU-adopted IFRS'. As these template accounts are presented for a UK company this document will refer only to UK-adopted international accounting standards ("UK-adopted IFRS", the term used within FRS 101).

## FRS 101 (Reduced Disclosures) Layout Limited Introduction

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### 3) Qualifying entity (continued)

- (b) It otherwise applies as its financial reporting framework the recognition, measurement and disclosure requirements of **UK-adopted IFRS**, but makes amendments to adopted IFRS requirements where necessary in order to comply with the Act and the Regulations. This is to ensure that the financial statements prepared by companies in accordance with this FRS, comply with the requirements of the Act and Regulations. The Application Guidance to this FRS sets out the amendments necessary to remove conflicts between **UK-adopted IFRS** and the Act and Regulations. For the avoidance of doubt, the Application Guidance is an integral part of this FRS and is applicable to any qualifying entity applying this FRS, including those that are not companies.
- (c) It discloses in the notes to its financial statements:
- (i) a brief narrative summary of the disclosure exemptions adopted; and
  - (ii) the name of the parent of the group in whose consolidated financial statements its financial statements are consolidated, and from where those financial statements may be obtained.

### 4) Example layout

The example financial statements covered in this publication is as follows:

- **FRS 101 (Reduced Disclosures) Layout Limited** - a UK qualifying subsidiary of an ultimate parent company which is incorporated under the Companies Act but prepares financial statements in accordance with **UK-adopted IFRS**. This company is both an active trading subsidiary and an intermediate parent company taking advantage of s400 Companies Act 2006 not to prepare consolidated financial statements.

This publication does not deal with the financial statements of:

- a qualifying entity that is a financial institution (such an institution does not get to take advantage of all of the reduced disclosures); or
- a qualifying entity that prepares financial statements under the reduced disclosure framework under FRS 102; or
- a first-time adopter of IFRS, therefore does not include IFRS 1 *First-time adoption of IFRS* disclosures.

### 5) Narrative Reporting

- The Companies Act requirements for narrative reporting for an entity reporting under FRS 101 are exactly the same as for a company reporting under FRS 102 and therefore this has not been replicated within these FRS 101 financial statements.
- There is a summary of the detailed UK Companies Act requirements on the [UK GAAP and Narrative Reporting](#) pages of the BDO website.

## **6) Effects of COVID-19**

COVID-19 has interrupted the movement of people and goods throughout the world, as well as affecting the profitability and long-term viability of many entities. While many jurisdictions have experienced improved an improved economic outlook in 2021, many jurisdictions and industries are still being affected significantly by the effects of COVID-19. This includes supply chain disruptions, changes in demand for goods and services as well as the uncertainty of future government imposed restrictions on operations.

The IASB amended IFRS 16 Leases in May 2020 to modify the requirements of that standard for lease modifications. Subsequently in March 2021, the IASB further amended IFRS 16 to extend the period of the practical expedient provided by the amendment in May 2020. The remaining requirements of IFRS have not changed as a result of COVID-19.

These illustrative financial statements reflect changes to the requirements of IFRS; however, they have not been modified to reflect common effects of COVID-19 (e.g. government grants, impairment, etc.). BDO Global has released an updated [COVID-19 supplement](#) to the 31 December 2021 illustrative IFRS financial statement, with examples of disclosures that may arise as a result of COVID-19, including, but not limited to:

- Going concern uncertainty;
- Impairment of financial and non-financial assets;
- Government assistance; and
- Modifications of financial liabilities.

For more information on the financial reporting implications of COVID-19, refer to [BDO's Global IFRS microsite](#).

## **7) Care in use of this publication**

Care needs to be taken as:

- This publication does not cover all of the disclosure requirements of the Companies Act and **UK-adopted IFRS** and as such references may be omitted where they are not relevant to this entity. Therefore this document should not be used as a disclosure checklist;
- Each company is different. This document acts only as a guide and is not authoritative in terms of what must be included in the financial statements of a particular company. Preparers must use their knowledge of the company in combination with judgement; and
- Example financial statements can increase the risk of unnecessary information (clutter) in financial statements. Only relevant disclosures should be included and these should be amended to be specific to the circumstances of the company.

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## FRS 101 (Reduced Disclosures) Layout Limited Introduction

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The following are examples of references to the source of the disclosures:

### UK References

s385	Section 385 of the Companies Act 2006
SI 2008/410	Statutory Instrument [year/number] SI 2008/410 is <i>The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008</i> .
Sch 1	Schedule 1 of SI 2008/410
Sch 1 (1)(3)	SI 2008/410 Schedule 1 paragraph 1 sub-paragraph 3
FRS 100	Application of Financial Reporting Requirements - as issued by the Financial Reporting Council in March 2018
FRS 101	FRS 101 Reduced Disclosure Framework - as issued by the Financial Reporting Council in March 2018
FRS 101:8	Paragraph 8 of FRS 101
TECH #/ #	ICAEW Technical Release [Number reference]

### IFRS References

IAS	International Accounting Standard
IFRS	International Financial Reporting Standard
IFRIC	Interpretation issued by IFRS Interpretations Committee
SIC	Interpretation made by Standing Interpretations Committee (of International Accounting Standards council now IASB)
IASB	International Accounting Standards Board

### Registrar's Rules

A full list of these rules is available on the [gov.uk website](http://gov.uk). Failure to comply will result in the accounts being rejected and, potentially, late filing charges being incurred. Please be aware that the old concession of allowing fourteen days to re-file defective accounts has been withdrawn.

Company name and registered number	The company name and registered number must be included on one of the balance sheet, directors' report, DRR or audit report.
Ink colour	Black, including any signatures.
Directors' signatures	The balance sheet must be signed on behalf of the board the directors
Auditor's signature	The copy of the accounts filed at Companies House does not have to be signed by the auditors (although there must be copies of the signed accounts available).
BDO Logo	Documents filed at Companies House should not contain any corporate logos. As such, the copy of the financial statements to be filed should have the BDO logo removed from the title page.

## **FRS 101 (Reduced Disclosures) Layout Limited**

### **Annual report and financial statements For the year ended 31 December 2021**

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#### **Directors:**

#### **Secretary and registered office**

#### **Company number**

#### **Auditors**

## **General financial statement presentation requirements**

### **1) Companies Act formats and additional disclosure notes**

In accordance with the Act, an entity may prepare Companies Act accounts or IAS accounts. Financial statements prepared under FRS 101 are 'Companies Act accounts' and therefore must comply with applicable requirements of the Act and any other relevant Accounting Regulations. The financial statements must be presented in accordance with the applicable statutory formats which can include additional disclosures not required by IFRSs.

FRS 101 (Reduced Disclosures) Layout Limited is a medium sized company and is therefore presented in accordance with the Act and the requirements set out within SI 2008/410 ('The Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008').

The general rules and formats for the profit and loss account and the balance sheet of a medium sized company are set out within Schedule 1 Part 1 of SI 2008/410. Under these regulations, a company is required to follow one of two formats for the profit and loss account and balance sheet. There is some flexibility to adapt these formats to allow a presentation in accordance with IAS 1. If a company chooses to present its profit and loss account in accordance with IAS 1 then it must also present 'profit or loss before taxation'.

These template financial statements are presented using Format 1 for the profit and loss account and balance sheet and hence are similar to those presented under FRS 102.

The Companies Act and the relevant Accounting Regulations also introduce a number of additional disclosures required within the financial statements. These template financial statements include these disclosures where necessary and the reference to the legislation is detailed in the guidance notes and [highlighted in blue](#), however this may not include all disclosures required under the Act and should not be used as a disclosure checklist.

**NOTE** - Although IAS 1 uses the term 'statement of financial position', other titles may be used as long as it is not misleading. In these illustrative financial statements this primary statement has been entitled the "Balance sheet" consistent with the terminology used in SI 2008/410. Companies may also use different names for the prescribed line items as long as the titles are not misleading and the information given is at least equivalent to that which would have been required by the use of the detailed company law formats (e.g. replacing 'stocks' with 'inventory').

### **2) FRS 101 disclosure exemptions**

FRS 101 paragraphs 5 to 9 set out a number of disclosure exemptions and the Application Guidance to FRS 101 (AG1) describes the amendments to **UK-adopted IFRS** that are necessary to achieve compliance with the Act and related regulations.

Where there is a change to IFRS or a disclosure exemption set out within FRS 101 the Guidance Notes within this document highlight any potential changes and references to FRS 101 in a green box.

However, this document only presents an illustrative set of financial statements and therefore only highlights certain exemptions if they are applicable. Please refer to Appendix 1 for a complete list of all disclosure exemptions within FRS 101 and whether or not they depend on equivalent disclosures being provided within the consolidated financial statements of the group in which the entity is consolidated.



## General financial statement presentation requirements - IAS 1 *Presentation of Financial Statements*

IAS 1:10	<p>A complete set of financial statements comprises:</p> <ul style="list-style-type: none"> <li>(a) a statement of financial position;</li> <li>(b) a statement of profit or loss and other comprehensive income;</li> <li>(c) a statement of changes in equity;</li> <li>(d) a statement of cash flows;</li> <li>(e) notes comprising significant accounting policies and other explanatory information; and</li> <li>(f) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A-40D.</li> </ul>
FRS 101:8(g)	A qualifying entity may take an exemption from the requirements of IAS 1:10 (d) and (f) above (i.e. an exemption from preparing a statement of cash flows and including a third balance sheet when a retrospective restatement is processed).
IAS 1:38-38A	Comparative information should be provided for all amounts presented in the financial statements unless IFRSs specifically permits or requires its omission (including narrative & descriptive information when it's relevant to an understanding of the current period's financial statements).
IAS 1:49	An entity shall clearly identify the financial statements and distinguish them from other information in the same published document.
IAS 1:51	<p>An entity shall clearly identify each component of the financial statements and notes. In addition the following information is to be presented prominently:</p> <ul style="list-style-type: none"> <li>(a) the name of the entity and any changes from the previous period;</li> <li>(b) whether the financial statements are of an individual entity or a group of entities;</li> <li>(c) the date of the end of the reporting period covered by the financial statements;</li> <li>(d) the presentation currency; and</li> <li>(e) the level of rounding</li> </ul>
IAS 1:138	<p>An entity shall disclose the following, if not disclosed elsewhere within the financial statements:</p> <ul style="list-style-type: none"> <li>(a) The domicile and legal form of the entity, its country of incorporation and the address of the registered office (or principal place of business if different from the registered office);</li> <li>(b) A description of the nature of the entity's operations and its principal activities;</li> <li>(c) The name of the parent and the ultimate parent of the group; and</li> <li>(d) If it is a limited life entity, information regarding the length of its life.</li> </ul>
Sch 1 1A(1) & (2)	<p>Paragraphs 1A(1) &amp; (2) of Schedule 1 to the regulations allow the company's directors to adapt one of the two balance sheet formats to distinguish between current and non-current items and to adapt one of the two profit and loss account formats provided that:</p> <ul style="list-style-type: none"> <li>(a) The information given is at least equivalent to that which would have been required by the use of such format had it not been adapted, and</li> <li>(b) The presentation is in accordance with generally accepted accounting principles or practice.</li> </ul>

## FRS 101 (Reduced Disclosures) Layout Limited Guidance notes

### Statement of profit or loss and other comprehensive income

IAS 1:10A	An entity may present a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections. Alternatively an entity may present the profit or loss section in a separate statement of profit or loss immediately preceding the statement presenting comprehensive income. FRS 101 (Reduced Disclosures) Layout Limited has presented a single statement as a matter of accounting policy choice.
IAS 1:81A	Specific sub-totals required for profit or loss, total other comprehensive income and comprehensive income for the period as set out in IAS 1:81A.
IAS 1:82	The profit and loss section shall include specific line items set out in IAS 1:82 in addition to items required by other IFRSs. <b>**see FRS 101 AG1(i) below**</b>
IAS 1:82A	The other comprehensive income section should present line items for the amounts of other comprehensive income (and separately the share of other comprehensive income of associates and joint ventures accounted for using the equity method) that: <ul style="list-style-type: none"> <li>(i) will not be reclassified subsequently to profit or loss; and</li> <li>(ii) will be reclassified subsequently to profit or loss when specific conditions are met.</li> </ul>
IAS 1:85	An entity shall present additional line items, headings and sub-totals if relevant to an understanding of the entity's financial performance. <b>**see FRS 101 AG1(i) below**</b>
FRS 101 AG1(i)	<p>A qualifying entity choosing to apply paragraph 1A(2) of Schedule 1 to the Regulations and adapt one of the Companies Act profit and loss account formats shall apply the relevant presentation requirements of IAS 1 <i>Presentation of Financial Statements</i>, and in addition shall disclose 'profit or loss before taxation'. A qualifying entity not permitted or not choosing to apply paragraph 1A(2) of Schedule 1 to the Regulations shall present the components of profit or loss in the statement of comprehensive income (in either the single statement or two statement approach) in accordance with the profit and loss account format requirements of the Act <u>instead</u> of paragraphs 82 and 85 to 86 of IAS 1.</p> <p>FRS 101 (Reduced Disclosures) Layout Limited is not adapting the Companies Act profit and loss account format (format 1) and therefore is not applying paragraphs 82 and 85 to 86 of IAS 1. Amongst other things this results in the entity <u>not</u> having to disclose impairment losses determined in accordance with section 5.5 of IFRS 9 as a separate line item on the face of the profit and loss account.</p>
FRS 101 AG1(j)	FRS 101 amends IAS 1:87 which specifically prohibits extraordinary items. A qualifying entity applying Schedule 1 to the Regulations (Companies Act formats) shall not present or describe any items as extraordinary. A qualifying entity applying Schedule 2 or 3 to the Regulations (i.e a banking or insurance company) may present extraordinary items using the guidance in FRS 101 AG1(j).
IFRS 5:33	Discontinued Operations: Disclose the post-tax profit or loss and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, along with an analysis into certain income statement categories as set out in IFRS 5:33.
FRS 101 AG1(g)	FRS 101 amends IFRS 5:33 for the presentation of discontinued operations such that FRS 101 <u>requires</u> the analysis to be presented on the face of the statement of comprehensive income in a column separately from continuing operations with a total column also presented (rather than being permitted to be shown in the notes).
IFRS 5:34	Prior period comparatives will be restated for current period discontinued operations.
IAS 1:90, 91	The amount of income tax relating to each item of other comprehensive income shall be disclosed either in the statement of profit or loss and other comprehensive income or in the notes. Items of other comprehensive income can be presented net of related tax effects or before tax effects with one amount shown for the aggregate of income tax.
IAS 1:99-100	An entity shall present an analysis of expenses based on either the nature or function within the entity. Example classifications are shown in IAS 1:102 and 103.

**FRS 101 (Reduced Disclosures) Layout Limited**  
**Statement of profit or loss and other comprehensive income**  
**for the year ended 31 December 2021**  
(single statement approach, analysed by function of expense)

	Note	Continuing operations 2021 £'000	Discontinued operations 2021 £'000	Total 2021 £'000	Continuing operations 2020 £'000	Discontinued operations 2020 £'000	Total 2020 £'000
Turnover	3/4						
Cost of sales							
<b>Gross profit</b>							
Distribution costs							
Administrative expenses							
Other operating income	6						
<b>Operating profit</b>	5						
Income from fixed asset investments							
<b>Profit before interest and tax</b>							
Interest receivable and similar income	10						
Interest payable and similar expenses	10						
<b>Profit before taxation</b>							
Taxation on profit	11						
<b>Profit for the year</b>							
<b>Other comprehensive income:</b>							
<b>Items that will not be reclassified subsequently to profit or loss:</b>							
Gain on property revaluation	15						
Tax relating to items that will not be reclassified	11						
<b>Items that may be reclassified subsequently to profit or loss:</b> [e.g. cash flow hedges]							
Tax relating to items that may be reclassified	11						
<b>Other comprehensive income for the year, net of tax</b>							
<b>Total comprehensive income</b>							

The notes on pages 18 to 106 form part of these financial statements.

## FRS 101 (Reduced Disclosures) Layout Limited Guidance notes

### Balance sheet

IAS 1:54	Paragraph 54 requires specific line items to be presented in the statement of financial position. <b>**see FRS 101 AG1(h) below**</b>
IAS 1:55	An entity shall present additional line items, headings and sub-totals in the statement of financial position if relevant to an understanding of the entity's financial position. <b>**see FRS 101 AG1(h) below**</b>
IAS 1:56	Deferred tax assets and liabilities must not be presented as current. <b>**see FRS 101 AG1(h) below**</b>
IAS 1:60	An entity shall present current and non-current assets and liabilities as separate classifications in accordance with paragraphs 66-76 except when a presentation based on liquidity provides more reliable and relevant information (subject to criteria and additional requirements). <b>**see FRS 101 AG1(h) below**</b>
IAS 1:61	Whichever method under IAS 1:60 is used, an entity shall disclose amounts expected to be recovered or settled after 12 months of reporting date. <b>**see FRS 101 AG1(h) below**</b>

FRS 101 AG1(h)	<p>A qualifying entity choosing to apply paragraph 1A(1) of Schedule 1 to the Regulations and adapt one of the Companies Act balance sheet formats shall apply the relevant presentation requirements of IAS 1 <i>Presentation of Financial Statements</i>. A qualifying entity not permitted or not choosing to apply paragraph 1A(1) of Schedule 1 to the Regulations shall comply with the balance sheet format requirements of the Act<sup>[1]</sup> <b>instead</b> of paragraphs 54 to 76B of IAS 1.</p> <p>FRS 101 (Reduced Disclosures) Layout Limited is not adapting the Companies Act balance sheet format (format 1) and therefore is not applying paragraphs 54-76B of IAS 1.</p>
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IAS 1:77, 78	An entity shall disclose further sub classifications of the line items presented, depending on the requirements of IFRSs and the size, nature and function of the amounts. This shall be presented either in the statement of financial position or the notes.
IFRS 5:38, 40	Specific line items required for assets held for sale and assets in disposal groups held for sale.

### Signatures

s414	<p>Approval and signing of accounts</p> <ol style="list-style-type: none"> <li>1) A company's annual accounts must be approved by the board of directors and signed on behalf of the board by a director of the company.</li> <li>2) The signature must be on the company's balance sheet.</li> </ol>
IAS 10:17	An entity shall disclose the date the financial statements were authorised for issue and who gave that authorisation.

### Registered number

s396 and s397	The company's registered number must be stated in the accounts. It is BDO policy to include the registered number on the front cover and on the balance sheet.
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[1] - An entity shall apply, as required by company law, either Part 1 General Rules and Formats of Schedule 1 to the Regulations; Part 1 General Rules and Formats of Schedule 2 to the Regulations; Part 1 General Rules and Formats of Schedule 3 to the Regulations; or Part 1 General Rules and Formats of Schedule 1 to the LLP Regulations.

**FRS 101 (Reduced Disclosures) Layout Limited**  
**Balance sheet**  
**at 31 December 2021**

<i>Company number 0123581</i>	<b>Note</b>	<b>2021 £'000</b>	<b>2021 £'000</b>	<b>2020 £'000</b>	<b>2020 £'000</b>
<b>Fixed assets</b>					
Intangible assets	14				
Tangible assets	15				
Investment properties	16				
Investments	17				
<b>Current assets</b>					
Stocks	18				
Debtors	19				
Cash at bank and in hand					
<b>Creditors: amounts falling due within one year</b>	20				
<b>Net current assets</b>					
<b>Total assets less current liabilities</b>					
<b>Creditors: amounts falling due after more than one year</b>	21				
<b>Provisions for liabilities</b>	23				
<b>Net assets</b>					
<b>Capital and reserves</b>					
Share capital	25				
Share premium account	26				
Revaluation reserve	26				
Profit and loss account	26				

The financial statements were approved by the Board of Directors and authorised for issue on [date] and were signed on its behalf by:

[name]  
**Director**

The notes on pages 18 to 106 form part of these financial statements.

## **Statement of changes in equity**

- IAS 1:106                    An entity shall present a statement of changes in equity showing in the statement:
- (a) total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests;
  - (b) for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with IAS 8; and
  - (c) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from:
    - (i) profit or loss;
    - (ii) other comprehensive income; and
    - (iii) transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.
- IAS 1:106A                For each component of equity, an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.
- IAS 1:107                An entity shall present, either in the statement of changes in equity or in the notes, the amount of dividends recognised as distributions to owners and the related amount of dividends per share. *[Dividend per share is disclosed in note 13]*

## **The Statement of changes in equity satisfies the disclosure requirements of SI 2008/410 in respect of reserves:**

- Sch 1 (59)                Give a reconciliation of all movements on reserves, in tabular form, showing:
- balance brought forward;
  - transfers to and from reserves;
  - source and application respectively of such transfers; and
  - balance carried forward.
- Sch 1 (35)(2)            Any revaluation reserve (for example, if a policy of revaluing tangible fixed assets other than investment property was followed) must be shown in the company's balance sheet under a separate sub-heading in the position given for the "revaluation reserve" in format 1 or 2, but need not be shown under that name.
- Sch 1 (43)                State:
- (a) any amount set aside or proposed to be set aside to, or withdrawn or proposed to be withdrawn from, reserves,
  - (b) the aggregate amount of dividends paid in the financial year (other than those for which a liability existed at the immediately preceding balance sheet date),
  - (c) the aggregate amount of dividends that the company is liable to pay at the balance sheet date, and
  - (d) the aggregate amount of dividends that are proposed before the date of approval of the accounts, and not otherwise disclosed under sub-paragraph (b) or (c). *[see note 13]*

FRS 101 (Reduced Disclosures) Layout Limited  
Statement of changes in equity  
For the year ended 31 December 2021

	Note	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
<b>At 1 January 2020</b>						
Profit for the year						
<i>Other comprehensive income for the year:</i>						
Gain on property revaluation	15					
Taxation in respect of other comprehensive income	11					
<b>Total comprehensive income for the year</b>						
<b>Contributions by and distributions to owners:</b>						
Transfer of excess depreciation on revalued buildings	15					
Dividends	13					
Share based payment charge	28					
Issue of share capital	25					
<b>Total contributions by and distributions to owners</b>						
<b>At 31 December 2021</b>						

The notes on pages 18 to 106 form part of these financial statements.

**Statement of changes in equity**

No further comments. See previous page for guidance.



FRS 101 (Reduced Disclosures) Layout Limited  
Statement of changes in equity  
For the year ended 31 December 2021

	Note	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
<b>At 1 January 2020</b>						
Profit for the year						
<i>Other comprehensive income for the year:</i>						
Gain on property revaluation	15					
Taxation in respect of other comprehensive income	11					
<b>Total comprehensive income for the year</b>						
<b>Contributions by and distributions to owners:</b>						
Transfer of excess depreciation on revalued buildings	15					
Dividends	13					
Share based payment charge	28					
Issue of share capital	25					
<b>Total contributions by and distributions to owners</b>						
<b>At 31 December 2020</b>						

The notes on pages 18 to 106 form part of these financial statements.

### General requirement for the Notes to the financial statements

IAS 1:112      The notes to the financial statements include the following information:

- Basis of preparation
- Specific accounting policies
- Information required by IFRSs that is not presented elsewhere
- Information that is not presented elsewhere in the financial statements, but is relevant to an understanding of the financial statements.

### Order of the notes

IAS 1:113      Notes are required to be presented in a systematic manner and cross referenced.

Sch 1 (42)(2)    The notes must be presented in the order in which, where relevant, the items to which they relate are presented in the balance sheet and in the profit and loss account.

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The accounting policies set out in these financial statements are included merely for illustrative purposes and should not be considered applicable to any specific case. Accounting policies should be drafted on a case by case basis so as to fully explain the specific significant policies applied.

#### General - basis of preparation

s396(A1)

An entity shall disclose:

- a) the part of the UK in which it is registered
- b) the company's registered number *[see balance sheet]*
- c) whether the company is a public or a private company and whether it is limited by shares or by guarantee
- d) the address of its registered office
- e) where appropriate, the fact that the company is being wound up

IAS 1:138(a), (b) If not disclosed elsewhere, an entity should also disclose its country of incorporation and a description of the nature of the entity's operation and its principal activities,

IAS 1:112(a) Present information about the basis of preparation.

IAS 1:51(b) State whether the financial statements are for an individual entity or a group of entities.

IAS 1:51(d), (e) Disclose the presentation currency and the level of rounding used in the financial statements.

BDO Comment	IAS 21 paragraphs 53 - 57 detail the disclosure requirements when the entity's presentation currency is different from its functional currency or where there is a change in the entity's functional currency.
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FRS 101:10	An entity preparing financial statements in accordance with FRS 101 shall state in the notes to the financial statements: "These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework". The financial statements prepared under FRS 101 do not comply with all the requirements of UK-adopted IFRS and shall not contain the unreserved statement required by IAS 1:16.
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#### Reduced disclosures under FRS 101

FRS 101:7A	On first time adoption of FRS 101, a qualifying entity shall apply the requirements of IFRS 1 paragraphs 6 to 33 EXCEPT for the requirements of paragraphs 6 and 21 to present an opening statement of financial position at the date of transition. References to IFRS in IFRS 1 shall be interpreted as references to UK-adopted IFRS as amended in accordance with paragraph 5(b) of this FRS.
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FRS 101:8	A qualifying entity may take advantage of a number of disclosure exemptions under FRS 101. See Appendix 1 for a full list of the exemptions provided within paragraphs 8(a) to 8(l).
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FRS 101:5(c)	These exemptions are available if it discloses in the notes: (i) a brief narrative summary of the disclosure exemptions adopted; and (ii) the name of the parent in whose group financial statements it is consolidated, and where these can be obtained <i>[see note 33]</i>
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BDO comment	FRS 101 (Reduced Disclosures) Layout Limited has applied some but not all of the exemptions available as they are not all relevant to these template financial statements. The specific disclosure exemptions taken should be tailored to the individual entity. See Appendix 1 for more details.
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## 1 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

### *Basis of preparation*

FRS 101 (Reduced Disclosures) Layout Limited is a private company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain properties, and in accordance with the Companies Act 2006. The presentation currency used is sterling and amounts have been presented in round thousands ("£'000s").

### *Disclosure exemptions adopted*

In preparing these financial statements the company has taken advantage of certain disclosure exemptions conferred by FRS 101 and has not provided:

- Additional comparative information as per IAS 1 *Presentation of Financial Statements* paragraph 38 in respect of:
  - a reconciliation of the number of shares outstanding at the start and end of the prior period; and
  - reconciliations of the carrying amounts of property, plant and equipment, intangibles assets and investment property at the start and the end of the prior period.
- A Statement of Cash Flows and related disclosures for cash flows from discontinued activities
- A statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead)
- Additional comparative information for narrative disclosures and information, beyond IFRS requirements
- Disclosures in relation to the objectives, policies and process for managing capital
- Disclosure of the effect of future accounting standards not yet adopted
- The remuneration of key management personnel
- Related party transactions with two or more wholly owned members of the group
- Certain disclosures required under IFRS 15 *Revenue from Contracts with Customers*, including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations
- The amount of lease income recognised on operating leases as lessor
- The maturity analysis of lease liabilities, as required by paragraph 58 of IFRS 16 *Leases*, has not been disclosed separately as details of indebtedness required by Companies Act has been presented separately for lease liabilities in note 21.

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of A Layout (International) Group Limited. These financial statements do not include certain disclosures in respect of:

- Share based payments - details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined as per paragraphs 45(b) and 46 to 52 of IFRS 2 *Share-Based Payment*.
- Financial Instrument disclosures as required by IFRS 7 *Financial Instruments: Disclosures*
- Fair value measurements - details of the valuation techniques and inputs used for fair value measurement of assets and liabilities as per paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*.

### Exemption from the requirement to prepare group accounts

Sch 4 (10)	The reason why the company is not required to prepare group accounts must be stated.
s400(2)(c) & s401(2)(d)	If the company is exempt from preparing group accounts under s400 or s401 then the notes must disclose this fact.

Note: s400 has been amended for accounting periods beginning on or after 1 January 2021 such that the consolidation exemption is only available for subsidiaries of UK parent entities (EEA parent entities for periods beginning before 1 January 2021). Subsidiaries of EEA parent entities may be able to apply the consolidation exemption available under s401 instead.

### New standards, interpretations and amendments effective

IAS 8:28	An entity shall make various disclosures in relation to the effect of the initial application of an IFRS on the entity's accounting policies.
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Note: The amendment to IFRS 16:46B which extends the Covid-19-related rent concessions beyond 30 June 2021 is effective for accounting periods beginning on or after 1 April 2021. Earlier application is permitted. FRS 101 (Reduced Disclosures) Layout Limited has applied this amendment early for the period ended 31 December 2021.

**1 Significant accounting policies *(continued)***

***Going concern***

*[Include company specific considerations of going concern, including matters such as how the impact and the expected future effects of Covid-19 have been factored into this.]*

***Exemption from preparation of consolidated financial statements***

The financial statements contain information about FRS 101 (Reduced Disclosures) Layout Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the UK consolidated accounts of A Layout (International) Group Limited.

***Judgements and key areas of estimation uncertainty***

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgement in applying the company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

***New standards, interpretations and amendments effective from 1 January 2021***

There were two amendments to existing standards which have been adopted by the company during the year ended 31 December 2021.

***Interest Rate Benchmark Reform - IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)***

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 January 2021. The amendments provide relief to the company in respect of certain loans (note 21) whose contractual terms are affected by interest benchmark reform.

Applying the practical expedient introduced by the amendments, when the benchmarks affecting the company's loans are replaced, the adjustments to the contractual cash flows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loans' benchmark interest rate will not result in an immediate gain or loss recorded in profit or loss, which may have been required if the practical expedient was not available or adopted.

As at 31 December 2021, the company expects the affected bank loans to transition to alternative interest rate benchmarks by the end of 2022.

***Covid-19-Related Rent concessions beyond 30 June 2021 (Amendments to IFRS 16).***

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

**New standards, interpretations and amendments effective**

No further comments. See previous page for guidance.

**New standards, interpretations and amendments not yet effective**

IAS 8:30 and 31	An entity shall make various disclosures in relation to a new IFRS standard that has been issued but is not yet effective.
FRS 101:8(i)	FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(i) not to disclose this information.

**Accounting policies**

IAS 1:117(a)      An entity shall disclose its significant accounting policies comprising the measurement basis used in preparing the financial statements.

IAS 1:117(b)      An entity shall disclose its significant accounting policies comprising the other accounting policies used that are relevant to an understanding of the financial statements (i.e. those for material items).

BDO Comment	Some IFRSs require the disclosure of accounting policies for specific items. These are included in this publication where appropriate.  All other accounting policies have been made in accordance with the general requirement of IAS 1:117(b), and with reference to the specific recognition and measurement requirements of the applicable IFRS(s).
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1 Significant accounting policies (*continued*)

***New standards, interpretations and amendments effective from 1 January 2021 (continued)***

***Covid-19-Related Rent concessions beyond 30 June 2021 (Amendments to IFRS 16) (continued)***

In the annual financial statements for the year ended 31 December 2020, the company had elected to utilise the practical expedient for all rent concessions that met the criteria.

Accounting for the rent concessions as lease modifications would have resulted in the company remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the company was not required to determine a revised discount rate and the effect of the change in the lease liability was reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurred.

On 31 March 2021, the IASB issued another amendment to IFRS 16: *Covid-19-Related Rent Concessions beyond 30 June 2021*, which extended the above practical expedient to reductions in lease payments that were originally due on or before 30 June 2022. This amendment is effective for annual periods beginning on or after 1 April 2021 with earlier application permitted. The amendment is to be applied mandatorily by those entities that have elected to apply the previous amendment *COVID-19-Related Rent Concessions*. Accordingly, the company has applied the amendment *Covid-19-Related Rent Concessions beyond 30 June 2021* in the current annual financial statements.

During the prior period the company had negotiated several rent concessions with lessors, all of which only affected payments originally due on or before 30 June 2021. As a result, there were no ineligible rent concessions which were accounted for as lease modifications during the year ended 31 December 2020.

During the year ended 31 December 2021, the company has entered into additional rent concessions that satisfy the criteria for the application of the extended practical expedient. The company has applied the practical expedient to these rent concessions.

The effect of applying the practical expedient is disclosed in note 22.

## Revenue

BDO comment	<p>Like all of the accounting policies set out in these illustrative financial statements, the revenue policy needs to be tailored to the particular circumstances of the entity concerned, focussing particularly on the more judgemental aspects of revenue recognition.</p> <p>The length of the policy may vary considerably depending on the number and complexity of activities the company is engaged in. An accounting policy should be included for each significant source of revenue.</p>
IFRS 15 disclosures	<p>There are a number of disclosure exemptions from the requirements of IFRS 15 set out within FRS 101 (see below). However, an entity will still have to include an accounting policy in accordance with IAS 1:117 to IAS 1:121 and disclose any significant judgements and estimates made in the application of the accounting policy in accordance with IAS 1:122 and IAS 1:125.</p> <p>As a result, although FRS 101 exempts an entity from specific revenue disclosures, additional narrative may still be required in order to ‘assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position’ (IAS 1:119).</p>
IFRS 15:119	<p>An entity shall disclose information about its performance obligations in contracts with customers, including a description of all of the following:</p> <p>(d) obligations for returns, refunds and other similar obligations; and (e) types of warranties and related obligations.</p>
FRS 101:8(eA)	<p>An entity applying FRS 101 is exempted from the disclosure requirements set out in the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15.</p> <p>FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of this exemption. As a result only IFRS 15:119 (d) and (e) are noted above. For a full list of IFRS 15 disclosure requirements and an additional example of a revenue accounting policy please see the <a href="#">IFRS illustrative accounts</a> on the BDO website.</p>

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**1 Significant accounting policies (*continued*)****Revenue***Performance obligations and timing of revenue recognition*

The majority of the Company's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

A small minority of contracts are negotiated on a bill and hold basis. In such arrangements revenue is recognised even though the Company still has physical possession only if:

- the arrangement is substantive (i.e. requested by the customer);
- the finished goods have been identified separately as belonging to the customer;
- the product is ready for physical transfer to the customer; and
- FRS 101 (Reduced Disclosures) Layout Limited does not have the ability to use the product to direct it to another customer.

Some goods sold by the Company include warranties which require the Company to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. On some product lines, a customer is able to take out extended warranties. These are accounted for as separate performance obligations, with the revenue earned recognised on a straight-line basis over the term of the warranty.

The Company has a small division which carries out design (consultancy-type) services for clients, with revenue recognised typically on an over time basis. This is because the designs created have no alternative use for the Company and the contracts would require payment to be received for the time and effort spent by the Company on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the Company's failure to perform its obligations under the contract. On partially complete design contracts, the Company recognises revenue based on stage of completion of the project which is estimated by comparing the number of hours actually spent on the project with the total number of hours expected to complete the project (i.e. an input based method). This is considered a faithful depiction of the transfer of services as the contracts are initially priced on the basis of anticipated hours to complete the projects and therefore also represents the amount to which the Company would be entitled based on its performance to date.

*Determining the transaction price*

Most of the company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Exceptions are as follows:

- Some contracts provide customers with a limited right of return. These relate predominantly, but not exclusively, to online sales direct to consumers. Historical experience enables the company to estimate reliably the value of goods that will be returned and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when goods are returned.

**Revenue**

No further comments. See previous page for guidance.

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**1 Significant accounting policies *(continued)******Revenue (continued)******Determining the transaction price (continued)***

- For one key customer, the company accepts orders and is paid up to 2 years in advance of delivering the products. The company measures the amount of revenue to recognise on delivery of the goods by calculating a financing component at the interest rate that would have applied had the company borrowed the funds from its customer.
- Variable consideration relating to volume rebates has been constrained in estimating contract revenue in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the amount of volume rebates has been determined.

***Allocating amounts to performance obligations***

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the Company is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Most extended warranties are sold on the Company's behalf by retailers when the end customer buys one of the Company's products from the retailer. There is therefore also no judgement required for determining the amounts received for extended warranties in retail sales - it is the price charged to the purchaser of the warranty. (From the company's perspective, the contract with the end customer for the warranty is separate from the contract with the retailer for the original sale of the goods). The price of extended warranties charged in retail sales provides a basis for determining the relative standalone selling price of the goods and warranty in non-retail sales.

In order to win significant repeat business with key customers, the Company might enter into contracts entitling them to discounts if it places repeat orders in the future. Such discounts constitute a 'material right' and result in some of the consideration received for the initial sale being deferred and recognised as revenue when subsequent sales are fulfilled or (if later) when the rights to receive a discount expire. The Company estimates both the probability that the customer will take up its future discount offer and the value of future purchases that might be made in order to estimate the value of the rights granted. This has to be done on a contract-by-contract basis for each customer to whom material rights have been granted. The Directors do not consider past experience an appropriate basis for estimating the amount of total contract revenue to allocate to future discount rights for two reasons. Firstly, there is not a significant number of such contracts on which past experience can be extrapolated. And secondly, each customer has unique circumstances which will impact both the probability and value of additional orders being placed. Therefore, the estimates are made by reference to discussions had with the relevant customers as to the extent the discount options will be taken up when the original contracts were negotiated.

***Costs of obtaining long-term contracts and costs of fulfilling contracts***

Incremental commissions paid to sales staff for work in obtaining design contracts of periods longer than one year are recorded in prepayments and amortised based on the stage of completion of the contract, i.e. in the same pattern as revenue is recognised (see above). No judgement is needed to measure the amount of costs of obtaining contracts - it is the commission paid.

**Investment property**

IAS 40:75(a)            Disclose whether the entity applies the fair value model or cost model in measuring investment property.

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**1 Significant accounting policies (*continued*)*****Revenue (*continued*)***

The costs of fulfilling contracts do not result in the recognition of a separate asset because:

- such costs are included in the carrying amount of inventory for contracts involving the sale of goods; and
- for service contracts, revenue is recognised over time by reference to the stage of completion meaning that control of the asset (the design service) is transferred to the customer on a continuous basis as work is carried out. Consequently, no asset for work in progress is recognised.

***Practical expedients***

The company has taken advantage of the practical expedients:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- to expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

***Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)***

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable, or annually for goodwill. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs').

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised (except for goodwill) is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply. Any impairment of goodwill is not reversed.

***Investment property***

The company's investment property is revalued annually to open market value, with changes in the carrying value recognised in profit or loss.

Rent receivable is recognised on a straight-line basis over the period of the lease. Where an incentive (such as a rent free period) is given to a tenant, the carrying value of the investment property excludes any amount reported as a separate asset as a result of recognising rental income on this basis.

### Externally acquired intangible assets

IAS 38:118(a), (b)      Disclose useful lives and amortisation methods.

### Development costs

Sch 1 (21)(2)      The period over which the amount of development costs capitalised is being written off and the reasons for capitalising the development costs in question must be disclosed.

s844 and TECH  
02/17BL:2.38      Where development costs are shown or included as an asset in a company's accounts, any amount shown or included in respect of those costs is treated as a realised loss unless the directors decide that there are special circumstances for not doing so. This exception would be the case if the costs are carried forward in accordance with applicable accounting standards. The justification must be disclosed in the notes to the accounts.

### Useful lives of intangible assets

Sch 1 (22) (2) and  
(4)      Where in exceptional cases the useful life of intangible assets cannot be reliably estimated, such assets must be written off over a period chosen by the directors, which shall not exceed 10 years.

In such cases, the period chosen by the directors and the reasons for choosing that period must be disclosed in a note to the accounts.



**Notes forming part of the financial statements  
for the year ended 31 December 2021 *(Continued)***

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***Externally acquired intangible assets***

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

The significant externally acquired intangibles recognised by the company and their useful economic lives are as follows:

Trademarks	x years
Licences	x years

***Internally generated intangible assets (development costs)***

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the company is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are subsequently amortised on a straight line basis over the periods the company expects to benefit from selling the products developed, which ranges from [x] to [x] years. The amortisation expense is included within the cost of sales line *[or administrative expenses, please amend as appropriate]* in the statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the statement of comprehensive income as incurred.

**Tangible fixed assets**

- IAS 16:73(a)-(c)      Disclose for each class of property, plant and equipment:
- (a) Measurement bases for determining the gross carrying amount
  - (b) Depreciation methods used
  - (c) Useful lives or the depreciation rates used.

**Stocks**

- IAS 2:36(a)      Disclose the accounting policy adopted in measuring inventories, including the cost formula used.

**1 Significant accounting policies (*continued*)*****Tangible fixed assets (excluding investment properties)***

Tangible fixed assets are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	-	x% per annum straight line
Plant and machinery	-	x% per annum straight line
Motor vehicles	-	x% per annum straight line
Computer equipment	-	x% per annum straight line

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The excess depreciation on revalued freehold buildings, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when freehold land and buildings are expensed through the statement of comprehensive income (e.g. through depreciation, impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised within 'Other income' in the income statement.

***Investments in subsidiaries***

Investments in subsidiaries are carried at cost less any provision for losses arising on impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

***Stocks***

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work-in-progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

## Financial assets and liabilities

IFRS 7:21, B5	<p>Paragraph 21 requires disclosure of the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements. For financial instruments, such disclosure may include:</p> <ul style="list-style-type: none"> <li>(a) for financial liabilities designated as at fair value through profit or loss: <ul style="list-style-type: none"> <li>(i) the nature of the financial liabilities the entity has designated as at fair value through profit or loss;</li> <li>(ii) the criteria for so designating such financial liabilities on initial recognition; and</li> <li>(iii) how the entity has satisfied the conditions in paragraph 4.2.2 of IFRS 9 for such designation.</li> </ul> </li> <li>(aa) for financial assets designated as measured at fair value through profit or loss: <ul style="list-style-type: none"> <li>(i) the nature of the financial assets the entity has designated as measured at fair value through profit or loss; and</li> <li>(ii) how the entity has satisfied the criteria in paragraph 4.1.5 of IFRS 9 for such designation.</li> </ul> </li> <li>(b) [deleted]</li> <li>(c) whether regular way purchases and sales of financial assets are accounted for at trade date or at settlement date (see paragraph 3.1.2 of IFRS 9).</li> </ul>
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FRS 101:8(d)	<p>FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(d) not to disclose information required in accordance with IFRS 7 (subject to the BDO comment below in relation to the accounting policy). This exemption is only allowed if equivalent disclosures are provided within the consolidated accounts in which the entity is consolidated.</p>
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BDO comment	<p>FRS 101 allows for a complete exemption from IFRS 7 disclosure requirements for a non-financial institution (subject to certain Companies Act disclosures). However, an entity will still have to include an accounting policy in accordance with IAS 1:117 to IAS 1:121 and disclose any significant judgements and estimates made in the application of the accounting policy in accordance with IAS 1:122 and IAS 1:125.</p> <p>As a result, additional narrative may still be required in order to ‘assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position’ (IAS 1:119).</p>
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**1 Significant accounting policies (*continued*)*****Financial assets***

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company's accounting policy for each category is as follows:

***Fair value through profit or loss***

The company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

***Amortised Cost***

These assets arise principally from the provision of goods and services to customers (eg trade debtors), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade debtors are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade debtors is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade debtors. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the company elects to renegotiate the terms of trade debtors due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

The company's financial assets measured at amortised cost comprise trade and other debtors and cash and cash equivalents in the balance sheet. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within 'Creditors: amounts falling due within one year' on the balance sheet.

**Financial assets and liabilities**

No further comments. See previous page for guidance.

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**1 Significant accounting policies (*continued*)*****Financial liabilities***

The company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The company does not have any liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss. The company's accounting policy for each category is as follows:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade creditors and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

***Share capital***

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

***Dividends payable***

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

***Provisions***

The company has recognised provisions for liabilities of uncertain timing or amount including those for warranty claims, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

Provisions for dilapidation costs are recognised on a lease-by-lease basis taking into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

**Leases**

IFRS 16:60

If a lessee accounts for short-term leases or leases of low-value assets applying paragraph 6 of IFRS 16 (i.e. by not recognising a lease liability and corresponding right-of-use asset), disclose that fact.



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**1 Significant accounting policies (*continued*)*****Leases******Identifying Leases***

The company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The company obtains substantially all the economic benefits from use of the asset; and
- (c) The company has the right to direct use of the asset.

The company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the company obtains substantially all the economic benefits from use of the asset, the company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the company has the right to direct use of the asset, the company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

***Lease Measurement***

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

**Leases - COVID-19-related rent concessions**

See note 22 for guidance notes

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**1 Significant accounting policies (*continued*)*****Leases (continued)***

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations - see note 23)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.
- During the current and prior year the company has received rent concessions on a number of the leased properties. As discussed in note 22, the company has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that meet the following criteria:
  - the change in lease payments results in revised consideration for the lease that substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
  - there is no significant change to other terms and conditions of the lease.

For contracts that both convey a right to the company to use an identified asset and require services to be provided to the company by the lessor, the company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

**Foreign currency**

Sch 1(70)

Where any sums originally denominated in foreign currencies have been brought into account under any items shown in the balance sheet format or profit and loss account formats, the basis on which those sums have been translated into sterling (or the currency in which the accounts are drawn up) must be stated.

**Share based payments**

IFRS 2:46

Disclose how the fair value of the goods or services received, or the fair value of the equity instruments granted, is determined.

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**1 Significant accounting policies (*continued*)*****Foreign currency***

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling', which is also the company's functional currency.

Transactions entered into by the company in a currency other than the functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

***Discontinued operations***

A discontinued operation is a component of the company that has either been disposed of or meets the criteria to be classified as held for sale and represents a separate major line of business or geographical area of operations or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

The results of discontinued operations are analysed separately from continuing operations in a columnar format on the face of the statement of comprehensive income. The results of all operations are presented in total.

The results of discontinued operations include the post-tax profit or loss on the discontinued operation along with the post-tax gain or loss recognised on the re-measurement of the non-current assets of the discontinued operation to fair value less costs to sell, and the consequent gain or loss on the disposal of the discontinued operation.

***Share-based payments***

The company operates a share based compensation plan whereby employees are awarded equity settled share options by the parent company for services provided to this company. The company has no obligation to settle the awards.

The fair value of the options at the date of grant is charged to profit or loss over the vesting period with a corresponding entry in retained earnings. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with the fair value of goods and services received.

No further comments.

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**1 Significant accounting policies (*continued*)*****Current and deferred taxation***

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised on temporary differences where the carrying amount of an asset or liability differs from its tax base, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries and the company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

***Retirement benefits: Defined contribution schemes***

Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate.

***Retirement benefits: Defined benefit schemes***

FRS 101 (Reduced Disclosures) Layout Limited participates in the A Layout (International) Group Limited defined benefit plan. There is no contractual agreement or stated policy for charging the net defined benefit cost between group entities and therefore contributions to the defined benefit plan are recognised in profit or loss in the year to which they relate.

**Critical accounting judgements and estimates**

IAS 1:125                      Disclose significant key assumptions concerning the future, and other key sources of estimation uncertainty.

IAS 1:122                      Disclose significant judgements management has made in applying the entity's accounting policies.

BDO Comment	<p>The areas identified and disclosed in response to the above requirement are specific to the financial statements of FRS 101 (Reduced Disclosures) Layout Limited and are shown for illustrative purposes only.</p> <p>Other entities are likely to identify different areas where critical estimates and judgements have to be made and appropriate disclosure of these areas will be required. <b><u>These disclosures must be tailored to the particular circumstances of the entity concerned.</u></b></p>
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## 2 Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The company has not made any significant judgements when applying the accounting policies.

The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### *Estimates and assumptions*

- (a) Revenue recognition - provision of rights to return goods if customers are dissatisfied  
The company has recognised revenue amounting to £XXX for sales of goods to Timmy's Toys Ltd in the UK during 2021. The buyer has the right to return the goods if its own customers are dissatisfied with the products. The company believes that, based on past experience with similar sales, the dissatisfaction rate will not exceed 2%. Therefore, the company considers that it only retained insignificant risks of ownership and has therefore recognised revenue on this transaction with corresponding provision against revenue for estimated returns. If the estimate changes by 1%, revenue would be reduced/increased by £XXX.
- (b) Useful lives of property, plant and equipment  
Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly. The carrying amount of property, plant and equipment by each class is included in note 14 and details of the useful lives are included within the accounting policy.
- (c) Useful lives of intangible assets  
Intangible assets are amortised over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue. These estimates are reviewed at least annually and changes to these estimates can result in significant variations in the carrying value and amounts charged to profit or loss. The carrying amount of intangible assets by each class is included in note 13 and details of the useful lives are included within the accounting policy.
- (d) Legal proceedings - estimates of claims and legal processes. See note 23 and 30 for details.
- (e) Incremental borrowing rate used to measure lease liabilities  
Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee's incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities (note 22) and the corresponding right-of-use assets (note 15).

To determine the incremental borrowing rate the company uses recent third-party financing as a starting point, and adjusts this for conditions specific to the lease such as its term and security.

The company used incremental borrowing rates specific to each lease which ranged between x% and x%. A xxx increase/(decrease) in the rate would cause the lease liability to (reduce)/increase by £x with a corresponding movement in the 'cost' of the right-of-use asset which would increase/(reduce) the associated amortisation.

No further comments. See previous page for guidance.

## 2 Critical accounting estimates and judgements (*continued*)

### *Fair value measurement*

A number of financial assets and financial liabilities of the company financial statements require measurement at fair value.

The fair value measurement of the company's financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

Transfers of items between levels are recognised in the period they occur.

The company measures a number of items at fair value.

- Revalued land and buildings - Property, Plant and Equipment (note 15)
- Investment property (note 16)

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

*Note: Where an entity applies FRS 101 and takes the exemptions within paragraphs 8 (d) and (e) from the disclosure requirements of IFRS 7 and IFRS 13 certain specific disclosures are still required in accordance with the Act and Regulations (see appendix 1). The example disclosures in these accounts are intended as a guide only on the basis that various companies have different financial instruments, transactions and balances (FRS 101:8 (d) and (e) footnote 4)*

**Analysis of turnover - Companies Act requirements**

IFRS 15:114	Disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. An entity shall apply the guidance in paragraphs B87-B89 when selecting the categories to use to disaggregate revenue.
FRS 101:8(eA)	FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(eA) not to disclose this information, HOWEVER see Companies Act requirement section below which will still need to be complied with.

- Sch 1 (68)
- (1) State the turnover attributable to each class of business and describe the class. The classes will probably be the “principal activities” disclosed elsewhere.
- (2) State the turnover attributable to each geographic market. (It is assumed that this means market by destination.)
- ...
- (5) Information need not be disclosed if it would be seriously prejudicial to the company, but that fact must be stated.

*Note - Sch 1 (68)(1) refers to regulation 4(3)(b) for medium sized exemptions, however regulation 4(3)(b) no longer exists.*

Notes forming part of the financial statements  
for the year ended 31 December 2021 *(Continued)*

### 3 Analysis of turnover

An analysis of the company's turnover by class of business is set out below:

	2021 £'000	2020 £'000
Class of business - type 1		
Class of business - type 2		
Class of business - type 3		

An analysis of the company's turnover by geographical market is set out below:

	2021 £'000	2020 £'000
Country A		
Country B		
Country C		
Country D		
Other		

## Revenue from contracts with customers

FRS 101:8(eA)	FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(eA) not to disclose the following information required by IFRS 15 <i>Revenue from Contracts with Customers</i> : <ul style="list-style-type: none"> <li>the second sentence of paragraph 110</li> <li>paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129. See Appendix 1 for details of disclosures that have been excluded.</li> </ul>
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IFRS 15:113(b)	Disclose any impairment losses recognised (in accordance with IFRS 9) on any receivables or contract assets arising from an entity's contracts with customers separately from impairment losses from other contracts.
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BDO Comment	FRS 101 (Reduced Disclosures) Layout Limited has disclosed details of impairment losses on trade receivables in note 5.
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IFRS 15:116	Disclose all of the following: <ol style="list-style-type: none"> <li>the opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed;</li> <li>revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period; and</li> <li>revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price).</li> </ol>
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BDO Comment	IFRS 15:116(a) requires disclosure of receivables (as distinct from contract assets) arising from contracts with customers at the beginning and end of the period. The balance of trade receivables at the end of each period (and hence also the start of the current period) is disclosed in note 19, but not at the beginning of the comparative period. This requirement to disclose the amount of trade receivables at the start of the comparative period introduced by IFRS 15 is disclosed here but might be more sensibly placed in note 19.
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IFRS 15:117	An entity shall explain how the timing of satisfaction of its performance obligations (see paragraph 119(a)) relates to the typical timing of payment (see paragraph 119(b)) and the effect that those factors have on the contract asset and the contract liability balances. The explanation provided may use qualitative information.
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IFRS 15:128	Disclose all of the following: <ol style="list-style-type: none"> <li>the closing balances of assets recognised from the costs incurred to obtain or fulfil a contract with a customer (in accordance with paragraph 91 or 95), by main category of asset (for example, costs to obtain contracts with customers, pre-contract costs and setup costs); and</li> <li>the amount of amortisation and any impairment losses recognised in the reporting period.</li> </ol>
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BDO Comment	Incremental costs to obtain a contract might be presented as its own asset category, classified as current or non-current as appropriate. In FRS 101 (Reduced Disclosures) Layout Limited, the amount is included within current assets as a prepayment.
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Notes forming part of the financial statements  
for the year ended 31 December 2021 *(Continued)*

**4 Revenue from contracts with customers**

*Contract Balances*

	Contract Assets 2021 £'000	Contract Assets 2020 £'000	Contract Liabilities 2021 £'000	Contract Liabilities 2020 £'000
<b>Balance as at 1 January</b>	=====	=====	=====	=====
<b>Balance as at 31 December</b>	=====	=====	=====	=====
In addition, the following information is provided for contract assets and liabilities:				
(i) Impairment of contract assets	=====	=====	=====	=====
(ii) Amounts included in contract liabilities that were recognised as revenue during the period	=====	=====	=====	=====
(iii) Amounts recognised from performance obligations satisfied in previous periods	=====	=====	=====	=====

Contract assets and contract liabilities are included within “debtors” and “creditors” respectively on the face of the balance sheet. They arise from the company’s small design division, which enters into contracts that can take a few years to complete, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

The impairment of contract assets during the period arose as a result of one customer entering liquidation prior to the company having the right to invoice for work done to date.

Interest arose on the contract for which the company is paid up to 2 years in advance of delivery.

The balance of trade receivables at 1 January 2020 was £xxx.

The amount of incremental costs to obtain a contract which have been recognised as an asset is £xxx (2020 - £xxx) and the amount of costs recognised as an expense in the period is £xxx (2020 - £xxx). No amount has been impaired in 2021 or 2020.

**FRS 101 (Reduced Disclosures) Layout Limited**  
**Guidance notes**

**Expenses by nature**

IAS 1:104 If expenses are classified by function, disclose additional information of expenses by nature.

BDO Comment	IAS 1:104 does not require a full analysis of expense by their nature. The level of detail included in note 5 is greater than is strictly required. Some items included here are as a result of disclosure requirements noted elsewhere.
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IAS 1:97 Separate disclosure of material items of expense.

Co Act comment	This disclosure is consistent with the requirement to disclose the amount, nature and effect of income and expenditure which are of exceptional size or incidence in accordance with Sch 1(69) (2)
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IAS 20:39(b) Disclose the nature and extent of government grants separately from other forms of government assistance (*not applicable for these template accounts*).

IAS 16:74(d) Disclose compensation relating to items of property, plant and equipment that were impaired, lost, or given up.

IAS 2:36(d) Disclose inventories recognised as an expense.

IAS 2:36(e) Disclose the write-down of any inventories to fair value less costs to sell.

IAS 21:52(a) Disclose foreign exchange differences recognised in profit or loss (except from financial instruments measured at fair value through profit or loss).

IAS 38:126 Disclose research and development costs.

IAS 40:76(d) Disclose net gains/losses on investment properties at fair value.

IFRS 15:113(b) Disclose any impairment losses recognised (in accordance with IFRS 9) on any receivables or contract assets arising from an entity's contracts with customers separately from impairment losses from other contracts.

IAS 1:82(ba) The profit or loss section or the statement of profit or loss shall include line items for: (ba) impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Section 5.5 of IFRS 9.

Co Act comment	This disclosure was not given on the face of the income statement as the FRS 101 AG1(i) exemption was taken. It is disclosed in this note to comply with the requirement to disclose the amount, nature and effect of expenditure which are of exceptional size or incidence in accordance with Sch 1(69) (2), and IFRS 15:113(b) requirements (see p47).
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IAS 1:104 Disclose employee benefit expenses.

**NOTE - See next guidance notes page for disclosure in relation to fixed assets and right-of-use assets**

**Other operating income**

IAS 40:75(f) Disclose specific items recognised in profit or loss, including rental income from investment properties.

IFRS 16:90(b)	A lessor shall disclose for operating leases, lease income, separately disclosing income relating to variable lease payments that do not depend on an index or a rate.
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FRS 101:8(eB)	FRS 101 provides an exemption from this requirement, so the split has not been given but total rental income has in order to comply with IAS 40.
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Notes forming part of the financial statements  
for the year ended 31 December 2021 (Continued)

**5 Operating profit**

	2021 £'000	2020 £'000
Staff costs (Note 8)		
(Profit)/loss on disposal of property, plant and equipment		
Impairment of trade debtors		
Impairment of contract assets		
Depreciation of property, plant and equipment		
Impairment of property, plant and equipment <sup>1</sup>		
Amortisation of intangible assets <sup>1</sup>		
Impairment of intangible assets <sup>1</sup>		
Depreciation of right-of-use assets <sup>3</sup>		
Inventory recognised as expense		
Impairment of stocks <sup>2</sup>		
Fair value adjustments on investment property		
Research and development costs expensed		
Foreign exchange (gains)/losses		
Rent concessions (note 22)		
Short-term lease expense		
Low value lease expense		
Expense relating to variable lease payments not included in the measurement of lease liabilities		
Audit fees (Note 7)		

<sup>1</sup> Amortisation and impairment charges on the company's intangible assets are recognised within administrative expenses. Impairment charges on the company's property, plant and equipment are also included within administrative expenses.

<sup>2</sup> Impairment charges on stocks are recognised within cost of sales.

<sup>3</sup> Depreciation charges on the company's right-of-use assets are recognised within cost of sales (£xxx) and administrative expenses (£xxx).

**6 Other operating income**

Other operating income arises mainly from the investment properties the Group maintains (see note 16). Since this is not considered to be part of the main revenue generating activities, the company presents this income separately from revenue.

	2021 £'000	2020 £'000
Rental income from investment property		
Other		
	_____	_____
	=====	=====

## Expenses by nature *(continued)*

### Fixed assets

IAS 38:118(d) IAS 1:104	Disclose amortisation of intangible assets, and the line item(s) within which they are included.
IAS 1:104	Disclose depreciation of property, plant and equipment.
IAS 36:126(a)	Disclose impairment losses on non-financial assets, and the line item(s) within which they are included.
Co Act comment	This disclosure is consistent with the requirement to disclose the charges for depreciation and diminution in value for each class of fixed asset in accordance with Sch 1 P&L format note 17.

### Right of-use assets

IFRS 16:52	A lessee shall disclose information about its leases for which it is a lessee in a single note or separate section in its financial statements.
FRS 101:8(eB)	FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(eB) from the requirement to disclose information about leases in a single note.  As a result, the disclosures required by IFRS 16:53 (a), (b), (g), (h) and (j) below are disclosed in notes 10, 15 and 22. FRS 101 (Reduced Disclosures) Layout Limited has not entered into any sale and leaseback transactions in the current or prior period.

IFRS 16:53 IAS 1:104	Disclose the following amounts for the reporting period <i>[see box above for red highlighted disclosures]</i> :  <ul style="list-style-type: none"> <li>(a) depreciation charge for right-of-use assets by class of underlying asset;</li> <li>(b) interest expense on lease liabilities;</li> <li>(c) the expense relating to short-term leases accounted for applying paragraph 6. This expense need not include the expense relating to leases with a lease term of one month or less;</li> <li>(d) the expense relating to leases of low-value assets accounted for applying paragraph 6. This expense shall not include the expense relating to short-term leases of low-value assets included in paragraph 53(c);</li> <li>(e) the expense relating to variable lease payments not included in the measurement of lease liabilities;</li> <li>(f) income from subleasing right-of-use assets;</li> <li>(g) total cash outflow for leases;</li> <li>(h) additions to right-of-use assets;</li> <li>(i) gains or losses arising from sale and leaseback transactions; and</li> <li>(j) the carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset.</li> </ul>
IFRS 16:54	Provide the disclosures specified in paragraph 53 in a tabular format, unless another format is more appropriate. The amounts disclosed shall include costs that a lessee has included in the carrying amount of another asset during the reporting period.

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## Auditor remuneration

- SI 2008/489 (4)      *Medium-sized companies disclose:*
- the amount receivable by the company's auditor for the audit of the accounts.
  - The nature and estimated money value of benefits in kind
  - Separate disclosure for each auditor if there has been more than one auditor
- SI 2008/489 (5)      *A company which is not a small or medium-sized company must disclose separately:*
- (1a) remuneration for the company's auditor or an associate of the company's auditor for the auditing of those accounts;
- (1b) AND other remuneration receivable by -
- (i) the company's auditor (disclose each auditor separately); or
  - (ii) an associate of the company's auditor.
- (2) The nature and estimated money-value of benefits in kind
- (3) Separate disclosure is required of each type of service specified below:
1. The auditing of accounts of any associate company
  2. Audit-related assurance services
  3. Taxation compliance services
  4. All taxation advisory services not falling within paragraph 3
  5. Internal audit services
  6. All assurance services not falling within paragraphs 1 to 5
  7. All services relating to corporate finance transactions entered into, or proposed to be entered into, by or on behalf of the company or any of its associates not falling within paragraphs 1 to 6
  8. All non-audit services not falling within paragraphs 2 to 7

### *Disclosure exemption for non-audit services*

- SI 2008/489  
(6)(2)(b)      Regulation 6 provides an exemption to the disclosure of other (non-audit) services required under Regulation 5(1)(b) above for a subsidiary company where its parent is **required to prepare and does prepare** group accounts in accordance with the Act and the company is included in the consolidation, and the auditor of the consolidated UK subsidiary and the parent is the same.

The exemption from disclosing 'other services' in the individual accounts will be available provided that group accounts are actually prepared and make the disclosures required by the Regulations, and that the individual accounts include the exemption statement that is a requirement for the exemption. (See Question 26 TECH 4/13FRF).

[Note - this guidance states that the subsidiary and parent auditor does not need to be the same but this is no longer the case as Companies Act was amended in 2016].

A company that is a subsidiary of a foreign immediate or ultimate parent and either has no subsidiaries or takes exemption from preparing group accounts under section 400 or section 401, is not eligible for the exemption in Regulation 6(2)(b). This is because the foreign parent's group accounts will not be prepared in accordance with the Act.

FRS 101 (Reduced Disclosures) Layout Limited

Notes forming part of the financial statements  
for the year ended 31 December 2021 (*Continued*)

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**7 Auditors remuneration**

	2021 £'000	2020 £'000
Fees for the audit of the company	<u>          </u>	<u>          </u>

FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption not to disclose fees paid to the company's auditor, BDO LLP, and its associates for services other than the statutory audit of the company as the company is included in the consolidated financial statements of A Layout (International) Group Limited, which are prepared in accordance with Companies Act 2006 and are audited by the same auditor.

## Employee numbers and costs

BDO Comment	The example disclosure opposite is based on the Companies Act requirements. Although IAS 19.25 does not require specific disclosures about short term employee benefits the general requirements of IAS 1:97 require separate disclose of material items of expense. The Companies Act disclosures should ensure that the requirements of IAS 1:97 have been met.
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IAS 19:53                      Disclose total expense for defined contribution plans.

IFRS 2:51(a)	Disclose total expense from share-based payment transactions
FRS 101:8(a)	FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(a) not to disclose this information. This exemption is only allowed for this subsidiary if the share based payment arrangement concerns the equity instrument of another group entity and equivalent disclosures are provided within the consolidated accounts in which the entity is consolidated.

s411(1) & (1A)              State the average number of employees (wherever employed) in the year analysed into categories appropriate to the business.  
*Small companies are exempt from this requirement*

s411(5)                      Disclose aggregate of:

- wages and salaries paid or payable in respect of the year;
- social security costs incurred by the company on their behalf; and
- other pension costs incurred

Notes forming part of the financial statements  
for the year ended 31 December 2021 *(Continued)*

**8 Employees**

Staff costs (including directors) comprise:

	2021 £'000	2020 £'000
Wages and salaries		
Social security costs		
Pension cost (see below)		

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The pension cost is analysed as follows:

Defined contribution scheme  
Contributions to group defined benefit scheme (note 27)

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Pension cost

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A defined contribution pension scheme is operated by the company on behalf of the employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund amounted to £xxx (2020 - £xxx). Contributions amounting to £xxx (2020 - £xxx) were payable to the fund and included in creditors.

The average number of employees (including directors) during the year was as follows:

	2021 No.	2020 No.
Production		
Distribution		
Administrative		

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**Directors' remuneration - UK Company not quoted or listed on AIM**

Sch 5 (1)	<p><b>Disclose in aggregate the total of:</b></p> <ul style="list-style-type: none"> <li>• Remuneration in respect of qualifying services,</li> <li>• The amount of money and other assets (other than shares or share options) received under long term incentive schemes</li> <li>• Pension scheme contributions made</li> </ul> <p>These amounts exclude National Insurance Contributions</p> <p><b>Disclose the <i>number</i> of directors who:</b></p> <ul style="list-style-type: none"> <li>• exercised share options</li> <li>• received shares under a long-term incentive scheme</li> <li>• for whom benefits are accruing under money purchase or defined benefit pension schemes</li> </ul>		
Sch 5 (2)	<p><b>Details of highest paid director's emoluments:</b></p> <p>If the directors' remuneration (as calculated below) totals more than £200,000, for the highest paid director disclose:</p> <ul style="list-style-type: none"> <li>• aggregate remuneration (as calculated below),</li> <li>• attributable pension contributions to money purchase pension schemes</li> <li>• accrued defined benefit pension and lump-sum at the end of the year</li> <li>• state whether options were exercised or shares received under a long term incentive scheme</li> </ul>		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; padding: 5px;"> <b>Calculation of the £200,000 total remuneration</b> </td> <td style="padding: 5px;"> <ul style="list-style-type: none"> <li>• Remuneration in respect of qualifying services; and</li> <li>• aggregate amount of money and the net value of assets (excluding shares and share options) receivable under long term incentive schemes</li> </ul> </td> </tr> </table>		<b>Calculation of the £200,000 total remuneration</b>	<ul style="list-style-type: none"> <li>• Remuneration in respect of qualifying services; and</li> <li>• aggregate amount of money and the net value of assets (excluding shares and share options) receivable under long term incentive schemes</li> </ul>
<b>Calculation of the £200,000 total remuneration</b>	<ul style="list-style-type: none"> <li>• Remuneration in respect of qualifying services; and</li> <li>• aggregate amount of money and the net value of assets (excluding shares and share options) receivable under long term incentive schemes</li> </ul>		
Sch 5 (3)	<p><b>Excess retirement benefits</b> of directors and past directors</p> <p>Disclose retirement benefits in excess of the original entitlement, unless:</p> <ul style="list-style-type: none"> <li>• the amounts could have been paid without additional funding AND</li> <li>• Benefits receivable by all members on the same basis</li> </ul>		
Sch 5 (4)	<p>Disclose amount and nature of compensation for <b>loss of office</b> as director or any connected office. Loss of office includes retirement.</p>		
Sch 5 (5)	<p>Disclose amount and nature of <b>sums payable to third parties</b> (in cash or kind) for the services of a director by any group company. Payments to fellow group companies are outside the scope of these disclosures.</p>		
Sch 5 (14)	<p><b>"Director of a subsidiary" includes:</b></p> <ul style="list-style-type: none"> <li>• any directorship to which they were nominated by the company</li> <li>• any company that was a subsidiary when the services were received.</li> </ul> <p><b>Definitions and general principles</b></p> <ul style="list-style-type: none"> <li>• Qualifying service are services performed as director or manager of parent or subsidiary (see Sch 5.14), including any payments received for accepting office.</li> <li>• Remuneration includes salaries, fees, bonuses, and taxable expenses in cash or kind (at estimated cash value).</li> <li>• Remuneration excludes share based payments, pensions, long term incentive schemes</li> <li>• Long term incentive schemes" are payments based on performance or service conditions that cover more than one year. They exclude annual bonuses, termination payments, and retirement benefits.</li> </ul>		



Notes forming part of the financial statements  
for the year ended 31 December 2021 *(Continued)*

**9 Directors' remuneration**

	2021 £'000	2020 £'000
Directors' emoluments		
Amounts receivable under long term incentive schemes		
Company contributions to money purchase pension schemes		
Compensation for loss of office		
Amounts paid to third parties for directors' services		
	=====	=====

There were x directors in the company's defined contribution plan (2020 - x).

There were x directors who are accruing benefits under a defined benefit scheme (2020 - x).

**Highest paid director**

The highest paid director's emoluments were as follows:

	2021 £'000	2020 £'000
Director's emoluments and amounts receivable under long-term incentive schemes		
Company contributions to money purchase schemes		
Defined contribution schemes:		
- Accrued pension at the end of the year		
- Accrued lump sum at the end of the year		
	=====	=====

During the year, one director (the highest paid director) received shares under the long term incentive scheme (2020 - x). During the year, x directors exercised share options (2020 - x).

## Interest income and interest payable

FRS 101:8(d)	FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(d) not to include any disclosures under IFRS 7. This exemption is only allowed if equivalent disclosures are provided within the consolidated accounts in which the entity is consolidated.
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Sch 1 P&L format notes 15 and 16      Income and interest derived from and payable to group undertakings must be shown separately from income and interest derived from other sources.

Sch 1 (66)      Disclose interest or similar charges on:

- All bank loans and overdrafts; and
- All other loans

Sch 1 (27) (3)      The amount of interest capitalised into the cost of an asset must be disclosed.  
*Note - this is not applicable for FRS 101 (Reduced Disclosures) Layout Limited.*

IFRS 16:53(b)      Disclose the interest expense on lease liabilities.

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**10 Interest receivable and interest payable****Interest receivable**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from group undertakings		
Bank interest income		
	<hr/>	<hr/>
	<hr/>	<hr/>

**Interest payable**

	<b>£'000</b>	<b>£'000</b>
Interest payable to group undertakings		
Interest on bank loans and overdrafts		
Interest on lease liabilities		
Interest on other loans		
Unwinding of discount on provisions		
	<hr/>	<hr/>
	<hr/>	<hr/>

## Taxation on profit

IAS 12:79  
IAS 12:80

Disclose major components of tax expense/income separately. IAS 12.80 provides examples of the types of major components of the tax expense that may be disclosed such as:

- Current tax:
  - On current period profits
  - Prior period adjustments
  - Changes in tax rates.
- Deferred tax:
  - From the origination and reversal of temporary differences
  - From changes in tax rates
  - From the recognition of a previously unrecognised tax loss, tax credit, or temporary difference used to reduce deferred tax
  - From the write down or write-down/reversal of a deferred tax asset.

IAS 1:90  
IAS 12:81(ab)

Disclose income tax relating to each item of other comprehensive income.

IAS 12:81(h)

In respect of discontinued operations, disclose the tax expense relating to:

- the gain or loss on discontinuance; and
- the profit or loss from the ordinary activities of the discontinued operation for the current and the prior period.

Sch 1 (67)

The Companies Act requires the following major components of the tax charge to be disclosed:

- UK corporation tax
- The amount of UK tax that would have been charged but for “double taxation” relief
- UK income tax
- Non-UK tax.

Distinguishing estimated amounts for the current year and any adjustments recognised in respect of prior periods.

Note - Per Croner-i:

“In this context ‘income tax’ should be given the meaning under UK tax legislation rather than the meaning in FRS 102 (i.e. the total of current tax and deferred tax) and therefore UK companies will generally have no income tax to report because they are instead subject to corporation tax.”.

Notes forming part of the financial statements  
for the year ended 31 December 2021 *(Continued)*

## 11 Taxation on profit

	2021 £'000	2020 £'000
<b>UK corporation tax</b>		
Current tax on profits for the year		
Adjustment in respect of prior periods		
<b>Total current tax</b>		
<b>Deferred tax</b>		
Origination and reversal of temporary differences (Note 24)		
Changes to tax rates		
<b>Total deferred tax expense</b>		
<b>Taxation on profit</b>		
Further analysed as follows:		
Income tax expense from continuing operations		
Income tax expense/(credit) from discontinued operation		

Tax on each component of other comprehensive income is as follows:

	Before tax 2021 £'000	Tax 2021 £'000	After tax 2021 £'000	Before tax 2020 £'000	Tax 2020 £'000	After tax 2020 £'000
Property revaluation						

**Taxation on profit** (*continued*)

- IAS 12:81(c)                      Disclose a numerical reconciliation between either/both:
- The tax charge/(income) and the accounting profit multiplied by the applicable tax rate(s)
  - The average effective tax rate and the applicable tax rate, disclosing.
- The entity must also disclose the basis on which the applicable tax rate is computed.
- IAS 12: 81(d)                      Disclose an explanation of the change in tax rates.

Notes forming part of the financial statements  
for the year ended 31 December 2021 *(Continued)*

11 **Taxation on profit** *(continued)*

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2021 £'000	2020 £'000
Profit before income taxes	_____	_____
Expected tax charge based on the standard rate of corporation tax in the UK of x% (2020: x%)		
Effects of:		
Expenses not deductible for tax purposes		
Recognition of previously unrecognised deferred tax assets		
Adjustment for under/(over) provision in previous periods		
Changes in tax rates on previously recognised deferred tax	_____	_____
Total tax charge	=====	=====

*Changes to corporation tax rate*

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

For further information on deferred tax balances see notes 23 and 24.

## Discontinued operations

IFRS 5.30	Disclose information that enables the evaluation of the financial effects of discontinued operations.
IFRS 5.41(a)	Disclose a description of the discontinued operation.
IFRS 5:41(b)	Disclose facts and circumstances: <ul style="list-style-type: none"> <li>• Of the sale or disposal</li> <li>• Manner of disposal</li> <li>• Timing of disposal.</li> </ul>
IAS 7.40	Disclose the following: <ul style="list-style-type: none"> <li>• Total consideration received</li> <li>• Cash and cash equivalents portion of the consideration</li> <li>• Cash and cash equivalents in discontinued operation disposed of</li> <li>• Assets and liabilities other than cash or cash equivalents that were in discontinued operation disposed of.</li> </ul>

IFRS 5.33(c)	Disclose the net cash flows attributable to the operating, investing and financing activities of discontinued operations.
FRS 101:8(c)	FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(c) not to disclose this information.

IFRS 5:34	Re-present the above disclosures for discontinued operations in prior periods.
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## Dividends

### *Dividends during the period*

IAS 1:107	Disclose: <ul style="list-style-type: none"> <li>• Dividends recognised as distributions to equity holders during the period</li> <li>• The related amount of dividends per share.</li> </ul>
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### *Dividends after reporting date*

IAS 1:137(a)	Disclose: <ul style="list-style-type: none"> <li>• Dividends to be recognised as distributions to equity holders that were proposed or declared after reporting date but before the financial statements were authorised for issue</li> <li>• The related amount of dividends per share.</li> </ul>
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Sch 1(43)	There must be stated: <ul style="list-style-type: none"> <li>(a) any amount set aside or proposed to be set aside to, or withdrawn or proposed to be withdrawn from, reserves,</li> <li>(b) the aggregate amount of dividends paid in the financial year (other than those for which a liability existed at the immediately preceding balance sheet date),</li> <li>(c) the aggregate amount of dividends that the company is liable to pay at the balance sheet date, and</li> <li>(d) the aggregate amount of dividends that are proposed before the date of approval of the accounts, and not otherwise disclosed under sub-paragraph (b) or (c).</li> </ul>
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Notes forming part of the financial statements  
for the year ended 31 December 2021 (*Continued*)

**12 Discontinued operations**

In February 2021, the company sold the trade, assets and liabilities of its Birmingham automotive component manufacturing division for a cash consideration of £xxx. The post-tax gain on disposal of the discontinued operation was determined as follows:

	2021 £'000	2020 £'000
Cash consideration received		
Other consideration received		
	_____	_____
<b>Total consideration received</b>		
	_____	_____
Cash disposed of		
	_____	_____
<b>Net cash inflow on disposal of discontinued operation</b>		
	_____	_____
<i>Net assets disposed (other than cash):</i>		
Property, plant and equipment		
Debtors		
Creditors: amounts falling due within one year		
	_____	_____
	_____	_____
Pre-tax gain on disposal of discontinued operation		
Related tax expense		
	_____	_____
<b>Gain on disposal of discontinued operation</b>		
	=====	=====

**13 Dividends**

	2021 £'000	2020 £'000
Final dividend of £xxx (2020: £xxx) per ordinary share proposed and paid during the year relating to the previous year's results		
Interim dividend of £xxx (2020: £xxx) per ordinary share paid during the year		
	_____	_____
	=====	=====

The directors are proposing a final dividend of £xxx (2020: £xxx) per share totalling £xxx (2020: £xxx). This dividend has not been accrued in the balance sheet.

## Intangible assets

IAS 38:118(c)	<p>Disclose for each class of intangible asset the opening and closing balances of:</p> <ul style="list-style-type: none"> <li>– Carrying amount</li> <li>– Accumulated amortisation and impairment.</li> </ul>
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IAS 38:118(e)	<p>Disclose for each class of intangible asset a reconciliation of the opening and closing balances of the carrying amount.</p> <p>Sub-paragraphs (i) - (viii) detail specific reconciling items to be included.</p>
FRS 101:8(f)(iii)	<p>FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(f)(iii) not to present comparative information for the reconciliation of opening and closing balances.</p>

IAS 38:122(e)	<p>Disclose any contractual commitments for the acquisition of intangible assets.</p>
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BDO Comment	<p>IAS 38:122 requires additional disclosures in instances where:</p> <ul style="list-style-type: none"> <li>– The entity has recognised an indefinite useful life intangible asset</li> <li>– The carrying amount and remaining amortisation period of any individual intangible asset is material.</li> </ul> <p>Neither of these apply to FRS 101 (Reduced Disclosures) Layout Limited.</p>
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Sch 1 (51)	<p>For each item shown under the general heading of ‘fixed assets’ the following information must be given:</p> <ul style="list-style-type: none"> <li>• cost at beginning of year and balance sheet date;</li> <li>• acquisitions in year;</li> <li>• revaluations in year;</li> <li>• disposals in year; and</li> <li>• transfers to or from that item.</li> </ul> <p>In respect of provisions for depreciation or diminution in value, disclose:</p> <ul style="list-style-type: none"> <li>• accumulated amount at the beginning of year and balance sheet date;</li> <li>• charge for year and provisions for diminution in value;</li> <li>• adjustments for disposals; and</li> <li>• other adjustments.</li> </ul>
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Sch 1 (21)	<p>If the company has capitalised development costs, it should disclose the reasons for capitalising the costs and the period over which the costs are being written off. [This is given in Note 1 accounting policy]</p>
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Sch 1 (52)	<p>Where any intangible assets are included at current cost, the following information must be given:</p> <ol style="list-style-type: none"> <li>(a) the years in which the assets were severally valued and the several values, and</li> <li>(b) in the case of assets that have been valued during the financial year, the names of the persons who valued them or particulars of their qualifications for doing so and (whichever is stated) the bases of valuation used by them.</li> </ol> <p><i>[This is not relevant for FRS 101 (Reduced Disclosures) Layout Limited.]</i></p>
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Notes forming part of the financial statements  
for the year ended 31 December 2021 (*Continued*)

14	Intangible assets	Development Costs	Trade-marks & Licences	Totals
		£'000	£'000	£'000
	<i>Cost</i>			
	At 1 January 2021			
	Additions - externally acquired			
	Additions - internally developed			
		_____	_____	_____
	At 31 December 2021	_____	_____	_____
	<i>Amortisation</i>			
	At 1 January 2021			
	Provision for the year			
	Impairment charge			
		_____	_____	_____
	At 31 December 2021	_____	_____	_____
	<i>Net book value</i>			
	At 31 December 2021	_____	_____	_____
	At 31 December 2020	_____	_____	_____

The company has no contractual commitments for development costs or acquisition of intangible assets (2020: £nil).

*Impairment of intangible assets*

During the year the directors conducted a review of the company's projects to develop new products for the rail industry. Following this review it was necessary to write off development costs of £xxx because due to recent technological developments it was no longer viable to complete these development projects.

An impairment charge of £xxx has also been recorded against certain related externally acquired product licenses used in the above developments reflecting the reduced expectation in future cash flows arising from the use of the licences.

## Tangible fixed assets

### 1) *Property, plant & equipment*

- IAS 16:73(d) Disclose for each class of property, plant and equipment the opening and closing balances of:
- Carrying amount
  - Accumulated depreciation and impairment.

IAS 16:73(e) Disclose for each class of property, plant and equipment a reconciliation of the opening and closing balances of the carrying amount. Sub-paragraphs (i) - (ix) detail specific reconciling items to be included.

FRS 101:8 (f)(ii) FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(f)(ii) not to present comparative information for the reconciliation of opening and closing balances.

Sch 1 (51) [See 'intangibles assets' guidance notes \(line items in table\)](#)

- IAS 16:74(a) Disclose items that have restrictions on title or a pledged as security for liabilities.

- IAS 16:74(b) Disclose expenditures recognised during the course of construction.

- IAS 16:74(c) Disclose any contractual commitments for the acquisition of property, plant and equipment.

- IAS 38:126 Disclose borrowing costs capitalised during the period.

- IAS 16:77 For revalued items of property, plant and equipment, disclose:
- Date of the revaluation
  - Whether an independent valuer was involved
  - The carrying amount had the assets been carried under the cost model
  - The revaluation surplus
  - Any restrictions on distributing the revaluation surplus.

IFRS 13:91-99 IFRS 13 paragraphs 91 to 99 require specific disclosures for items measured or disclosed at fair value, dependent on the level of fair value measurement and whether the fair value measurement is recurring or non-recurring. Revalued tangible assets are an example of a recurring fair value measurement, as a fair value valuation is required at each reporting date.

FRS 101:8(e) FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(e) not to include any disclosures under IFRS 13 (paragraphs 91 to 99). This exemption is only allowed if equivalent disclosures are provided within the consolidated accounts in which the entity is consolidated.

In addition, companies subject to the requirements of the Act and Regulations are legally required to provide disclosures related to assets and liabilities measured at fair value, including financial instruments. The disclosure requirements of the Act in relation to revalued tangible assets are detailed on the next page.

Sch 1 (53) [See next Guidance notes page for disclosure of leasehold split requirements.](#)

Notes forming part of the financial statements  
for the year ended 31 December 2021 (*Continued*)

## 15 Tangible fixed assets

	Land and buildings	Plant, machinery and motor vehicles	Computer equipment	Right-of- use assets	Total
	£'000	£'000	£'000	£'000	£'000
<i>Cost</i>					
At 1 January 2021					
Additions					
Disposals					
Revaluations					
At 31 December 2021					
<i>Depreciation</i>					
At 1 January 2021					
Charge for the year					
Impairment losses					
Adjustment on revaluations					
Disposals					
At 31 December 2021					
<i>Net book value</i>					
At 31 December 2021					
At 31 December 2020					

The impairment loss recognised on tangible fixed assets in the period was £xxx (2020 - £xxx) and is included in administrative expenses in the income statement. It mostly arose as a result of [provide specifics] described in note XX where tangible fixed assets have been written down to their recoverable amount being the higher of their fair value less costs to sell and value in use.

The net book value of land and buildings may be further analysed as follows:

	2021 £'000	2020 £'000
Freehold		
Long leasehold		
Short leasehold		
Net book value		

## Tangible fixed assets (*Continued*)

### 1) *Property, plant & equipment (continued)*

- Sch 1 (53) Show separately:
- Freehold land and buildings
  - Long leasehold land and buildings
  - Short leasehold land and buildings
- Sch 10 (7) "Long lease" means a lease in the case of which the portion remaining unexpired at the end of the financial year is not less than 50 years. A "Short lease" means a lease which is not a long lease.
- Sch 1 (34) If assets are included at other than historical cost amount and revalued through other comprehensive income, disclose:
- the items affected and the basis of valuation adopted, in the note on accounting policies; and
  - the historical cost amount (cost and provision for depreciation and diminution) in a note.
- Sch 1 (52) Where any tangible assets are included at market value, the following information must be given:
- (a) the years in which the assets were severally valued and the several values, and
  - (b) in the case of assets that have been valued during the financial year, the names of the persons who valued them or particulars of their qualifications for doing so and (whichever is stated) the bases of valuation used by them.
- IFRS 16:95 Disclose details of operating leases as lessor - apply IAS 16 disclosure requirements to items of PP&E subject to an operating lease, separately identifying by class of underlying assets from those held for own use.  
*Note - this is not applicable for FRS 101 (Reduced Disclosures) Layout Limited.*

### 2) *Right of-use assets*

- IFRS 16:53 Disclose the following amounts for the reporting period:
- (a) depreciation charge for right-of-use assets by class of underlying asset;
  - (h) additions to right-of-use assets;
  - (j) carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset.
- [See page 57 for other IFRS 16:53 disclosures]*
- IFRS 16:54 Provide the disclosures specified in paragraph 53 in a tabular format, unless another format is more appropriate. The amounts disclosed shall include costs that a lessee has included in the carrying amount of another asset during the reporting period
- IFRS 16:57 If a lessee measures right-of-use assets at revalued amounts applying IAS 16, disclose the information required by paragraph 77 of IAS 16 for those right-of-use assets.  
*Note - this is not applicable for FRS 101 (Reduced Disclosures) Layout Limited.*

**Notes forming part of the financial statements  
for the year ended 31 December 2021 (Continued)**

**15 Tangible fixed assets (continued)**

Land and buildings were valued on 31 December 2021 at £xxx by external independent qualified valuer's (2020: £xxx at 31 December 2020) using the arm's length market prices for the sale of similar properties. If the assets had been carried under the cost model the net book-value would be as follows:

	2021 £'000	2020 £'000
Cost		
Accumulated depreciation		
	_____	_____
Net book value		
	=====	=====

**Right-of-use assets**

The net book value and depreciation charge for right-of-use assets by class of underlying asset is as follows:

	2021 £'000	2020 £'000
Net book value:		
Land and buildings		
Plant, machinery and motor vehicles		
	_____	_____
	_____	_____
Depreciation charge:		
Land and buildings		
Plant, machinery and motor vehicles		
	_____	_____
	_____	_____

**FRS 101 (Reduced Disclosures) Layout Limited**  
Guidance notes

**Investment property**

IAS 40:76	Disclose a reconciliation between the carrying amount of investment property at the beginning and end of the period. Sub-paragraphs (a) - (g) detail specific reconciling lines items.
FRS 101:8 (f)(iv)	FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(f)(iv) not to present comparative information for the reconciliation of opening and closing balances.

[Sch 1 \(51\)](#) [See ‘intangibles assets’ guidance notes \(line items in table\)](#)

IFRS 16:56 If right-of-use assets meet the definition of investment property, apply the disclosure requirements in IAS 40. In that case, a lessee is not required to provide the disclosures in paragraph 53(a), (f), (h) or (j) for those right-of-use assets.

IFRS 16:95 Disclose details of operating leases as lessor - apply IAS 36, IAS 38, IAS 40 and IAS 41 disclosure requirements for assets subject to operating leases.

IAS 40:75(f) Disclose specific items recognised in profit or loss, including:

- Rental income (note 6)
- Direct operating expenses from investment property that did generate rental income
- Direct operating expenses from investment property that **did not** generate rental income.

IAS 40:75(h) Disclose contractual obligations:

- To purchase investment property
- To construct or develop investment property
- For repairs, maintenance or enhancements related to investment property.

IAS 40:75(e) Disclose whether or not the valuation has been performed by an independent valuer who:

- Holds a recognised and relevant professional qualification, and
- Has recent experience in the location and category of the investment property being valued.

IAS 40:77 Disclose whether the fair value obtained from the valuer has been adjusted significantly for the purpose of the financial statements.

IFRS 13:91-99	IFRS 13 paragraphs 91 to 99 require specific disclosures for items measured or disclosed at fair value, dependent on the level of fair value measurement and whether the fair value measurement is recurring or non-recurring. Investment property is an example of a recurring fair value measurement, as a fair value valuation is required at each reporting date.
FRS 101:8(e)	FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(e) not to include any disclosures under IFRS 13 (paragraphs 91 to 99). This exemption is only allowed if equivalent disclosures are provided within the consolidated accounts in which the entity is consolidated.  In addition, companies subject to the requirements of the Act and Regulations are legally required to provide disclosures related to assets and liabilities measured at fair value, including financial instruments. The disclosure requirements of the Act in relation to Investment property are detailed below.

[Sch 1 \(52\)](#) [See “Tangible fixed assets” guidance notes \(market value disclosure\)](#)



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**16 Investment property**

The movements in the carrying value of investment property during the year is as follows:

	£'000
At 1 January 2021	
Purchases	
Disposals	
Fair value gain (loss) recognised in profit or loss <sup>1</sup>	
At 31 December 2021	

<sup>1</sup> The fair value gain (loss) recognised in profit or loss has taken account of the amounts recognised within prepayments relating to lease incentives given totalling £xxx (2020: £xxx)

Included in total investment property are assets in which the company is a lessee for residential apartment buildings. The company sub-leases these buildings to individual tenants, and the leases are classified as operating leases.

**Investment property (*continued*)**

- |                  |   |
|------------------|---|
| IAS 40:75(g)     | Disclose any restrictions on: <ul style="list-style-type: none"><li>– The realisability of investment property</li><li>– Remittance of income</li><li>– Proceeds of disposal.</li></ul>   |
| IFRS 16:97       | A lessor shall disclose a maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years.  |
| Sch 1 (55) (2)   | Where investment property is included at fair value the following must be stated: <ul style="list-style-type: none"><li>• the significant assumptions underlying the valuation models and techniques used to determine the fair value of the instruments or other assets</li></ul>  |
| Sch 1 (58) (2)   | <ul style="list-style-type: none"><li>• the fair value and the changes in value included directly in the profit and loss account</li><li>• The balance sheet items affected and the basis of valuation adopted in determining the amounts of the assets in question</li></ul>   |
| Sch 1 (58) (3&4) | <p>In the case of investment property, for each balance sheet item affected there must be shown, either separately in the balance sheet or in a note to the accounts:</p> <ul style="list-style-type: none"><li>(a) the comparable amounts determined according to the historical cost accounting rules, or</li><li>(b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item.</li></ul> <p>The comparable amounts to be disclosed are:</p> <ul style="list-style-type: none"><li>(a) the aggregate amount which would be required to be shown in respect of that item if the amounts to be included in respect of all the assets covered by that item were determined according to the historical cost accounting rules, and</li><li>(b) the aggregate amount of the cumulative provisions for depreciation or diminution in value which would be permitted or required in determining those amounts according to those rules.</li></ul> |

**Notes forming part of the financial statements  
for the year ended 31 December 2021 (Continued)**

**16 Investment property (continued)**

The investment properties were valued at 31 December 2021 using [INSERT VALUATION TECHNIQUES] carried out by external independent qualified valuers with recent experience valuing investment properties in the location held by the company. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. Key inputs into the valuations were:

- Annual rent per square metre: £xxx - £xxx, with a weighted average of £xxx
- Capitalisation rate: x% - x%, with a weighted average of x%.

The fair value gain of £xxx has been credited to the profit and loss for the year.

The fair value of the investment property has not been adjusted significantly for the purposes of financial reporting, other than for lease incentives that are recognised separately in the balance sheet.

If investment property had been accounted for under the historic cost accounting rules, the property would have been measured as follows:

	2021 £'000	2020 £'000
Cost		
Accumulated depreciation	_____	_____
Net book value	_____	_____

During the year £xxx (2020: £xxx) was recognised in the statement of comprehensive income in relation to rental income from the investment properties (note 6). Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to £xxx (2020: xxx). Direct operating expenses, including repairs and maintenance, arising from investment property that did not generate rental income during the year amounted to £xxx (2020: £xxx).

At 31 December 2021, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal (2020: none).

There are currently no obligations to construct or develop the existing investment properties. At 31 December 2021, contractual obligations to purchase investment property amounted to £xxx (2020: £xxx).

The undiscounted rent receivables for investment properties under operating leases are as follows:

	2021 £'000	2020 £'000
Within one year		
Within one to two years		
Within two to three years		
Within three to four years		
Within four to five years		
Later than five years	_____	_____
	_____	_____

## **Investments in subsidiaries**

Sch 1 (51)	<p>For each item shown under the general heading of ‘fixed assets’ the following information must be given:</p> <ul style="list-style-type: none"><li>• cost at beginning of year and balance sheet date;</li><li>• acquisitions in year;</li><li>• revaluations in year;</li><li>• disposals in year; and</li><li>• transfers to or from that item.</li></ul> <p>In respect of provisions for depreciation or diminution in value, disclose:</p> <ul style="list-style-type: none"><li>• accumulated amount at the beginning of year and balance sheet date;</li><li>• charge for year and provisions for diminution in value;</li><li>• adjustments for disposals; and</li><li>• other adjustments.</li></ul>
Sch 1 (54)(1)	Analyse investments between listed and other investments.
Sch 1 (54)(2)	<b>NOTE</b> - there are additional disclosure requirements for listed investments within Sch 1 (54)(2). FRS 101 (Reduced Disclosures) Layout Limited does not have any listed investments.
IAS 24:13	All entities must disclose the relationships between the entity and its subsidiaries (irrespective of whether there have been any related party transactions between them)...
IAS 27:16(b) / 17(b)	Disclose a list of significant investments in subsidiaries, joint ventures and associates, including: <ul style="list-style-type: none"><li>(i) the name of those investees</li><li>(ii) the principal place of business (and country of incorporation, if different) of those investees</li><li>(iii) its proportion of the ownership interest (and its proportion of the voting rights, if different) held</li></ul>
Sch 4 (1)	For each subsidiary undertaking [not just significant ones] show: <ul style="list-style-type: none"><li>• name of the undertaking;</li><li>• address of the undertakings’ registered office (whether in or outside the UK);</li><li>• address of the principal place of business if it is unincorporated;</li></ul>
Sch 4 (2)	The aggregate capital and reserves and the profit for the year must be disclosed for all subsidiaries not included in the consolidated accounts. This information need not be given if, as in the case for FRS 101 (Reduced Disclosures) Layout Limited, the parent is included in the accounts of a larger group and is exempt from the requirement to prepare group accounts.
Sch 4 (11)	For each subsidiary undertaking give proportion of nominal value and identity of shares of each class held, distinguishing between shareholdings held by the company and held by or on behalf of a subsidiary undertaking.

*Note - there is no longer a requirement under the Co Act to disclosure nature of business of subsidiaries, however some clients may wish to do so for informative purposes.*

## **Investment in undertakings other than subsidiary undertakings**

Sch 4 (4, 5, 6 and 13) Certain information is required to be provided for all “significant holdings” (more than 20% of the nominal value of any class of shares or if the carrying amount of holding in the company’s individual or group accounts exceeds one-fifth of the company’s or group’s assets).

**NOTE** - FRS 101 (Reduced Disclosures) Layout Limited does not have any other significant holdings or investments in Joint Ventures or Associates. See FRS 102 Layout Limited for these example disclosures.

## FRS 101 (Reduced Disclosures) Layout Limited

Notes forming part of the financial statements  
for the year ended 31 December 2021 (*Continued*)

## 17 Investments in subsidiaries

	2021 £'000	2020 £'000
<i>Cost</i>		
At 1 January		
Additions		
Disposals		
	_____	_____
<b>At 31 December</b>	=====	=====

*Subsidiary undertakings*

The subsidiaries of the company at the year-end are as follows:

Name	Registered office	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertaking</i>			
A Layout Pty Limited	1 Margaret St, Sydney, NSW 2000, Australia	100%	Manufacturing of specialist machinery
A Layout (Export) Limited	19 Wood Street, London, W1A 7BN	100%	Distribution
Pink Limited	67 Wood Street, London, W1A 7BN	100%	Manufacturing

On 1 April 2021 the company acquired 100% of the seat manufacturing division of Pink Limited for consideration of [provide details].

## Stocks

Sch 1 BS format	Stocks should be sub-classified in the balance sheet or notes to the financial statements to indicate the amounts held in each of the following main categories of the balance sheet formats: <ul style="list-style-type: none"> <li>• Raw materials and consumables</li> <li>• Work-in-progress</li> <li>• Finished goods and goods for resale</li> </ul>
IAS 1:77, 78(c)	Disclose further sub-classifications of the line items in the statement of financial position, including: <ul style="list-style-type: none"> <li>– Merchandise</li> <li>– Production supplies</li> <li>– Materials</li> <li>– Work-in-progress</li> <li>– Finished goods.</li> </ul>
IAS 2:36(b)-(c)	Disclose: <ul style="list-style-type: none"> <li>– Carrying amount of inventories by category</li> <li>– Carrying amount of inventories at fair value less costs to sell.</li> </ul>
Sch 1 (28)(3,4,5)	If cost has been determined using FIFO, LIFO, weighted average cost or a similar method and the difference between historical cost and replacement cost of stocks is material, the amount of that difference should be disclosed in a note to the financial statements. Note - LIFO is not permitted per IAS 2:25.

## Debtors

Sch 1 BS format note 5	Amounts falling due after more than one year should be shown separately for each item included under debtors.
IAS 1:77, 78(b)	Disclose further sub-classifications of the line items in the statement of financial position, including: <ul style="list-style-type: none"> <li>– Trade receivables from customers</li> <li>– Related party receivables</li> <li>– Prepayments</li> <li>– Other amounts.</li> </ul>
IAS 1:61	Disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled a) no more than 12 months after reporting period and b) more than 12 months after the reporting period.
IAS 24:18(b), (c)	For related party receivables, disclose the amounts outstanding and the provision for doubtful debts.
IFRS 7	There are a number of disclosures under IFRS 7 in relation to financial assets which are often disclosed within the 'trade and other receivables' note (See IFRS Illustrative financial statements 2021 Note 26).
FRS 101:8(d)	FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(d) not to disclose this information. This exemption is only allowed if equivalent disclosures are provided within the consolidated accounts in which the entity is consolidated.

Notes forming part of the financial statements  
for the year ended 31 December 2021 (*Continued*)

**18 Stocks**

	2021 £'000	2020 £'000
Raw materials and consumables		
Work-in-progress		
Finished goods and goods for resale		
	_____	_____
	=====	=====

Finished goods include an amount of £xxx (2020: £ xxx) carried at fair value less costs to sell.

*Replacement cost*

Included in the amount shown above for stocks of raw materials and consumables are items valued at cost calculated on a first in, first out basis. The replacement cost of these items at 31 December 2021 was £xxx greater (2020 - £xxx greater) than the amount at which they are included in the accounts.

**19 Debtors**

	2021 £'000	2020 £'000
Trade debtors		
Amounts owed by group undertakings		
Other debtors		
Prepayments		
Contract assets		
Assets recognised for costs to fulfil a contract		
	_____	_____
	=====	=====

All amounts shown under debtors fall due for payment within one year.

Amounts owed by group undertakings is stated net of a provision of £xxx (2020 - £xxx).

## Creditors

IAS 1:77	Disclose further sub-classifications of the line items in the statement of financial position.
Sch 1 (61) (4)	For each item in creditors for which security has been given: <ul style="list-style-type: none"> <li>state the amounts secured; and</li> <li>give a general indication of security</li> </ul>
Sch 1 BS format note 9	Liabilities for taxation and social security should be separately disclosed.
Sch 1 (61) (1)	For each item included in creditors disclose the aggregate of: <ul style="list-style-type: none"> <li>amounts due after five years which are payable otherwise than by instalments; and</li> <li>amounts payable by instalments, if any of these instalments are due after five years.</li> </ul>
Sch 1 (61) (2&3)	Where any part of the debt is payable after more than five years, show terms of repayment and rates of interest payable. If this produces a statement of excessive length, give a general indication of the terms and rates of interest.  For convertible debt still outstanding at the year end disclose: <ul style="list-style-type: none"> <li>details of the date of redemption;</li> <li>the amount payable on redemption;</li> <li>the number and class of shares into which the debt may be converted;</li> <li>the date at or period within which the conversion may take place; and</li> <li>whether the conversion is at the option of the issuer or the holder</li> </ul>
Sch 1 (62)	If any fixed cumulative dividends on the company's shares are in arrear, there must be stated - <ol style="list-style-type: none"> <li>the amount of the arrears, and</li> <li>the period for which the dividends or, if there is more than one class, each class of them are in arrears.</li> </ol>

IFRS 7	There are a number of disclosures under IFRS 7 in relation to financial liabilities which are often disclosed within the 'trade and other payables' and 'loans and borrowings' notes (See IFRS Illustrative financial statements 2021 Notes 27 and 28).
FRS 101:8(d)	FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(d) not to disclose this information. This exemption is only allowed if equivalent disclosures are provided within the consolidated accounts in which the entity is consolidated.  NOTE that this disclosure exemption also includes information required by IFRS 7:21J in relation to IBOR reform phases 1 and 2. However, details about the impact of adopting the amendments have been made in note 1 in accordance with IAS 8:28.

IFRS 16:58	Disclose a maturity analysis of lease liabilities applying paragraphs 39 and B11 of IFRS 7 <i>Financial Instruments: Disclosures</i> separately from the maturity analyses of other financial liabilities.
FRS 101:8(eB)	FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(eB) not to disclose this information. This exemption is only allowed if details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total (given in note 21).



FRS 101 (Reduced Disclosures) Layout Limited

Notes forming part of the financial statements  
for the year ended 31 December 2021 *(Continued)*

20 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Bank loans (secured)		
Bank overdraft (secured)		
Trade creditors		
Amounts owed to group undertakings		
Corporation tax		
Taxation and social security		
Lease liabilities		
Other creditors		
Accruals		
Contract liabilities		
	<hr/>	<hr/>
	<hr/>	<hr/>

The bank loans and overdraft are secured by a fixed charge over the company's freehold property and by a floating charge over the remaining assets of the company.

21 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Bank loans (secured - see above)		
Lease liabilities		
Other creditors		
	<hr/>	<hr/>
	<hr/>	<hr/>

The bank loan attracts an interest rate of LIBOR plus 2%. Included within creditors are the following amounts:

	Lease liabilities 2021 £'000	Lease liabilities 2020 £'000	Bank loan 2021 £'000	Bank loan 2020 £'000	Total 2021 £'000	Total 2020 £'000
Due within one year						
Due in more than one but not more than two years						
Due in more than two but not more than five years						
Due after 5 years						
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Leases

IFRS 16:51	Disclose information that gives a basis for users of financial statements to assess the effect that leases have on financial position, financial performance and cash flows of the lessee.
IFRS 16:53	Refer to page 57 for disclosure requirements.
IFRS 16:53(g)	Disclose the total cash outflow for leases.

BDO Comment	FRS 101 (Reduced Disclosures) Layout Limited has taken the exemption to not publish a statement of cashflows. As a result, the total cash outflow for leases, as required by IFRS 16:53(g) has been disclosed within this note.
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IFRS 16:59 Disclose qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 51 (as described in paragraph B48). This additional information may include, but is not limited to, information that helps users of financial statements to assess:

- (a) the nature of the lessee's leasing activities;
- (b) future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from:
  - (i) variable lease payments (as described in paragraph B49);
  - (ii) extension options and termination options
  - (iii) residual value guarantees
  - (iv) leases not yet commenced to which the lessee is committed
- (c) restrictions or covenants imposed by leases; and
- (d) sale and leaseback transactions.

IFRS 16:B48

For the purposes of IFRS 16:59

- (a) only disclose information that is expected to be relevant to users of financial statements. This is likely to be the case if it helps those users to understand:
  - (i) the flexibility provided by leases. Leases may provide flexibility if, for example, a lessee can reduce its exposure by exercising termination options or renewing leases with favourable terms and conditions
  - (ii) restrictions imposed by leases. Leases may impose restrictions, for example, by requiring the lessee to maintain particular financial ratios
  - (iii) sensitivity of reported information to key variables. Reported information may be sensitive to, for example, future variable lease payments
  - (iv) exposure to other risks arising from leases
  - (v) deviations from industry practice. Such deviations may include, for example, unusual or unique lease terms and conditions that affect a lessee's lease portfolio
- (b) whether information is apparent from information either presented in the primary financial statements or disclosed in the notes. A lessee need not duplicate information that is already presented elsewhere in the financial statements

**In the capacity as lessee**

The company also leases certain items of plant and equipment. In some contracts for services with distributors, those contracts contain a lease of vehicles. Leases of plant, equipment and vehicles comprise only fixed payments over the lease terms.

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

[illegible]

The total cash outflow for leases during the year was £xxx (2020 £xxx).

**FRS 101 (Reduced Disclosures) Layout Limited**  
Guidance notes

**Leases (continued)**

IFRS 16:B49

Additional information relating to variable lease payments that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:

- (a) the lessee's reasons for using variable lease payments and the prevalence of those payments
- (b) the relative magnitude of variable lease payments to fixed payments
- (c) key variables upon which variable lease payments depend and how payments are expected to vary in response to changes in those key variables; and
- (d) other operational and financial effects of variable lease payments

IFRS 16:B50

Additional information relating to extension options or termination options that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:

- (a) the lessee's reasons for using extension options or termination options and the prevalence of those options
- (b) the relative magnitude of optional lease payments to lease payments;
- (c) the prevalence of the exercise of options that were not included in the measurement of lease liabilities; and
- (d) other operational and financial effects of those options.

IFRS 16:B51

Additional information relating to residual value guarantees that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:

- (a) the lessee's reasons for providing residual value guarantees and the prevalence of those guarantees;
- (b) the magnitude of a lessee's exposure to residual value risk
- (c) the nature of underlying assets for which those guarantees are provided; and
- (d) other operational and financial effects of those guarantees.

IFRS 16:B52

Additional information relating to sale and leaseback transactions that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example

- (a) the lessee's reasons for sale and leaseback transactions and the prevalence of those transactions;
- (b) key terms and conditions of individual sale and leaseback transactions;
- (c) payments not included in the measurement of lease liabilities; and
- (d) the cash flow effect of sale and leaseback transactions in the reporting period.

BDO Comment

FRS 101 (Reduced Disclosures) Layout Limited has not entered into any sale and leaseback transactions and so additional information required by IFRS 16:53(i), 59(d) and B52 has not been provided.

IFRS 16:55

Disclose the amount of its lease commitments for short-term leases accounted for applying paragraph 6 if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed applying paragraph 53(c) relates.

IFRS 16:57

If a lessee measures right-of-use assets at revalued amounts applying IAS 16, disclose the information required by paragraph 77 of IAS 16 for those right-of-use assets.

BDO Comment

FRS 101 (Reduced Disclosures) Layout Limited does not measure right-of-use assets at revalued amounts and hence these disclosures are not applicable.

**NOTE - see next guidance notes page for guidance on applying the new practical expedient for rent concessions.**

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**22 Leases (*continued*)****In the capacity as lessee (*continued*)**

The company sometimes negotiates break clauses in its property leases. On a case-by-case basis, the company will consider whether the absence of a break clause would expose the company to excessive risk. Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the company.

At 31 December 2021 the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because on both dates it was considered reasonably certain that the company would not exercise its right to exercise any right to break the lease. Total lease payments of £xxx (2020- £xxx) are potentially avoidable were the company to exercise break clauses at the earliest opportunity.

One of the contracts that the company has with a distributor conveys to the company the right to use certain vehicles for the contractual term. The company agreed to the inclusion of a residual value guarantee in favour of the supplier. This is because the pricing of the contract does not result in the company having to pay full fair value of the vehicles, but as those vehicles are under the company's control, the company is able to use the vehicles to such an extent that they would have little value to the supplier at the end of the lease term. The alternative would have been to restrict the mileage use of the vehicles over the lease term, but the company did not wish to be operationally restricted on its ability to use the vehicles. The amount of the residual value guarantee, which has been included in the carrying value of lease liabilities, is £xxx (2020 - £xxx).

The aggregate undiscounted commitments for short-term leases not recognised in the balance sheet at year end is £xxx (2020 £xxx).

**Rent Concessions**

Due to government policy, the company had to suspend operations of several factories during 2020 and for some part of 2021.

During 2020 and 2021, the company has received numerous forms of rent concessions from lessors due to the Group being unable to operate for significant periods of time, including:

- Rent forgiveness (e.g. reductions in rent contractually due under the terms of lease agreements);
- Deferrals of rent (e.g. payment of April-June rent on an amortised basis from July 2020 - March 2021); and
- Conversion of a portion of fixed lease payments to variable lease payments not based on an index or rate (e.g. forgiveness of fixed monthly rent in exchange for a percentage of sales generated at store locations in the future).

As discussed in Note 1, in the annual financial statements for the year ended 31 December 2020 the company had elected to apply the practical expedient introduced by the amendments to IFRS 16 (issued in May 2020) to all rent concessions that satisfied the criteria. All of the rent concessions entered into during the prior year satisfied the criteria to apply the practical expedient - there were no ineligible rent concessions. The application of the practical expedient resulted in the reduction of total lease liabilities of £xxx in 2020.

## Leases (continued)

IFRS 16:60A

If a lessee applies the practical expedient in paragraph 46A, the lessee shall disclose:

- (a) that it has applied the practical expedient to all rent concessions that meet the conditions in paragraph 46B or, if not applied to all such rent concessions, information about the nature of the contracts to which it has applied the practical expedient (see paragraph 2);
- (b) and the amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient in paragraph 46A.

BDO Comment

The amendments to IFRS 16 do not explicitly require lessees to disclose the major types of rent concessions received, however, in accordance with IFRS 16.51, the company considers this information necessary in order for users of the financial statements to assess the effect that leases have on the financial statements.

*[Note that the May 2020 amendment to IFRS 16 for covid-19-related rent concessions only applied to concessions for which any reduction in lease payments affected only payments originally due on or before 30 June 2021. The March 2021 amendment extended these requirements to apply to reductions in lease payments originally due on or before 30 June 2022.]*

*It is possible that certain rent concessions which did not meet the criteria in the prior year will now be in scope of IFRS 16:46B (i.e the original rent concession in the prior year affected payments after 30 June 2021). This will require retrospective application with the cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained earnings at the beginning of the annual reporting period in which the lessee first applies the amendment– **NOTE that this is not applicable** for FRS 101 (Reduced Disclosures) Layout Limited but there is an example of this application in the BDO Global IFRS illustrative financial statements for the year ended 31 December 2021]*

## Provisions

IAS 37:84

For each class of provision, disclose:

- Opening and closing carrying amount
- Additional provisions
- Amounts used
- Reversals of unused amounts
- Increases in the discounted amount due to the passage of time
- Effect of any change in the discount rate.

(Note that comparative information is not required).

IAS 37:85

For each class of provision, disclose:

- Description of the nature of the obligation
- The expected timing of future outflows of economic benefits
- Uncertainties in the above
- Major assumptions used
- The amount of any expected reimbursement.

Sch 1 (59) (1-2)

Where amounts would ordinarily be shown separately in the balance sheet, then details of amounts brought forward, transferred and carried forward should be given in tabular form.

Sch 1 (59) (3)

Particulars must be given of each provision included in the item “other provisions” in the company’s balance sheet in any case where the amount of that provision is material.

Notes forming part of the financial statements  
for the year ended 31 December 2021 (*Continued*)

**22 Leases (*continued*)****Rent Concessions (*continued*)**

Due to the continuing impact of the pandemic the company entered into additional rent concessions for July 2021 to September 2021 which satisfy the criteria for the application of the extended practical expedient, resulting in a reduction of total lease liabilities of £xxx.

The effect of these reductions has been recorded in profit or loss in the period in which the event or condition that triggers those payments occurred.

**23 Provisions for liabilities**

	Deferred tax (note 24) £'000	Warranty claims £'000	Leasehold dilapidations £'000	Legal disputes £'000	Total £'000
At 1 January 2021					
Charged to profit or loss					
Charged to other comprehensive income					
Utilised in year					
Released in year					
Unwinding of discount					
	_____	_____	_____	_____	_____
At 31 December 2021	=====	=====	=====	=====	=====
Due within one year or less					
Due after more than one year					
	_____	_____	_____	_____	_____
	=====	=====	=====	=====	=====

**Warranty claims**

For certain products the company has incurred an obligation to exchange the item if it breaks prematurely due to a lack of quality or give the client a refund if he is not satisfied. Revenue for the sale of the products is recognised once the good is delivered, however, a provision based on previous experience is recognised at the same time (revenue is adjusted for the amount of the provision).

**Leasehold dilapidations**

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

**Legal disputes**

The company is currently involved in a number of legal disputes. The amount provided represents the directors' best estimate of the company's liability having taken legal advice. Uncertainties relate to whether claims will be settled out of court or if not whether the company is successful in defending any action. Because of the nature of the disputes, the directors have not disclosed future information on the basis that they believe that this would be seriously prejudicial to the company's position in defending the cases brought against it.

## **Deferred tax**

- IAS 12:81 (d)-(e)      Disclose separately:
- Changes in the applicable tax rate(s)
  - The amount, and expiry date, of the following for which no deferred tax asset is recognised:
    - Deductible temporary differences
    - Unused tax losses
    - Unused tax credits
  - The aggregate temporary differences for which no deferred tax liabilities have been recognised in respect of investments in:
    - Subsidiaries
    - Branches
    - Associates
    - Joint ventures
- IAS 12:81(g)      For each type of temporary difference and unused tax losses/credits disclose the amount of the deferred tax assets and liabilities recognised in
- The statement of financial position
  - Profit or loss (if not apparent from changes in balance sheet balances)
- Sch 1 (60)      [Show any provision for deferred taxation separately from any provision for other taxation.](#)
- IAS 12: 82      An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:
- (a) The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
  - (b) The entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates



**Notes forming part of the financial statements  
for the year ended 31 December 2021 (Continued)**

**24 Deferred tax**

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2020: 17%). As discussed in note 11, the enacted reduction on the main rate of corporation tax to 17% was repealed during the year and a rate of 19% remains for years starting 1 April 2021 and 1 April 2021. Therefore the rate of 19% has been applied to all deferred tax balances at the balance sheet date.

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered based upon business forecasts. Details of the deferred tax liability, amounts recognised in profit or loss and amounts recognised in other comprehensive income are as follows:

	Asset	Liability	Net	Charged to profit or loss	Charged to other comprehensive income
	2021 £'000	2021 £'000	2021 £'000	2021 £'000	2021 £'000
Accelerated capital allowances					
Revaluations of other tangible assets					
Other temporary differences					
Available losses					
Tax asset/(liabilities)					
Set off of tax					
Net tax assets/(liabilities)					
	2020 £'000	2020 £'000	2020 £'000	2020 £'000	2020 £'000
Accelerated capital allowances					
Revaluations of other tangible assets					
Other temporary differences					
Available losses					
Tax asset/(liabilities)					
Set off of tax					
Net tax assets/(liabilities)					

A deferred tax asset has not been recognised in respect of the following items:

	2021 £'000	2020 £'000
Accumulated tax losses		

The accumulated tax losses can be carried forward indefinitely.

## Share capital

IAS 1:79(a)	<p>For each class of share capital, disclose:</p> <ul style="list-style-type: none"> <li>• Number of authorised shares</li> <li>• Number of issued and fully paid shares</li> <li>• Number of issued but not fully paid shares</li> <li>• Par value per share</li> <li>• A reconciliation of the opening and closing number of shares</li> <li>• Rights, preferences and restrictions (i.e. distribution of dividends, and repayment of capital)</li> <li>• Number of entity shares held by the entity, subsidiaries, or associates (i.e. treasury shares)</li> <li>• Shares reserved for issue under options and contracts for the sale of shares</li> <li>• Terms and amounts in relation to the above.</li> </ul>
Sch 1 format note 12	The amount of allotted share capital and the amount of called up share capital which has been paid up must be shown separately.
Sch 1 (47) (1)	<p>(a) State the number and total nominal value of shares of each class allotted.</p> <p>(b) State the number and total nominal value of each class of treasury shares held.</p>
Sch 1 (47) (2)	<p>For redeemable shares, give:</p> <p>(a) the earliest and latest dates for redemption;</p> <p>(b) whether redemption is mandatory, or at the company's or shareholder's option; and</p> <p>(c) the amount of any premium payable on redemption.</p>
Sch 1 (48)	<p>If the company has allotted shares during the year, give:</p> <p>(a) the classes of shares allotted, and</p> <p>(b) as respects each class of shares, the number allotted, their aggregate nominal value, and the consideration received by the company for the allotment.</p>
Sch 1 (62)	If fixed cumulative dividends are in arrears, the amount and period of arrears for each class of shares
Sch 4 (3)	(1) The number, description and amount of the shares in the company held by or on behalf of its subsidiary undertakings must be disclosed.

## Reserves

IAS 1:79(b)	Disclose the nature and purpose of each reserve.
IAS 16:77(f)	Disclose any restrictions on the distribution of the revaluation surplus.

Notes forming part of the financial statements  
for the year ended 31 December 2021 (*Continued*)

**25 Share capital****Authorised**

	2021 Number	2021 £'000	2020 Number	2020 £'000
Ordinary shares of £1 each				

**Allotted, called up and fully paid**

	2021 Number	2021 £'000	2020 Number	2020 £'000
<i>Ordinary shares of £1 each</i>				
At 1 January				
New shares issued				
At 31 December				

On xx January 2021 xx ordinary shares were issued for £xxx (after deducting expenses of £xxx) to the company's parent company at a premium of £xxx per share.

All shares rank pari passu for dividend rights and provide the holder with one vote.

**26 Reserves**

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Share premium	Amount subscribed for share capital in excess of nominal value.
Revaluation reserve	Gains/losses arising on the revaluation of the company's property (other than investment property). This reserve is not distributable to shareholders.
Profit and loss account	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

## Retirement benefits

IAS 19:53	Disclose the amount recognised as an expense for defined contribution plans
IAS 19:34	When sufficient information is not available to use defined benefit accounting for a multi-employer defined benefit plan, an entity shall account for the plan as if it were a defined contribution plan and disclose the information required by paragraph 148.
IAS 19:148	<p>If an entity participates in a multi-employer defined benefit plan, it shall disclose:</p> <ol style="list-style-type: none"> <li>a) A description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements.</li> <li>b) A description of the extent to which the entity can be liable to the plan for other entities' obligation under the terms and conditions of the multi-employer plan.</li> <li>c) A description of any agreed allocation of a deficit or surplus on: <ol style="list-style-type: none"> <li>(i) Wind-up of the plan; or</li> <li>(ii) The entity's withdrawal from the plan</li> </ol> </li> <li>d) If the entity accounts for that plan as if it were a defined contribution plan in accordance with paragraph 34, it shall disclose the following in addition to a-c above: <ol style="list-style-type: none"> <li>(i) The fact that the plan is a defined benefit plan</li> <li>(ii) The reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan</li> <li>(iii) The expected contributions to the plan for the next annual reporting period</li> <li>(iv) Information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity</li> <li>(v) An indication of the level of participation of the entity in the plan compared with other participating entities. Examples of measures that might provide such an indication include the entity's proportion of the contributions to the plan or the entity's proportion of the total number of active members, retired members, and former members entitled to benefits, if that information is available.</li> </ol> </li> </ol>
Sch 1 (63)(5)	Particulars must be given of pension commitments which are included in the balance sheet.
Sch 1 (63)(6)	Where any commitment relates wholly or partly to pensions payable to past directors of the company separate particulars must be given of that commitment.

**27 Retirement benefits**

*Defined Contribution Schemes*

The amount recognised in the profit and loss account as an expense in relation to defined contribution schemes is £xxx (2020 - £xxx). There were no amounts owing at the year end.

*Defined Benefit Schemes*

FRS 101 (Reduced Disclosures) Layout Limited participates in the A Layout (International) Group Limited defined benefit plan. There is no contractual agreement or stated policy for charging the net defined benefit cost between group entities and therefore contributions to the defined benefit plan are recognised in profit or loss in the year to which they relate. The company's contributions are determined based upon a fixed percentage of the salary of the company's employees enrolled in the plan, and the company has no exposure to other funding requirements or liability for other entities' obligations, including upon wind-up of the plan.

The amount recognised in the profit and loss account as an expense in relation to contributions to this scheme amounted to £xxx (2020 - £xxx). The amount expected to be contributed in 2021 is £xxx.

Detailed disclosures in respect of the A Layout (International) Group Limited pension scheme as a whole are disclosed in note X to the financial statements of A Layout (International) Group Limited for the year ended 31 December 2021.

## Share based payments

IFRS 2:44	The entity shall disclose information that enables users of the financial statements to understand the nature and extent of share-based payment arrangements that existed during the period.
IFRS 2:45(a)	Disclose: A description of each type of share-based payment arrangement (i.e. general terms and conditions, vesting requirements, the maximum term of options granted, method of settlement)
IFRS 2:45(c)	For share options exercised during the period, disclose: The weighted average share price at the date of exercise.
IFRS 2:45(d)	For share options outstanding at the end of the period, disclose: <ul style="list-style-type: none"> <li>• The range of exercise prices</li> <li>• Weighted average remaining contractual life.</li> </ul>

IFRS 2	There are a number of other disclosures under IFRS 2 in relation to share based payments.
FRS 101:8(a)	FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(a) not to disclose information required by IFRS 2:45(b) and IFRS 2:46-52. This exemption is only allowed provided that the qualifying entity that is: <ul style="list-style-type: none"> <li>(i) a subsidiary, the share-based payment arrangement concerns equity instruments of another group entity;</li> <li>(ii) an ultimate parent, the share-based payment arrangement concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the group;</li> </ul> AND if equivalent disclosures are provided within the consolidated accounts in which the entity is consolidated.

Sch 1 (49) (1)	With respect to any option to subscribe for shares and any other right to require the allotment of shares give: <ul style="list-style-type: none"> <li>(a) the number, description and amount of the shares in relation to which the right is exercisable,</li> <li>(b) the period during which it is exercisable, and</li> <li>(c) the price to be paid for the shares allotted.</li> </ul>
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**Notes forming part of the financial statements  
for the year ended 31 December 2021 (Continued)**

**28 Share-based payment**

Certain employees of the company participate in an equity-settled share based remuneration scheme which is operated by the company's ultimate parent company A Layout (International) Group Limited.

Share options in respect of the scheme are exercised regularly throughout the current and preceding year. The weighted average share price of A Layout (International) Group Limited during the year ended 31 December 2021 was £xxx (2020 - £xxx).

At 31 December 2021 there are x outstanding options (2020- x).

*United Kingdom tax authority approved scheme*

All employees are eligible to participate in the SAYE scheme, the only vesting condition being that the individual remains an employee of the company over the savings period which is typically x years, with a maximum exercise period of x years.

The weighted average remaining contractual lives of the options below were x years (2020 - x years). At the end of the year these outstanding share options had the following ranges of exercise price:

	2021 No.	2020 No.
Exercise price - £[x.xx]		
Exercise price - £[x.xx]		
	=====	=====

At 31 December 2021 [number] of these shares were exercisable (2020 - x).

### Related party transactions - general

- Sch 1 (72)(1)-(4) (1) Particulars may be given of transactions which the company has entered into with related parties, and must be given if such transactions are material and have not been concluded under normal market conditions.
- (2) The particulars of transactions must include the amount of such transactions, the nature of the related party relationship, and other information about the transactions necessary for an understanding of the financial position of the company.
- (3) Information about individual transactions may be aggregated according to their nature, except where separate information is necessary for an understanding of the effects of related party transactions on the financial position of the company.
- (4) Particulars need not be given of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by such a member.

- IAS 24:19 Disclose related party transactions separately for:
- (a) the parent **\*\*see FRS 101:8(k) below\*\***
  - (b) entities with joint control of, or significant influence over, the entity
  - (c) subsidiaries **\*\*see FRS 101:8(k) below\*\***
  - (d) associates
  - (e) joint ventures in which the entity is a venturer
  - (f) key management personnel of the entity or its parent **\*\*see FRS 101:8(j) below\*\***
  - (g) other related parties.
- IAS 24:21 Sub-paragraphs (a) to (j) lists examples of transactions with a related party that would be disclosed.
- IAS 24:18 Where related party transactions occurred during the period, disclose:
- (a) their amount;
  - (b) the amount of any outstanding balances (including commitments)
    - (i) Terms and conditions
    - (ii) Secured or unsecured
    - (iii) Nature of the consideration payable/receivable
    - (iv) Details of any guarantees;
  - (c) provisions for doubtful debts related to the amount of outstanding balances and;
  - (d) expenses recognised during the period in respect of bad or doubtful debts due from related parties.
- IAS 24:23 Disclose that related party transactions were made at an arm's length basis only where this is in fact the case and can be substantiated.

FRS 101:8(k)	FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(k) not to disclose information about transactions entered into between two or more members of the group where any subsidiary which is a party to the transactions is wholly owned by such a member.
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### Related party transactions - key management personnel

- |                 |   |
|-----------------|---|
| IAS 24:17 & 18A | IAS 24 requires the disclosure of key management personnel compensation and amounts incurred by the entity for key management personnel services that are provided by a separate management entity. |
| FRS 101:8(j)    | FRS 101 (Reduced Disclosures) Layout Limited has taken advantage of the exemption under FRS 101 paragraph 8(j) not to disclose this information.  |



Notes forming part of the financial statements  
for the year ended 31 December 2021 (*Continued*)

**29 Related party transactions***Trading transactions with group companies*

During the year the company entered into the following transactions with fellow group undertakings which are not wholly owned members of the group headed by A Layout (International) Group Limited:

Sales of goods		Purchase of goods		Amounts owed by related parties (see note 19)		Amounts owed to related parties (see note 20)	
2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000

[PARTY A]

[PARTY B]

Sales of goods to related parties were made at the company's usual list prices, less average discounts of five per cent. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationship between the parties.

Other related party transactions are as follows:

Related party relationship	Type of transaction	Transaction amount		Balance Owed	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Director	Loan to director	_____	_____	_____	_____

The company has not made any allowance for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received during 2021 or 2020 regarding related party transactions.

Details of directors' remuneration are given in note 9.

## Contingent liabilities

- IAS 37:86 For each class of contingent liability, disclose a brief description of the nature of the contingent liability including:
- An estimate of its financial effect
  - Uncertainties relating to the amount or timing of any outflow
  - The possibility of any reimbursement.
- Disclosure is not required if the outflow in settlement is remote.
- Sch 1 (63)
- (1) Particulars must be given of any charge on the assets of the company to secure the liabilities of any other person including the amount secured.
  - (2) Particulars and the total amount of any financial commitments, guarantees and contingencies that are not included in the balance sheet must be disclosed.
  - (3) An indication of the nature and form of any valuable security given by the company in respect of commitments, guarantees and contingencies within sub-paragraph (2) must be given.
  - (4) The total amount of any commitments within sub-paragraph (2) concerning pensions must be separately disclosed.
  - (5) Particulars must be given of pension commitments which are included in the balance sheet.
  - (6) Where any commitment within sub-paragraph (4) or (5) relates wholly or partly to pensions payable to past directors of the company separate particulars must be given of that commitment.
  - (7) The total amount of any commitments, guarantees and contingencies within sub-paragraph (2) which are undertaken on behalf of or for the benefit of-
    - a. any parent undertaking or fellow subsidiary undertaking of the company,
    - b. any subsidiary undertaking of the company, or
    - c. any undertaking in which the company has a participating interest,
 must be separately stated and those within each of paragraphs (a), (b) and (c) must also be stated separately from those within any other of those paragraphs.

## Capital commitments

- Sch 1 (63)(2) Particulars and the total amount of any financial commitments, guarantees and contingencies that are not included in the balance sheet must be disclosed.

## Events after the reporting date

- IAS 10:21 For each material non-adjusting event, disclose the nature of the event and an estimate of its financial effect. If this cannot be estimated, disclose this fact.
- Sch 1 (72A) The nature and financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet must be stated.

## Ultimate parent company and control

- Sch 4 (8) Where the company is a subsidiary undertaking, disclose the name of the parent undertaking and its registered office along with where copies of the accounts can be obtained if publicly available. This disclosure is required with respect to the parent undertaking of-
- (a) the largest group of undertakings for which group accounts are drawn up and of which the company is a member, and
  - (b) the smallest such group of undertakings.
- Sch 4 (9) Where the company is a subsidiary undertaking, disclose the name of the company's ultimate parent company and the country of incorporation if outside the UK.
- IAS 24:13 All entities must disclose the name of its parent and, if different, the ultimate controlling party. If neither the parent nor the ultimate parent produces consolidated accounts, the name of next most senior parent that does so.

**30 Contingent liabilities**

The company has been informed that a former employee has started legal proceedings against the company for unfair dismissal. The company vigorously denies that it was at fault and is intending to defend itself against any such action. Legal advice received supports the director's belief that the claim is without merit. It is anticipated the case will be concluded by the end of 2021. In the event that the company is found to be liable, the directors have been advised that the compensation payable is highly unlikely to exceed £xxx. The directors note that in the event of an unfavourable judgement the company would not be able to recoup the loss from another party.

**31 Capital commitments**

The company had commitments for future capital expenditure not provided for in the accounts of £xxx (2020 - £xxx).

**32 Events after the reporting date**

On 12 March 2022 the company sold the trade and assets of its car paint and trim manufacturing division trading as 'Beige, Brown and Velour' for a consideration of £xxx resulting in a profit on disposal of £xxx.

**33 Ultimate parent company and control**

The immediate parent company is A Layout Limited, a company incorporated and registered in the UK. At 31 December 2021 the company's ultimate parent company was A Layout (International) Group Limited, incorporated and registered in the United Kingdom.

The largest group of undertakings for which group accounts are drawn up and of which the company is included is the group headed by A Layout (International) Group Limited. The smallest such group is the group headed by A Layout Limited. The registered office of A Layout (International) Group Limited and A Layout Limited is 50 Baker Street, London, W1U 7EU.

Copies of the financial statements of A Layout Limited and A Layout (International) Group Limited are available from [www.bdo.co.uk](http://www.bdo.co.uk) or on request from the company's registered office.

The company is controlled by Mr C A Layout as controlling shareholder of A Layout (International) Group Limited.

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Below is a summary of the exemptions conferred by FRS 101 to entities that are not financial institutions (see note 2 below for exemptions allowed for a financial institution).

The column on the left is a direct extract from FRS 101 and the column on the right summarises what the exemption actually means in the context of IFRS disclosure requirements. **THIS SUMMARY IS DESIGNED AS A GUIDE ONLY.** It is not a replacement for the completion of a disclosure checklist and the audit team should always review the standard directly to ensure the correct disclosures are included.

FRS 101 Reference & exemption	IFRS requirement commentary	Dependent upon equivalent disclosures included in consolidated accounts? (see note 1)
<p>7A On first-time adoption of this standard, a qualifying entity shall apply the requirements of paragraphs 6 to 33 of IFRS 1 First-time adoption of International Financial Reporting Standards subject to the requirements of paragraph 12 of FRS 100 except for the requirement of paragraphs 6 and 21 to present an opening statement of financial position at the date of transition. References to IFRS in IFRS 1 shall be interpreted as references to <b>UK-adopted IFRS</b> as amended in accordance with paragraph 5(b) of this FRS.</p>	<p>Removes the requirement to:</p> <ul style="list-style-type: none"> <li>• Prepare a third balance sheet at the date of transition to FRS 101.</li> </ul> <p>This is only relevant for an entity transitioning from FRS 102 to FRS 101 and will not affect entities moving from IFRS to FRS 101 when IFRS 1 does not apply.</p>	<p>No</p>

FRS 101 Reference & exemption	IFRS requirement commentary	Dependent upon equivalent disclosures included in consolidated accounts? (see note 1)
<p>8(a) The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 <i>Share-based Payment</i>, provided that for a qualifying entity that is:</p> <p>(i) a subsidiary, the share-based payment arrangement concerns equity instruments of another group entity;</p> <p>(ii) an ultimate parent, the share-based payment arrangement concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the group.</p>	<p>Removes the requirement for the majority of detailed IFRS 2 disclosures, most notably:</p> <ul style="list-style-type: none"> <li>• Information to enable the users of the financial statements to understand how the fair value of the goods/services received or equity instruments granted has been determined (46-49);</li> <li>• Information to understand the effect of share based payment transactions on profit and loss and financial position (50-51); and</li> <li>• Details on the number and weighted average exercise prices for the following groupings of options (45(b)): <ul style="list-style-type: none"> <li>○ outstanding at the start of the period</li> <li>○ granted in the period</li> <li>○ forfeited in the period</li> <li>○ exercised in the period</li> <li>○ expired in the period</li> <li>○ outstanding at the end of the period</li> <li>○ exercisable at the end of the period.</li> </ul> </li> </ul> <p>These exemptions do not apply where a subsidiary undertakes share based payment transactions involving its own equity instruments nor in an ultimate parent for any arrangements involving the equity instruments of a subsidiary.</p> <p>Note that The Companies Act still requires the number and amount of the shares in relation to which the right is exercisable.</p>	<p>Yes</p>

FRS 101 Reference & exemption	IFRS requirement commentary	Dependent upon equivalent disclosures included in consolidated accounts? (see note 1)
<p>8(b) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 <i>Business Combinations</i>.</p>	<p>FRS 101 is only an option for individual financial statements and not those produced on a consolidated basis. This means that this exemption will only apply to situations where the acquisition of trade and assets constitute a business combination. It is not relevant to hive ups of trade and assets as these are outside the scope of IFRS 3.</p> <p>The exemption removes many of the disclosure requirements of IFRS 3 including (but not limited to):</p> <ul style="list-style-type: none"> <li>• The reasons why the business combination occurred and how control was obtained (B64(d));</li> <li>• A description of what constitutes goodwill (synergies etc) (B64(e));</li> <li>• Details on contingent consideration and the indemnification of assets, including details of contingent consideration until such point that it is settled (B64(g));</li> <li>• Details of acquired receivables and contingent liabilities (B64(h,j));</li> <li>• Details of acquisition related costs (B64(m));</li> <li>• Details on why a transaction resulted in a gain on a bargain purchase (B64(n)(ii));</li> <li>• The valuation technique and inputs used to measure NCI in an acquiree measured at fair value (B64(o)(ii));</li> <li>• Details on a combination achieved in stages (B64(p));</li> <li>• Details of revenues and profit/loss of the combined entity as if it was combined at the start of the period (B64(q)(ii));</li> <li>• Details of combinations that occur in the post-balance sheet period (B66);</li> <li>• Details of incomplete combinations (B67(a)); and</li> <li>• Reconciliation of goodwill (B67(d)).</li> </ul>	<p>Yes</p>

FRS 101 Reference & exemption	IFRS requirement commentary	Dependent upon equivalent disclosures included in consolidated accounts? (see note 1)
8(c) The requirements of paragraph 33(c) of IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> .	Removes the requirement to disclose: <ul style="list-style-type: none"> <li>The net cash flows attributable to the operating, investing and financing activities of discontinued operations.</li> </ul>	No
8(cA) The requirements of paragraph 24(b) of IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i> to disclose the operating and investing cash flows arising from the exploration for and evaluation of mineral resources.	This only removes the requirement to disclose the operating and investing cashflows. There is still a requirement to disclose the amounts of assets, liabilities, income and expense arising from the exploration for and evaluation of mineral resources in accordance with paragraph 24(b) of IFRS 6.	No
8(d) The requirements of IFRS 7 <i>Financial Instruments: Disclosures</i>	This provides a complete exemption from the disclosures of IFRS 7. There are still disclosure requirements for financial instruments (particularly those held at fair value) set out in The Companies Act for Companies Act accounts. An FRS 101 preparer will still need to adhere to these requirements - see FRS 101 (Reduced Disclosures) Layout Limited.	Yes (see note 3)
8(e) The requirements of paragraphs 91 to 99 of IFRS 13 <i>Fair Value Measurement</i>	This provides a complete exemption from the disclosures of IFRS 13. There are still disclosure requirements for financial instruments including fair value information set out in The Companies Act for Companies Act accounts. An FRS 101 preparer will still need to adhere to these requirements - see FRS 101 (Reduced Disclosures) Layout Limited.	Yes



FRS 101 Reference & exemption	IFRS requirement commentary	Dependent upon equivalent disclosures included in consolidated accounts? (see note 1)
<p>8(eA) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 <i>Revenue from Contracts with Customers</i>.</p>	<p>Removes the requirement for the majority of IFRS 15 disclosures, most notably:</p> <ul style="list-style-type: none"> <li>• Disaggregation of revenue (114-115);</li> <li>• Details of significant changes in contract assets and liabilities (118);</li> <li>• Details on performance obligations BUT information is still required on obligations for returns and refunds and types of warranties and their associated provisions (119);</li> <li>• Details on transaction price allocation (120);</li> <li>• Details of significant judgements made in the application of IFRS 15 (123);</li> <li>• Details on the timing of the satisfaction of performance obligations (124);</li> <li>• Judgements around the costs to obtain and fulfil a contract alongside their subsequent amortisation (127); and</li> <li>• Statements that the practical expedients for significant financing components and incremental costs of obtaining a contract have been taken if relevant (129).</li> </ul> <p>Note that the disaggregation of revenue disclosures set out in The Companies Act will still apply. In addition, the more general requirements in IAS 1 for disclosures of significant judgements and estimates are not exempted for FRS 101 preparers which may require some of the above information.</p>	<p>No</p>

FRS 101 Reference & exemption	IFRS requirement commentary	Dependent upon equivalent disclosures included in consolidated accounts? (see note 1)
<p>8(eB) The requirements of paragraph 52 [<b>lessee</b>], the second sentence of paragraph 89, and paragraphs 90, 91 and 93 [<b>lessor</b>] of IFRS 16 <i>Leases</i>.</p> <p>The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.</p>	<p>Removes the requirement for a <u>lessee</u> to provide all lease disclosures <u>in a single note</u> or separate section of the financial statements (52).</p> <p>Removes the requirements for <u>lessors</u> to disclose the following in relation to finance leases (90a &amp; 93):</p> <ul style="list-style-type: none"> <li>• Selling profit or loss;</li> <li>• Finance income on the net investment in a lease;</li> <li>• Income relating to variable lease payments not included in the net investment in the lease measurement; and</li> <li>• Qualitative and quantitative explanations of significant changes in the carrying value of the net investment in a lease.</li> </ul> <p>Removes the requirement for operating <u>lessors</u> to disclose details on lease income (90b).</p> <p>In addition, the exemption from providing a maturity analysis of lease liabilities is available but only if when complying with the Companies Act requirements for details of indebtedness, lease liabilities are presented separately from other liabilities.</p>	<p>No</p>

FRS 101 Reference & exemption	IFRS requirement commentary	Dependent upon equivalent disclosures included in consolidated accounts? (see note 1)
<p>8(f) The requirement in paragraph 38 of IAS 1 <i>Presentation of Financial Statements</i> to present comparative information in respect of:</p> <p>(i) paragraph 79(a)(iv) of IAS 1;</p> <p>(ii) paragraph 73(e) of IAS 16 <i>Property, Plant and Equipment</i>;</p> <p>(iii) paragraph 118(e) of IAS 38 <i>Intangible Assets</i>;</p> <p>(iv) paragraphs 76 and 79(d) of IAS 40 <i>Investment Property</i>; and</p> <p>(v) paragraph 50 of IAS 41 <i>Agriculture</i>.</p>	<p>Removes the requirement to provide comparative information for the following disclosures:</p> <ul style="list-style-type: none"> <li>• The reconciliation of number of shares outstanding at the start and end of the reporting period;</li> <li>• The reconciliation of the carrying amount of PPE at the start and end of the reporting period;</li> <li>• The reconciliation of the carrying amount of intangibles at the start and end of the reporting period;</li> <li>• The reconciliation of the carrying amount of investment properties (both Cost and Fair Value model) at the start and end of the reporting period; and</li> <li>• The reconciliation of the carrying amount of biological assets at the start and end of the reporting period.</li> </ul>	<p>No</p>
<p>8(g) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 <i>Presentation of Financial Statements</i>.</p>	<p>Removes the requirement to:</p> <ul style="list-style-type: none"> <li>• Present a statement of cash flows (10(d), 38A, 111);</li> <li>• Present a third balance sheet on the application of an accounting policy retrospectively or any retrospective restatement of a line item (10(f), 40A-D);</li> <li>• Provide a statement of compliance with IFRS (a statement of compliance with FRS 101 should be provided instead) (16);</li> <li>• Present comparative information for narrative disclosures and information beyond the IFRS requirements (38B); and</li> <li>• Disclose information around the objectives, policies and process for managing capital (134-136).</li> </ul>	<p>No</p>

FRS 101 Reference & exemption	IFRS requirement commentary	Dependent upon equivalent disclosures included in consolidated accounts? (see note 1)
8(h) The requirements of IAS 7 <i>Statement of Cash Flows</i> .	Completely removes the requirement to present a statement of cash flows.	No
8(i) The requirements of paragraphs 30 and 31 of IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> .	Removes the disclosure requirements concerning situations when an entity has not applied a new IFRS that has been issued but is not yet effective.	No
8(iA) The requirements of paragraph 74A(b) of IAS 16. <sup>2</sup>	Removes the requirement to disclose the amounts of proceeds and cost included in profit or loss in accordance with paragraph 20A that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.	No
8(j) The requirements of paragraphs 17 and 18A of IAS 24 <i>Related Party Disclosures</i> .	Removes the disclosure requirements for key management personnel and amounts incurred for key management personnel provided by a separate management entity.	No
8(k) The requirements in IAS 24 <i>Related Party Disclosures</i> to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.	Removes the requirements to disclose related party transactions between wholly owned intra-group companies.	No

<sup>2</sup> FRS 101 has been amended for financial statements approved after 21 May 2021 (the date the amendment was finalised) however the disclosure required in accordance with IAS 16:74A(b) is effective from periods beginning on or after 1 January 2022.

FRS 101 Reference & exemption	IFRS requirement commentary	Dependent upon equivalent disclosures included in consolidated accounts? (see note 1)
8(l) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 <i>Impairment of Assets</i> .	<p>Removes many (but not all) of the requirements for disclosure around the recoverable amounts of cash generating units with indefinite useful economic life. The most notable exemptions relate to details on the assessment of fair value less costs to sell and value in use, particularly details and sensitivity on key assumptions.</p> <p>Exemption is also provided from descriptions of valuation techniques and key assumptions in situations where there has been an impairment loss in the year and the recoverable amount is assessed to be fair value less costs to sell.</p>	Yes
8A When a qualifying entity applies an adopted IFRS, if that IFRS cross-refers to the requirements of an exempted paragraph or standard listed in paragraph 8, the qualifying entity is nevertheless permitted to take that exemption.		

**Note 1 - Dependent upon equivalent disclosures included in the consolidated financial statements**

Some of the disclosure exemptions within FRS 101 are only allowed where there are equivalent disclosures included within the consolidated financial statements of the group in which the entity is consolidated. Paragraph 9 of FRS 101 states that reference should be made to the Application Guidance to FRS 100 in deciding whether the consolidated financial statements of the group provide disclosures which are equivalent to the requirements of **UK-adopted IFRS**.

In the Amendments to FRS 100 issued in December 2020 (UK exit from the European Union) it is stated that the Application Guidance will be updated for changes to UK company law and decisions on equivalence. This will be made available on the FRC website but has not currently been published.

**Note 1 - Dependent upon equivalent disclosures included in the consolidated financial statements (continued)**

In November 2020 BEIS issued a [letter to the accounting sector](#) which confirmed that as at IP completion day (11pm 31 December 2020), all GAAPs that had already been granted as equivalent to EU-adopted IFRS by the European commission would continue to be recognised as equivalent to UK-adopted IFRS. The UK will then have a framework to assess other third countries accounting standards for equivalence to UK-adopted IFRS after the end of the transition period.

As at IP completion day, the European Commission had identified the following as equivalent to EU-adopted IFRS. Therefore, these are considered to be generally equivalent to UK-adopted IFRS as at 1 January 2021:

- Japan GAAP
- US GAAP
- People's Republic of China GAAP
- Canadian GAAP
- Republic of Korea GAAP

For other third countries it will be necessary to refer to the Application Guidance in FRS 100. In deciding whether the consolidated financial statements of the parent provide disclosures which are equivalent to the requirements of UK-adopted IFRS it is necessary to consider whether the consolidated financial statements of the parent provide disclosures that meet the basic disclosure requirements of the relevant standard or interpretation issued (or adopted) by the relevant standard setter, without requiring strict conformity with each and every disclosure. This assessment should be based on the particular facts, including the similarities to and differences from the requirements of the relevant standard from which relief is provided.

**Note 2 - Qualifying entity which is a financial institution**

Paragraph 7 of FRS 101 notes that a qualifying entity which is a financial institution may take advantage in its individual financial statements of the disclosure exemptions set out in paragraphs 7A to 9 of FRS 101, except for:

- (a) the disclosure exemptions from IFRS 7 Financial Instruments: Disclosures (see paragraph 8(d) above);
- (b) the disclosure exemptions from IFRS 13 Fair Value Measurement (see paragraph 8(e) above) to the extent that they apply to financial instruments; and
- (c) the disclosure exemptions from paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements (see paragraph 8(g) above).

**Note 3 - Fair value disclosures**

Entities subject to the requirements of the UK Companies Act and related Regulations are legally required to provide disclosures related to financial instruments, including those measured at fair value. Further guidance is provided in paragraphs A2.5A to A2.7D within FRS 101 (Appendix II: Note on legal requirements).

## APPENDIX 2 - FRS 101 accounting differences to IFRS

Below is a summary of the key areas where there are accounting differences between FRS 101 and **UK-adopted IFRS** as stated in the Application Guidance to FRS 101, which forms an integral part of that standard. These are just a summary of the situation in which the guidance will apply and if applicable the detailed requirements of FRS 101 AG1 should be read. **THIS SUMMARY IS DESIGNED AS A GUIDE ONLY.**

FRS 101 Reference	IFRS standard affected	High level commentary on difference
AG1 (a)	IFRS 1	Impacts where a subsidiary is a first-time adopter at a date later than its parent
AG1 (b)	IFRS 1	Impacts where a parent is a first-time adopter at a later date than its subsidiary (or associate or joint venture)
AG1 (c)	IFRS 3 Gain on bargain purchase	IFRS requires a gain on bargain purchase ('excess') to be recognised in the income statement. FRS 101 requires this gain to be separately disclosed on the balance sheet, immediately below goodwill, followed by a subtotal of the net amount of goodwill and the excess. AG1(c) also sets out the subsequent treatment of this gain.
AG1 (d)	IFRS 3 Contingent consideration	Contingent consideration arising from acquisitions before the SI 2015/980 law change (periods beginning 1 Jan 2016 or after, unless adopted early) shall not be adjusted to comply with IFRS 3 (Revised 2008) following the change in law.
AG1 (e)	N/a	This paragraph is not used in FRS 101.
AG1 (f)	IFRS 3 Goodwill	IFRS 3 - non amortisation of goodwill shall be followed. This is a departure from Companies Act requirements for the purposes of giving a true and fair view (the departure is required by FRS 101) and so the accounts shall include 'particulars of the departure, the reasons for it and its effect' [Sch 1 (10)(2)].  Note this will only be relevant if a trade and asset purchase constitutes a business as FRS 101 only applies to individual financial statements.
AG1 (fa)	IFRS 4 Insurance contracts	States that regulatory requirements will over-ride paragraph 14(a) of IFRS 4 on recognition of liabilities for possible future claims.
AG1 (g)	IFRS 5 Discontinued operations analysis	Amends IFRS 5:33 for the presentation of discontinued operations such that FRS 101 <u>requires</u> the analysis to be presented on the face of the statement of comprehensive income in a column separately from continuing operations with a total column also presented (rather than being permitted to be shown in the notes).



## APPENDIX 2 - FRS 101 accounting differences to IFRS

FRS 101 Reference	IFRS standard affected	High level commentary on difference
AG1 (h)	IAS 1 Balance sheet format	Allows the company to choose between the adaption of the Companies Act balance sheet formats to comply with IAS 1, or non-adaption in which case the Companies Act formats will be complied with and not IAS 1.
AG1 (i)	IAS 1 Profit or loss format	Allows the company to choose between the adaption of the Companies Act profit or loss formats to comply with IAS 1 (with the inclusion of 'profit or loss before taxation' line) or non-adaption in which case the Companies Act formats will be complied with and not IAS 1.
AG1 (j)	IAS 1 Extraordinary items Banking & Insurance companies	A company (or LLP) applying Schedule 1 of the (LLP) Regulations (to the Companies Act) shall not present or describe any items as extraordinary - this is inline with IFRS treatment.  If a company (or LLP) is applying Schedule 2 or 3 to the Regulations (banking or insurance companies), AG1 (j) provides guidance on definition of ordinary activities and extraordinary items.
AG1 (k)	IAS 1 Exclusion from P&L	IAS 1 requires all items of income and expense to be shown in the profit or loss unless an IFRS requires or permits otherwise. AG1 (k) extends this to also include 'or unless prohibited by the Act (Companies Act)'.
AG1 (l), (m), (n), (o), (p), and (q)	IAS 16 & IAS 20 PPE & Grants	Deletes paragraph 28 from IAS 16 and amends IAS 20 paragraphs 24 - 28 to reflect that a government grant related to an asset cannot be deducted from the carrying amount of the item of PPE.
AG1 (r)	IAS 20 Income grants in P&L	Amends IAS 20:29 so that it does not permit grants related to income to be deducted in reporting the related expense but must be presented in the income statement separately or under a general heading such as 'other income'.
AG1 (s)	IAS 37 Seriously prejudicial	Increases the details required in the case of a provision considered to be seriously prejudicial to reflect Companies Act requirements.