ILLUSTRATIVE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

International Financial Reporting Standards (IFRS)

BDO

A Layout (International) Group Ltd

Annual report and financial statements

For the year ended 31 December 2021

IFRSs for on-going users

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 has published a supplementary publication - *IFRS Illustrative Disclosures - COVID-19 Supplement*, with illustrative 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.

BDO will publish an update to the COVID-19 Supplement with additional illustrations for scenarios such as reversal of impairment loss, illustrative disclosures on significant judgements and uncertainties resulting from changes in COVID-19 situation, etc. in Q4 2021.

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

Future developments concerning financial statement presentation and disclosures

At the time of publishing, the IASB has several projects ongoing that could have significant effects on how entities present their financial statements and the related disclosures. These include:

(a) Disclosure initiative – targeted standards-level review of disclosures: this project aims to perform a targeted standards-level review of disclosure requirements. In March 2021, the IASB published an Exposure Draft Disclosure Requirements in IFRS Standards—A Pilot Approach. The Exposure Draft proposes a new approach to be followed by the IASB when developing disclosure requirements in individual standards. Disclosure requirements developed using the proposed approach would consist of overall disclosure objectives, specific disclosure objectives and items of information. The new approach would require the preparers of financial statements to apply judgement to determine the information to be disclosed to meet the disclosure objectives. The Exposure Draft also includes proposed amendments to the disclosure requirements in IFRS 13 Fair Value Measurement and IAS 19 Employee Benefits, which have been developed following the new approach. The Exposure Draft is open for comments up to 12 January 2022. For more information, refer to BDO's IFR Bulletin 2021/09.

(b) General presentation and disclosure: In December 2019, the IASB published an exposure draft. The proposed standard would bring forward some of the current requirements of IAS 1, however, it would introduce significant changes in a number of areas. The exposure draft proposed that the statement of financial performance would contain defined specific totals and subtotals by requiring items of income and expense to be categorised. This would create consistency between entities preparing IFRS-compliant financial statements. The exposure draft also proposed requirements surrounding how 'management performance measures' (MPMs) should be presented. MPMs are amounts that would be presented in the notes to the financial statements, and are based on subtotals and totals specified by IFRS, but may make various 'non-GAAP' adjustments. The Exposure Draft's comment period ended on 30 September 2020 and the Exposure Draft feedback was presented to the IASB in December

2020. The IASB discussed the feedback on the Exposure Draft in December 2020 and January 2021. In April 2021, the IASB began redeliberation on the proposals in the exposure draft, which are ongoing as of the date of this publication.

(c) Classification of Liabilities as Current or Non-current: In January 2020, the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current. The amendments were initially effective for annual reporting periods beginning on or after 1 January 2022, however, in July 2020 this was deferred until 1 January 2023 as a result of the COVID-19 pandemic. These amendments were expected to have a significant impact on many entities, with more liabilities being classified as current, particularly those with covenants relating to borrowings.

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS Interpretations Committee (the Committee) issued a tentative agenda decision, which analysed the applicability of the amendments to three scenarios. However, due to the feedback received and various concerns raised about the outcome of applying certain aspects of the amendments, the Committee did not finalise the tentative agenda decision and referred the matter to the IASB. The IASB, at its meeting held in June 2021, tentatively decided to amend the requirements in IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year to annual reporting periods beginning no earlier than on or after 1 January 2024. An exposure draft is expected in Q4 2021.

New and updated for December 2021 year ends

For annual reporting periods beginning on or after 1 January 2021, the following is a newly effective requirement:

IFRS	IASB Effective Date	Note in illustrative financial statements	EU Endorsement status
IBOR reform and its Effects on Financial Reporting – phase 2	1 January 2021	1, 28	Endorsed

Interest Rate Benchmark Reform – Phase 2 introduces amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 and is not mandatorily effective until annual periods beginning on or after 1 January 2021, however, many entities were expected to adopt the amendments early. As such, these illustrative financial statements include the effect of the adoption of these amendments from the comparative period i.e. financial year ended 31 December 2020. See notes 1 and 28.

Early adoption of Standards and Amendments

The table below lists all pronouncements with a mandatory effective date in future accounting periods.

Mandatorily effective for periods beginning on or after 1 April 2021	Mandatorily effective for periods beginning on or after 1 January 2022	Mandatorily effective for periods beginning on or after 1 January 2023
IFRS 16 *Leases*: Covid-19-Related Rent Concessions beyond 30 June 2021*	Annual Improvements to IFRSs - 2018-2020 cycle	IFRS 17 *Insurance Contracts*
	IAS 16 *Property, Plant and Equipment* (Amendment – Proceeds before Intended Use)	IAS 1 *Presentation of Financial Statements* (Amendment – Classification of Liabilities as Current or Non-current)
	IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)	IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 (Amendment – Disclosure of Accounting Policies)
	IFRS 3 *Business Combinations* (Amendment – Reference to the Conceptual Framework)	IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors* (Amendment - Definition of Accounting Estimates)
		IAS 12 *Income Taxes* (Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

*The Group has early adopted the amendment to IFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* from annual reporting period beginning on 1 January 2021, as permitted by the amendment. The effects of this amendment to IFRS 16 on the recognition and measurement of items in the financial statements are disclosed in note 1 and 15.

In addition to the above pronouncements, the IFRS Interpretations Committee (the Committee) has issued a number of agenda decisions during 2021. These agenda decisions do not represent authoritative guidance. However, they do set out the Interpretations Committee's rationale for not taking an issue onto its agenda (or referring it to the IASB) and how the requirements of applicable IFRSs should be applied. It is noted on the IFRS Foundation's website that they 'should be seen as helpful, informative and persuasive'. In practice, it is expected that entities reporting in accordance with IFRS will take account of and follow the agenda decisions and this is the approach which is followed by securities regulators worldwide. At the end of 2021, BDO will publish an IFR Bulletin on annual updates to IFRSs which will include a brief summary of agenda decisions issued by the Committee during the year 2021. The publication will be accessible here.

International Financial Reporting Standards (IFRSs)

A Layout (International) Group Ltd prepares its financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

A Layout (International) Group Ltd is an existing preparer of IFRS consolidated financial statements. Therefore, IFRS 1 *First-time Adoption of International Financial Reporting Standards* is **NOT** applicable. These consolidated financial statements include the disclosures required by IFRSs that are applicable for financial years beginning on or after 1 January 2021.

Due to the nature of its operations, the consolidated financial statements of A Layout (International) Group Ltd do not incorporate disclosures relating to:

- Insurance Contracts (IFRS 4 and IFRS 17)
- Exploration for an Evaluation of Mineral Resources (IFRS 6)
- Investment Entities (IFRS 10)
- Unconsolidated structured entities (IFRS 12)
- Construction Contracts (IFRS 15)
- Government Grants (IAS 20)
- Retirement Benefit Plans (IAS 26)
- Hyperinflation (IAS 29)
- Agriculture (IAS 41)
- Regulatory Deferral Accounts (IFRS 14).

In addition, A Layout (International) Group Ltd does not engage in certain activities (generally undertaken by financial institutions) that would require specific disclosure under IFRS 7 *Financial Instruments: Disclosure*, including:

- Transfers of financial instruments
- Securitisation of financial assets and liabilities
- Offsetting of financial assets and financial liabilities.

Please note that additional disclosures may be required in order to comply with local laws, national financial reporting standards and/or stock exchange regulations.

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General financial statement presentation requirements

IAS 1:10	Composition of a complete set of financial statements.
IAS 1:10A	Single or two statement approach for profit or loss and other comprehensive income.
IAS 1:49	Clear identification of financial statements from other information.
IAS 1:51	Clear identification of each component of the financial statements, and various details of the reporting entity.

Entity specific disclosures

IAS 1:51(a)	Name of entity.
IAS 1:138	Various details of the reporting entity.

Contents

Country of incorporation of parent company:	[Please provide details]
Legal form:	[Please provide details]
Principal activities:	The nature of the entities operations and its principal activities are set out in note 8
Directors:	[Names]

Consolidated statement of profit or loss and other comprehensive income (Single statement approach)

General financial statement presentation requirements

IAS 1:38-38A	Minimum comparative information required (current and previous period).
IAS 1:85	Present additional line items, headings and sub-totals when such presentation is relevant to the understanding of an entity's financial performance.
IAS 1:99-100	Presentation of the analysis of expenses (nature or their function).
IAS1:103	Example presentation of analysis of expenses by function.
IAS 1:113	Notes to be presented in a systematic manner and cross referenced.
BDO Comment	**Note that the adjacent consolidated statement of profit or loss and other comprehensive income is presented:** – **Using the single statement approach** – **Analysed by function of expense.**

Specific line item requirements

IAS 1:81A	Specific sub-totals required for profit or loss, total other comprehensive income and comprehensive income for the period.
IAS 1:82	Specific line items required within profit or loss.
IAS 1:82A	Specific categorisation required for items within other comprehensive income.
IAS 1:82	In addition to items required by other IFRSs, the profit or loss section or the statement of profit or loss shall include line items that present the following amounts for the period: (ba) impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Section 5.5 of IFRS 9;
IAS 1:104	Amortisation of right-of-use assets is included in the appropriate line item to which the use of the underlying asset relates, as the Group presents expenses by function, rather than by nature.
IAS 1:82(b)	Interest expense on lease liabilities are included within the finance expense line item, as finance costs are required to be presented separately.
IAS 1:87	Specifically prohibits extraordinary items.
IAS 1:90, 91	Specific presentation for items of other comprehensive income (either pre-tax or post-tax) required.
IAS 12:77	Specific presentation required for tax expense.
IFRS 5:33, 33A,34	Specific presentation required for discontinued operations.
IAS 21:52(b)	Specific presentation required for net exchange differences recognised in other comprehensive income.
IFRS 7:23(c), 23(d)	Specific disclosures for cash flow hedges.
BDO Comment	**The Group has chosen to make the disclosures required by IFRS 7:20(a)(ii) in the consolidated statement of profit or loss and other comprehensive income. This analysis could have been given in a note.**

A Layout (International) Group Ltd

Consolidated 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	2021 CU'000	2020 CU'000
Revenue	4	**175,278**	166,517
Cost of sales		**(136,847)**	(131,413)
Impairment loss		**(896)**	(166)
Gross profit		**37,535**	34,938
Other operating income	5	**1,283**	1,203
Administrative expenses		**(9,554)**	(9,919)
Distribution expenses		**(9,624)**	(10,101)
Other expenses		**(9,180)**	(7,594)
Profit from operations		**10,460**	8,527
Finance expense	9	**(861)**	(842)
Finance income	9	**825**	1,491
Share of post-tax profits of equity accounted associates		**660**	600
Share of post-tax profits of equity accounted joint ventures		**100**	110
Profit before tax		**11,184**	9,886
Tax expense	10	**(2,782)**	(4,209)
Profit from continuing operations		**8,402**	5,677
Profit/(loss) on discontinued operation, net of tax	11	**374**	(410)
Profit		**8,776**	5,267
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Loss on property revaluation	14	**(4,460)**	(1,154)
Remeasurements of defined benefit pension schemes	36	**266**	157
Share of associates' other comprehensive income		**-**	412
Valuation (losses)/gains on fair value through other comprehensive income equity investments	35	**(349)**	-
Tax related to items that will not be reclassified	10	**1,022**	147
		(3,521)	(438)
Items that will or may be reclassified to profit or loss:			
Valuation (losses)/gains on fair value through other comprehensive income on debt instruments	35	**(9)**	1,542
Cash flow hedges		**73**	601
Exchange gains arising on translation of foreign operations		**2,084**	1,024
Tax relating to items that may be reclassified	10	**(212)**	(536)
		1,936	2,631
Other comprehensive income for the year, net of tax		**(1,585)**	2,193
Total comprehensive income		**7,191**	7,460

Consolidated statement of profit or loss and other comprehensive income (Single statement approach) (continued)

General financial statement presentation requirements

IAS 1:38-38A	Minimum comparative information required (current and previous period).
IAS 1:85	Present additional line items, headings and sub-totals as required.
IAS 1:113	Notes to be presented in a systematic manner and cross referenced.

Specific line item requirements

IAS 1:81B	Specific presentation required for the split of profit or loss and total comprehensive income between non-controlling interests and owners of the parent.
IAS 33.4. 66	Specific disclosures presentation required for basic and diluted earnings per share.

A Layout (International) Group Ltd

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021 *(continued)*

(Single statement approach, analysed by function of expense)

	Note	2021 CU'000	2020 CU'000
Profit for the year attributable to:			
Owners of the parent		**8,296**	4,979
Non-controlling interest		**480**	288
		8,776	5,267
Total comprehensive income attributable to:			
Owners of the parent		**6,798**	7,052
Non-controlling interest		**393**	408
		7,191	7,460
Earnings per share attributable to the ordinary equity holders of the parent	12		
Profit or loss			
Basic (CU cents)		**11.06**	6.70
Diluted (CU cents)		**9.93**	6.41
Profit or loss from continuing operations			
Basic (CU cents)		**10.59**	7.22
Diluted (CU cents)		**9.53**	6.87

Consolidated statement of profit or loss
(Statement one of the two statement approach)

General financial statement presentation requirements

IAS 1:38-38A	Minimum comparative information required (current and previous period).
IAS 1:85	Present additional line items, headings and sub-totals as required.
IAS 1:99-100	Presentation of the analysis of expenses (nature or their function).
IAS1:102	Example presentation of analysis of expenses by nature.
IAS 1:113	Notes to be presented in a systematic manner and cross referenced.
IAS 1:104	Amortisation of right-of-use assets is included with amortisation and depreciation of other long-lived assets.
IAS 1:82(b)	Interest expense on lease liabilities are included within the finance expense line item, as finance costs are required to be presented separately.
BDO Comment	**Note that the adjacent consolidated statement of profit or loss and other comprehensive income is presented:** – **Using the <u>two statement</u> approach** – **Analysed by <u>nature</u> of expense.**

Specific line item requirements

IAS 1:81A	Specific sub-totals required for profit or loss, total other comprehensive income and comprehensive income for the period.
IAS 1:82	Specific line items required within profit or loss.
IAS 1:87	Specifically prohibits extraordinary items.
IAS 12:77	Specific presentation required for tax expense.
IFRS 5:33, 33A,34	Specific presentation required for discontinued operations.
IAS 1:81B	Separate presentation required for the split of profit or loss to non-controlling interest and owners of the parent
IAS 33.4. 66	Specific presentation required for basic and diluted earnings per share.

A Layout (International) Group Ltd

Consolidated statement of profit or loss
For the year ended 31 December 2021

(Statement one of the two statement approach, analysed by nature of expense)

	Note	2021 CU'000	2010 CU'000
Revenue	4	**175,278**	166,517
Other operating income	5	**1,283**	1,203
Changes in inventories of finished goods and work in progress		**(4,690)**	(3,927)
Raw materials and consumables used		**(104,263)**	(97,896)
Employee benefit expenses	7	**(32,263)**	(36,632)
Depreciation and amortisation expense		**(13,306)**	(10,775)
Rent concessions	15	**1,000**	1,250
Research and development		**(2,671)**	(1,547)
Other expenses		**(9,908)**	(9,666)
Profit from operations		**10,460**	8,527
Finance expense	9	**(861)**	(842)
Finance income	9	**825**	1,491
Share of post-tax profits of equity accounted associates		**660**	600
Share of post-tax profits of equity accounted joint ventures		**100**	110
Profit before tax		**11,184**	9,886
Tax expense	10	**(2,782)**	(4,209)
Profit from continuing operations		**8,402**	5,677
Profit/(loss) on discontinued operation, net of tax	11	**374**	(410)
Profit		**8,776**	5,267
Profit for the year attributable to:			
Owners of the parent		**8,296**	4,979
Non-controlling interest		**480**	288
		8,776	5,267
Earnings per share attributable to the ordinary equity holders of the parent	12		
Profit or loss			
Basic (CU cents)		**11.06**	6.70
Diluted (CU cents)		**9.93**	6.41
Profit or loss from continuing operations			
Basic (CU cents)		**10.59**	7.22
Diluted (CU cents)		**9.53**	6.87

Consolidated statement of profit or loss and other comprehensive income
(Statement two of the two statement approach)

General financial statement presentation requirements

IAS 1:38-38A	Minimum comparative information required (current and previous period).
IAS 1:85	Present additional line items, headings and sub-totals as required.
IAS 1:113	Notes to be presented in a systematic manner and cross referenced.

Specific line item requirements

IAS 1:10A	Under the two statement approach, the statement of comprehensive income must begin with profit or loss.
IAS 1:82A	Specific categorisation required for items within other comprehensive income.
IAS 1:90, 91	Specific presentation for items of other comprehensive income (either pre-tax or post-tax) required.
IAS 21:52(b)	Specific presentation for the net exchange differences recognised in other comprehensive income.
IFRS 7:20(a)(ii)	Specific disclosures for fair value through OCI investments.
BDO Comment	**The Group has chosen to make the disclosures required by IFRS 7:20(a)(ii) in the consolidated statement of comprehensive income.** **This analysis could have been given in a note**
IAS 1:81B	Specific disclosures Separate presentation required for the split of total comprehensive income between non-controlling interests and owners of the parent.

A Layout (International) Group Ltd

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

(Statement two of the two statement approach)

	Note	2021 CU'000	2020 CU'000
Profit		**8,776**	5,267
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Loss on property revaluation	14	**(4,460)**	(1,154)
Remeasurements of defined benefit pension schemes	36	**266**	157
Share of associates' other comprehensive income		**-**	412
Tax relating to items that will not be reclassified	10	**965**	147
Valuation (losses)/gains on fair value through other comprehensive income equity investments	35	**(349)**	-
Tax related to items that will not be reclassified	35	**57**	-
		(3,521)	(438)
Items that will or may be reclassified to profit or loss:			
Valuation (losses)/gains in fair value through other comprehensive income on debt instruments		**(9)**	1,542
Cash flow hedges	35	**73**	601
Exchange gains arising on translation of foreign operations		**2,084**	1,024
Tax relating to items that may be reclassified	10	**(212)**	(536)
		1,936	2,631
Other comprehensive income for the year, net of tax		**(1,585)**	2,193
Total comprehensive income		**7,191**	7,460
Total comprehensive income attributable to:			
Owners of the parent		**6,798**	7,052
Non-controlling interest		**393**	408
		7,191	7,460

Consolidated statement of financial position (Assets)

General financial statement presentation requirements

IAS 1:38-38A	Minimum comparative information required (current and previous period).
IAS 1:55	Present additional line items, headings and sub-totals as required.
IAS 1:77-78	Present further sub-classifications as required (or in the notes).
IAS 1:113	Notes to be presented in a systematic manner and cross referenced.
IAS 1:10(f), 40A-B	Instances when the presentation of a third balance sheet is required.

Specific line item requirements

IAS 1:54	Specific line items required in the statement of financial position.
BDO Comment	**IAS 1:57 states that IAS 1 does not prescribe the order or format in which an entity presents items, and that paragraph 54 simply lists items that warrant separate presentation.** **Therefore, other formats and layouts may be appropriate in under certain circumstances.**
IAS 1:56	Deferred tax assets must not be presented as current.
IAS 1:60	Presentation of line items on a: – Current and non-current basis – Liquidity basis (subject to criteria and additional requirements).
IAS 1:61	Disclosure of items expected to be recovered or settled within and after 12 months of reporting date.
IFRS 5.38, 40	Specific line items required for assets held for sale and assets in disposal groups held for sale.
IFRS 16:47(a)	IFRS 16 requires that right-of-use assets be presented separately from other assets or together with the same line item as that within which the corresponding underlying assets would be presented (e.g. property, plant and equipment). A Layout has elected to present right-of-use assets separately from other assets.

A Layout (International) Group Ltd

Consolidated statement of financial position
As at 31 December 2021

	Note	31 December 2021 CU'000	31 December 2020 CU'000
Assets			
Current assets			
Inventories	23	**21,194**	19,425
Trade and other receivables	26	**16,107**	13,852
Contract asset	4	**367**	600
Fair value through other comprehensive income investments	24	**448**	62
Derivative financial assets	25	**2,314**	1,551
Cash and cash equivalents	43	**21,765**	20,745
		62,195	56,235
Assets in disposal groups classified as held for sale	32	**5,316**	8,756
		67,511	64,991
Non-current assets			
Property, plant and equipment	14	**47,501**	40,753
Right-of-use assets	15	**4,593**	4,962
Investment property	16	**3,299**	5,838
Intangible assets	17	**5,917**	3,162
Investments in equity-accounted associates	21	**1,790**	1,130
Investments in equity-accounted joint ventures	22	**383**	283
Fair value through other comprehensive income investments	24	**3,125**	4,021
Derivative financial assets	25	**625**	666
Other receivables	26	**692**	700
Deferred tax assets	31	**471**	365
		68,396	61,880
Total assets		**135,907**	126,871

Consolidated statement of financial position (Liabilities and Equity)

General financial statement presentation requirements

IAS 1:38-38A	Minimum comparative information required (current and previous period).
IAS 1:55	Present additional line items, headings and sub-totals as required.
IAS 1:77-78	Present further sub-classifications as required (or in the notes).
IAS 1:113	Notes to be presented in a systematic manner and cross referenced.
IAS 1:10(f), 40A-B	Instances when the presentation of a third balance sheet is required.

Specific line item requirements

IAS 1:54	Specific line items required in the statement of financial position.
BDO Comment	**IAS 1:57 states that IAS 1 does not prescribe the order or format in which an entity presents items, and that paragraph 54 simply lists items that warrant separate presentation.** **Therefore, other formats and layouts may be appropriate in under certain circumstances.**
IAS 1:56	Deferred tax liabilities must not be presented as current.
IAS 1:60	Presentation of line items on a: – Current and non-current basis – Liquidity basis (subject to criteria and additional requirements).
BDO Comment	**The Group has presented line items based on a current and non-current basis**
IFRS 16:47(b)	IFRS 16 requires that lease liabilities be presented separately from other liabilities or grouped with other liabilities, with appropriate disclosure of which line item the lease liabilities are included within.
IAS 1:61	Disclosure of items expected to be recovered or settled within and after 12 months of reporting date.
IFRS 5.35	Specific line items required for assets held for sale.
IFRS 5.38, 40	Specific line items required for liabilities held for sale and liabilities in disposal groups held for sale.
BDO Comment	**The components of equity for the Group may not be relevant in all jurisdictions.** **Examples include, share premium reserve, and capital redemption reserve.**
IAS 10:17	Details of authorisation of the financial statements.

A Layout (International) Group Ltd

Consolidated statement of financial position
As at 31 December 2021 *(continued)*

	Note	31 December 2021 CU'000	31 December 2020 CU'000
Liabilities			
Current liabilities			
Trade and other payables	27	**14,371**	15,207
Contract liability	4	**213**	364
Loans and borrowings	28	**7,548**	7,990
Lease liabilities	15	**1,230**	2,905
Derivative financial liabilities	25	**69**	48
Income tax payable		**2,644**	2,342
Employee benefit liabilities	29	**2,817**	1,696
Provisions	30	**256**	375
		29,148	30,927
Liabilities directly associated with assets in Disposal groups classified as held for sale	32	**327**	546
		29,475	31,473
Non-current liabilities			
Loans and borrowings	28	**23,722**	18,262
Lease liabilities	15	**3,576**	3,627
Derivative financial liabilities	25	**43**	56
Employee benefit liabilities	29	**8,452**	6,785
Provisions	30	**1,303**	930
Deferred tax liability	31	**1,046**	1,706
		38,142	31,366
Total liabilities		**67,617**	62,839
NET ASSETS		**68,290**	64,032
Issued capital and reserves attributable to owners of the parent	34		
Share capital	33	**7,568**	7,428
Share premium reserve		**23,220**	22,434
Shares to be issued	38	**1,055**	-
Capital redemption reserve		**100**	50
Treasury and ESOP share reserve		**(1,066)**	(1,230)
Convertible debt option reserve		**503**	559
Revaluation reserve		**892**	4,326
Equity investment reserve			
		1,217	1,516
Cash flow hedging reserve		**939**	1,080
Foreign exchange reserve		**6,519**	4,435
Retained earnings		**23,756**	20,327
		64,703	60,925
Non-controlling interest		**3,587**	3,107
TOTAL EQUITY		**68,290**	64,032

The financial statements on pages [X] to [Y] were approved and authorised for issue by the Board of Directors on [date] and were signed on its behalf by: [Name of director]

Consolidated statement of cash flows (Operating activities)

General financial statement presentation requirements

IAS 1:38-38A	Minimum comparative information required (current and previous period).
IAS 1:113	Notes to be presented in a systematic manner and cross referenced.
IAS 7:10	Cash flows are to be classified as either operating, investing, or financing activities.
IAS 7:18	Report operating cash flows either using: – Direct method – Indirect method.
BDO Comment	**The Group prepares its statement of cash flows using the indirect method.**
IAS 7:21, 22	Criteria when cash flows are to be presented gross or net.

Specific line item requirements

IAS 7:14	Examples of operating activity cash flows.
IAS 7:31	Present cash flows from interest and dividends as either operating, investing or financing activities (must be consistent year-on-year).
IAS 7:35	Present cash flows from taxes on income as operating activities (unless they can be separately identified with financing and investing activities).

A Layout (International) Group Ltd

Consolidated statement of cash flows
For the year ended 31 December 2021

	Note	2021 CU'000	2020 CU'000
Cash flows from operating activities			
Profit for the year		**8,776**	5,267
Adjustments for:			
Depreciation of property, plant and equipment	14	**9,753**	9,165
Impairment of property, plant and equipment	14	**1,000**	1,000
Amortisation of right-of-use assets	15	**2,043**	2,133
Amortisation of intangible fixed assets	17	**410**	410
Impairment losses on intangible assets	17	**100**	500
Rent concessions	15	**(1,250)**	-
Change in value of investment property	16	**2,837**	1,478
Finance income	9	**(825)**	(1,491)
Finance expense	9	**861**	842
Share of post-tax profits of equity accounted associates		**(660)**	(600)
Share of post-tax profits of equity accounted joint ventures		**(100)**	(110)
Profit on sale of discontinued operations, net of tax	11	**(63)**	(55)
Loss/(gain) on sale of property, plant and equipment		**50**	(30)
Share-based payment expense	37	**1,464**	1,695
Income tax expense	10	**2,782**	4,209
		27,178	24,413
Increase in trade and other receivables		**(2,057)**	(5,843)
Increase in inventories		**(1,339)**	(5,037)
Decrease in trade and other payables		**(408)**	(2,899)
Increase in provisions and employee benefits		**2,593**	2,023
Cash generated from operations		**25,967**	12,657
Income taxes paid		**(2,183)**	(1,367)
Net cash flows from operating activities		**23,784**	11,290

Consolidated statement of cash flows (Investing and Financing activities)

General financial statement presentation requirements

IAS 1:38-38A	Minimum comparative information required (current and previous period).
IAS 1:113	Notes to be presented in a systematic manner and cross referenced.
IAS 7:10	Cash flows are to be classified as either operating, investing, or financing.
IAS 7:21, 22	Cash flows are to be presented gross, unless they meet the criteria to be presented net.

Specific line item requirements

IAS 7:16	Examples of investing activity cash flows.
IAS 7:17	Examples of financing activity cash flows.
IAS 7:31	Present cash flows from interest and dividends as either operating, investing or financing activities (must be consistent year-on-year).
IAS 7:39	Aggregate cash flows from obtaining or losing control of subsidiaries or other businesses are classified as investing activities.
IAS 7:42A	Cash flows from transactions relating to changes in ownership that do not result in a loss of control are classified as financing activities.
IAS 7.28	Present the effect of unrealised foreign exchange gains or losses on cash balances.
IAS 7:45	Reconciliation (or reference to a reconciliation) of the cash balances presented in the statement of cash flows and the statement of financial position.

A Layout (International) Group Ltd

Consolidated statement of cash flows
For the year ended 31 December 2021 *(continued)*

	Note	2021 CU'000	2020 CU'000
Net cash flows from operating activities brought forward		**23,784**	11,290
Investing activities			
Acquisition of subsidiary, net of cash acquired	38, 39	**(3,185)**	(1,524)
Purchases of property, plant and equipment		**(17,886)**	(4,950)
Sale of property, plant and equipment		**400**	80
Disposal of discontinued operation, net of cash disposed of	11	**6,300**	700
Purchase of intangibles	17	**(650)**	(895)
Purchases of fair value through OCI financial assets	24	**(148)**	(52)
Sales of fair value through OCI financial assets	24	**400**	-
Interest received		**244**	272
Dividends from associates		**284**	43
Net cash used in investing activities		**(14,241)**	(6,326)
Financing activities	43		
Issue of ordinary shares		**776**	-
Purchase of ordinary shares for cancellation		**(250)**	(250)
Purchase of treasury and ESOP shares		**-**	(1,230)
Dividends paid to the holders of the parent	13	**(6,463)**	(4,980)
Proceeds from loans and borrowings		**10,800**	16,427
Repayment of loans and borrowings		**(11,005)**	(6,305)
Principal paid on lease liabilities	15	**(1,787)**	(3,121)
Interest paid on lease liabilities		**(277)**	(309)
Interest paid on loans and borrowings		**(789)**	(827)
Interest rate swap net settlements		**4,034**	5,358
Net cash (used in)/from financing activities		**(4,961)**	4,763
Net increase in cash and cash equivalents		**4,582**	9,727
Cash and cash equivalents at beginning of year		**17,775**	10,257
Exchange (losses)/gains on cash and cash equivalents		**(592)**	760
Cash and cash equivalents at end of year	43	**21,765**	20,745

Consolidated statement of changes in equity

General financial statement presentation requirements

IAS 1:38-38A	Minimum comparative information required (current and previous period).
IAS 1:113	Notes to be presented in a systematic manner and cross referenced.

Specific line item requirements

IAS 1:106	Specific line items and information required for the components of equity in the statement of changes in equity.
IAS 1:106A	Analysis of other comprehensive income by component of equity (or in the notes).
IAS 1:107	Dividends recognised as distributions to owners and the related amount per share (or in the notes).

A Layout (International) Group Ltd

Consolidated statement of changes in equity
For the year ended 31 December 2021

	Share capital	Share premium	Shares to be issued	Capital redemption reserve	Treasury shares/ shares held by ESOP	Convertible debt option reserve	Revaluation reserve	Equity investment reserve	Cash flow hedge reserve	Foreign exchange reserve	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000
Balance at 1 January 2021, as previously reported	**7,428**	**22,437**	**-**	**50**	**(1,230)**	**559**	**4,326**	**1,516**	**1,080**	**4,435**	**20,327**	**60,925**	**3,107**	**64,032**
Adjustment due to retrospective application of amendment to IFRS 16 (Note 15)	-	-	-	-	-	-	-	-	-	-	580	580	-	580
Restated balance at 1 January 2021	**7,428**	**22,437**	**-**	**50**	**(1,230)**	**559**	**4,326**	**1,516**	**1,080**	**4,435**	**20,907**	**61,505**	**3,107**	**64,612**
Comprehensive Income for the year														
Profit	-	-	-	-	-	-	-	-	-	-	8,296	8,296	480	8,776
Other comprehensive Income (Note 35)	-	-	-	-	-	-	(3,434)	(299)	(141)	2,084	205	(1,585)	-	(1,585)
Total comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(3,434)**	**(299)**	**(141)**	**2,084**	**8,501**	**6,711**	**480**	**7,191**

*Table continued to next page

Consolidated statement of changes in equity (continued)

General financial statement presentation requirements

IAS 1:38-38A	Minimum comparative information required (current and previous period).
IAS 1:113	Notes to be presented in a systematic manner and cross referenced.

Specific line item requirements

IAS 1:106	Specific line items and information required for the components of equity in the statement of changes in equity.
IAS 1:106A	Analysis of other comprehensive income by component of equity (or in the notes).
IAS 1:107	Dividends recognised as distributions to owners and the related amount per share (or in the notes).

Consolidated statement of changes in equity (*continued*)
For the year ended 31 December 2021

Contributions by and distributions to owners														
Dividends	-	-	-	-	-	-	-	-	-	-	(6,463)	(6,463)	-	(6,463)
Issue of share capital	190	786	-	-	-	-	-	-	-	-	-	976	-	976
Expiry of share options	-	-	-	-	-	(56)	-	-	-	-	56	-	-	-
Shares to be issued as part of the consideration in a business Combination	-	-	1,055	-	-	-	-	-	-	-	-	1055	-	1,055
Share based payment	-	-	-	-	-	-	-	-	-	-	878	878	-	878
Issue of shares held by ESOP to Employees	-	-	-	-	164	-	-	-	-	-	127	291	-	291
Shares purchased for cancellation	(50)	-	-	50	-	-	-	-	-	-	(250)	(250)	-	(250)
Total contributions by and distributions to owners	**140**	**786**	**1,055**	**50**	**164**	**(56)**	**-**	**-**	**-**	**-**	**(5,652)**	**(3,513)**	**-**	**(3,513)**
31 December 2021	**7,568**	**23,220**	**1,055**	**100**	**(1,066)**	**503**	**892**	**1,217**	**939**	**6,519**	**23,176**	**64,123**	**3,587**	**67,710**

Consolidated statement of changes in equity (continued)

General financial statement presentation requirements

IAS 1:38-38A	Minimum comparative information required (current and previous period).
IAS 1:113	Notes to be presented in a systematic manner and cross referenced.

Specific line item requirements

IAS 1:106	Specific line items and information required for components of equity in the statement of changes in equity.
IAS 1:106A	Analysis of other comprehensive income by component of equity (or in the notes).
IAS 1:107	Dividends recognised as distributions to owners and the related amount per share (or in the notes).

A Layout (International) Group Ltd

Consolidated statement of changes in equity (*continued*)
For the year ended 31 December 2021

	Share capital	Share premium	Shares to be issued	Capital redemption reserve	Treasury shares/ shares held by ESOP	Convertible debt option reserve	Revaluation reserve	Fair value through OCI reserve	Cash flow hedging reserve	Foreign exchange reserve	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000
1 January 2020	7,428	22,434	-	-	-	-	5,191	360	629	3,411	19,194	58,697	2,759	61,456
Comprehensive Income for the year														
Profit	-	-	-	-	-	-	-	-	-	-	4,919	4,919	348	5,267
Other comprehensive Income (Note 35)	-	-	-	-	-	-	(865)	1,156	451	1,024	427	2,193	-	2,193
Total comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(865)**	**1,156**	**451**	**1,024**	**5,346**	**7,112**	**348**	**7,460**

Table continued to next page

Consolidated statement of changes in equity (continued)

General financial statement presentation requirements

IAS 1:38-38A	Minimum comparative information required (current and previous period).
IAS 1:113	Notes to be presented in a systematic manner and cross referenced.

Specific line item requirements

IAS 1:106	Specific line items and information required for components of equity in the statement of changes in equity.
IAS 1:106A	Analysis of other comprehensive income by component of equity (or in the notes).
IAS 1:107	Dividends recognised as distributions to owners and the related amount per share (or in the notes).

Consolidated statement of changes in equity (*continued*)
For the year ended 31 December 2021

Contributions by and distributions to owners														
Dividends	-	-	-	-	-	-	-	-	-	-	(4,980)	(4,980)	-	(4,980)
Equity share options issued	-	-	-	-	-	559	-	-	-	-	-	559	-	559
Purchase of treasury shares by ESOP	-	-	-	-	(1,230)	-	-	-	-	-	-	(1,230)	-	(1,230)
Share based payment	-	-	-	-	-	-	-	-	-	-	1,017	1,017	-	1,017
Shares purchased for cancellation	(50)	-	-	50	-	-	-	-	-	-	(250)	(250)	-	(250)
Total contributions by and distributions to owners	**(50)**	**-**	**-**	**50**	**(1,230)**	**559**	**-**	**-**	**-**	**-**	**(4,213)**	**(4,884)**	**-**	**(4,884)**
31 December 2020	**7,428**	**22,434**	**-**	**50**	**(1,230)**	**559**	**4,326**	**1,516**	**1,080**	**4,435**	**20,327**	**60,925**	**3,107**	**64,032**

Notes to the consolidated financial statements

General requirement for the Notes to the consolidated financial statements

IAS 1:112 The Notes to the consolidated 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 the financial statements.

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

Note 1 Basis of preparation

General

IAS 1:112(a)	Information about the basis of preparation.
IAS 1:51(b)	Whether the financial statements are consolidated or separate.
IAS 1:51(d)	Disclosure of the presentation currency.
BDO Comment	**IAS 21 paragraphs 53 -57 detail the disclosure requirements when:** – **the entity's presentation currency is different from its functional currency** – **there is a change in the entity's functional currency.**
IAS 1:51(e)	Disclosure of the level of rounding.
IAS 1:16	Statement of compliance with IFRS (or otherwise).
IAS 1:117(a)	Information on the measurement basis.
IAS 1:117(b)	Disclose accounting policies that are relevant to understanding 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).**

1. Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in note 44. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in CU, which is also the Group's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial instruments – fair value through profit or loss
- Financial instruments – fair value through other comprehensive income
- Contingent consideration
- Investment property
- Revalued property, plant and equipment
- Net defined benefit liability
- Cash settled share-based payment liabilities.

Note 1 Basis of preparation (continued)

New standards, interpretations and amendments effective

IAS 8:28	The effect of the initial application of an IFRS on the entity's accounting policies.

New standards, interpretations and amendments not yet effective

IAS 8:30	When an entity has not applied a new IFRS that has been issued but is not yet effective, disclose (a) this fact; and (b) known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the entity's financial statements in the period of initial application.
IAS 8:31	In complying with IAS 8:30, consider disclosing: (a) the title of the new IFRS; (b) the nature of the impending change or changes in accounting policy; (c) the date by which application of the IFR is required; (d) the date at which it plans to apply the IFRS initially; and (e) either: (i) a discussion of the impact expected; or (ii) if that impact is not known or reasonably estimable, that fact.

1. Basis of preparation *(continued)*

Changes in accounting policies

a) New standards, interpretations and amendments adopted from 1 January 2021

One new standard impacting the Group that has been adopted in the annual financial statements for the year ended 31 December 2021:

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

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, however, the Group adopted them early from the previous reporting period. The amendments provide relief to Group in respect of certain loans (note 28) whose contractual terms are affected by interest benchmark reform. See the applicable notes for further details on how the amendments affected the Group.

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 is lease payments affects only payments originally due on or before 30 June 2021; and
(c) There are is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

Note 1 Basis of preparation (continued)

See earlier guidance notes.

1. Basis of preparation *(continued)*

Changes in accounting policies (continued)

a) New standards, interpretations and amendments adopted from 1 January 2021 (continued)

COVID-19-Related Rent Concessions (Amendments to IFRS 16) (continued)

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

Accounting for the rent concessions as lease modifications would have resulted in the Group 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 Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

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 Group has applied the amendment *Covid-19-Related Rent Concessions beyond 30 June 2021* in the current annual financial statements.

The Group had negotiated several rent concessions with lessors that affected payments originally due after 30 June 2021 but before 30 June 2022. In the annual financial statements for the year ended 31 December 2020, these ineligible rent concessions were accounted as lease modifications, as they were not eligible for the application of the practical expedient.

The ineligible rent concessions now qualify for application of the practical expedient due to the amendment issued in March 2021.

The transition provisions of the extension to the practical expedient require retrospective application, with the cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment. Accordingly, the Group has reversed the lease modification accounting applied to the previously ineligible rent concessions reflected in the financial statements for the year ended 31 December 2020, with the effect being recognised as an adjustment to the opening balance of retained earnings as at 1 January 2021.

The effect of reversal of lease modification accounting and adjustment to the opening balance of retained earnings is disclosed in consolidated statement of changes in equity.

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

The effect of applying the practical expedient is disclosed in note 15.

Note 1 Basis of preparation (continued)

New standards, interpretations and amendments not yet effective

IAS 8:30	When an entity has not applied a new IFRS that has been issued but is not yet effective, disclose (c) this fact; and (d) known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the entity's financial statements in the period of initial application.
IAS 8:31	In complying with IAS 8:30, consider disclosing: (f) the title of the new IFRS; (g) the nature of the impending change or changes in accounting policy; (h) the date by which application of the IFR is required; (i) the date at which it plans to apply the IFRS initially; and (j) either: (iii) a discussion of the impact expected; or (iv) if that impact is not known or reasonably estimable, that fact.

1. Basis of preparation *(continued)*

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to IAS 37);
- *Property, Plant and Equipment: Proceeds before Intended Use (*Amendments to IAS 16);
- *Annual Improvements to IFRS Standards 2018-2020* (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- *References to Conceptual Framework* (Amendments to IFRS 3).

The following amendments are effective for the period beginning 1 January 2023:

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);*
- *Definition of Accounting Estimates (Amendments to IAS 8); and*
- *Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).*

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS Interpretations Committee (IFRIC) issued a Tentative Agenda Decision, analysing the applicability of the amendments to three scenarios. However, given the comments received and concerns raised on some aspects of the amendments, in April 2021, IFRIC decided not to finalise the agenda decision and referred the matter to the IASB. In its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group will assess the impact of the final amendments to IAS 1 on classification of its liabilities once the those are issued by the IASB. The Group does not believe that the amendments to IAS 1, in their present form, will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

Note 1 Basis of preparation (continued)

See earlier guidance notes.

1. Basis of preparation *(continued)*

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

[The following is a list of other new and amended standards which, at the time of writing, had been issued by the IASB but which are effective in future periods. The amount of quantitative and qualitative detail to be given about each of the standards will depend on each entity's own circumstances.

- *IFRS 17 Insurance Contracts (effective 1 January 2023) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023.]*

Note 2 Critical accounting estimates and judgements

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	**The areas identified and disclosed in response to the above requirement are specific to the financial statements of A Layout (International) Group Ltd.** **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.**
BDO Comment	**<u>Brexit</u>** **The transition period as outlined in the Withdrawal Agreement signed on 31 January 2020 ended on 31 December 2020. Trade and Cooperation Agreement signed between EU and UK applied provisionally from 1 January 2021 and formally came into force on 1 May 2021 after ratification processes were completed on both sides. Entities may have exposures to risks created by Brexit, including tax and operational risks, which may affect various aspects of their financial statements. Illustrations of disclosures associates with these risks are not included in these illustrative financial statements, however, entities must carefully assess their own risk exposures and make appropriate disclosures.**

2. Critical accounting estimates and judgements

The Group 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 estimates and assumptions 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.

Judgements

- Associates
  - Assessment of significant influence (see note 44 - Associates)
  - Significant influence over Ball Sports UK Limited (BSL) (see note 21)
  - No significant influence over Quoits & Co Limited (see note 24)
- Classification of joint arrangements (see note 44 – Joint arrangements)
- Assessment of de-facto control (see note 19 and 44 – Basis of consolidation)

Estimates and assumptions

- Revenue recognition – Provision of rights to return goods if customers are dissatisfied and volume rebates (see Note 4)
- Income taxes - provisions for income taxes in various jurisdictions (see note 10)
- Impairment of goodwill – Estimate of future cash flows and determination of the discount rate (see note 18).
- Defined benefit scheme- actuarial assumptions (see note 29 and 44 – Defined benefit schemes)
- Legal proceedings – estimates of claims and legal processes (see note 30 and 44 – Provisions)
- The determination of lease term for some lease contracts in which the Group is a lessee, including whether the Company is reasonably certain to exercise lessee options (note 15)
- The determination of the incremental borrowing rate used to measure lease liabilities (note 15)

Note 2 Critical accounting estimates and judgements (continued)

IFRS 13:93(g)	Disclose the policy and processes for the valuation of level 3 fair value measurements
IFRS 13.95	Policy for transfer of items between levels of the fair value measurement hierarchy.
IAS 40:75(d) - (e)	Disclose the methods and significant assumptions applied in determining the fair value of investment property.

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

– *Fair value measurement*

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-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

[INSERT DETAILS OF ANY SPECIFIC PROCESS, COMMITTEES, AND SIMILAR IN RELATION TO FAIR VALUE MEASUREMENT THAT MAY EXIST FOR THE REPORTING ENTITY- E.G. VALUATION COMMITTEES, REPORTING TO AUDIT COMMITTEES ETC.]

The Group measures a number of items at fair value.

- Revalued land and buildings - Property, Plant and Equipment (note 14)
- Investment property (note 16)
- Financial instruments (notes 3, 24, and 25)
- Assets and liabilities classified as held for sale (note 32)
- Contingent considerations (note 38)
- Net defined benefit liability (note 36)
- Cash settled share-based payment liabilities (note 37)

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

Note 3 Financial instruments – risk management

IFRS 7:31	Disclose information to enable evaluation of the nature and extent of risks arising from financial instruments.
IFRS 7:33	For each type of risk, disclose the following qualitative factors: (a) The exposures to risk and how they arise (b) Entity's objectives, policies and processes for managing the risk and the methods used to measure the risk, and (c) Any changes in the above.

3. Financial instruments - Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Investments in quoted and unquoted equity securities
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Fixed rate bank loans
- Interest rate swaps, and
- Forward currency contracts.

Note 3 Financial instruments – risk management (continued)

IFRS 7:7 An entity shall disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance.

IFRS 7:8 The carrying amounts of each of the following categories as specified in IFRS 9 shall be disclosed either in the statement of financial position or in the notes:

(a) financial assets measured at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition and (ii) those mandatorily measured at fair value in accordance with IFRS 9.
(b) Deleted
(c) Deleted
(d) Deleted
(e) financial liabilities at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of IFRS 9 and (ii) those that meet the definition of held for trading in IFRS 9.
(f) financial assets measured at amortised cost.
(g) financial liabilities measured at amortised cost.
(h) financial assets measured at fair value through other comprehensive income, showing separately (i) financial assets that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9; and (ii) investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 of IFRS 9.

IFRS 7:25 Fair value of financial instruments not measured at fair value.

3. Financial instruments - Risk Management *(continued)*

Principal financial instruments (continued)

(ii) Financial instruments by category

Financial assets

	Fair value through profit or loss		Amortised cost		Fair value through Other comprehensive income	
	2021 CU'000	2020 CU'000	2021 CU'000	2020 CU'000	2021 CU'000	2020 CU'000
Cash and cash equivalents	**-**	-	**21,765**	20,745	**-**	-
Trade and other receivables	**-**	-	**16,107**	13,852	**-**	-
Derivatives	**1,353**	1,275	**-**	-	**-**	-
Equity investments	**-**	-	**-**	-	**3,054**	3,939
Debt securities					**71**	82
Total financial assets	**1,353**	1,275	**37,872**	34,597	**3,125**	4,021

Financial liabilities

	Fair value through profit or loss		Amortised cost	
	2021 CU'000	2020 CU'000	2021 CU'000	2020 CU'000
Trade and other payables	**-**	-	**14,371**	15,207
Loans and borrowings	**-**	-	**31,270**	26,252
Derivatives	**112**	104	**-**	-
Total financial liabilities	**112**	104	**45,641**	41,459

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

For details of the fair value hierarchy, valuation techniques, and significant unobservable inputs related to determining the fair value of loans and borrowings, which are classified in level 3 of the fair value hierarchy, refer to note 28.

Note 3 Financial instruments - risk management (continued)

IFRS 13 Fair value measurement disclosures

BDO Comment	**IFRS 13 requires specific disclosures for items measured or disclosed at fair value, dependent on:** – **the level of fair value measurement** – **whether the fair value measurement is recurring or non-recurring.** **Derivative financial instruments are an example of recurring fair value measurement, as a fair value valuation is required at each reporting date.** **In the case of A Layout, there are financial instruments with Level 1 (L1), Level 2 (L2), and Level 3 (L3) fair value measurements.**
IFRS 13:93(a)	Disclose the fair value (L1, L2, and L3).
IFRS 13:93(b)	Disclose the fair value hierarchy (L1, L2, and L3).
IFRS 13:93(c)	Disclose amounts and reasons for transfers between levels of the hierarchy (L1, and L2)
IFRS 13:93(d)	Disclose in relation to the valuation technique used: – A description (L2, and L3) – Any changes for the technique used previously, and reasons why (L2, and L3) – Significant unobservable inputs (L3).
BDO Comment	**Note that this disclosure has been left blank. This is intentional as these elements will be specific on an entity-by-entity, and instrument-by-instrument basis.**
IFRS 13:93(g)	Disclose a description of the entity's valuation processes and policies in relation to the item (L3).
IFRS 13:93(h)(i)	Disclose a narrative description (i.e. no figures required) of the sensitivity of changes in significant unobservable inputs to fair value (L3).
IFRS 13:93(i)	If the items highest and best use differs from its actual use, disclose (L1, L2, and L3): – this fact – the reasons why.

3. Financial instruments - Risk Management *(continued)*

(iv) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below.

31 December 2020	Level 1		Level 2		Level 3	
	2021 CU'000	2020 CU'000	2021 CU'000	2020 CU'000	2021 CU'000	2020 CU'000
Financial assets						
Derivative financial assets *(designated hedge instruments)*	**-**	-	**1,586**	942	**-**	-
Derivative financial assets *(fair value through profit or loss)*	**-**	-	**1,353**	1,275	**-**	-
Equity investments	**1,553**	2,225	**-**	-	**1,501**	1,714
	1,553	2,225	**2,939**	2,217	**1,501**	1,714
Financial liabilities						
Derivative financial liabilities (*fair value through profit or loss)*	**-**	-	**112**	104	**-**	-
	-	-	**112**	104	**-**	-

There were no transfers between levels during the period.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

Financial Instrument	**Valuation techniques used**	**Significant unobservable inputs (Level 3 only)**	**Inter-relationship between key unobservable inputs and fair value (Level 3 only)**
Derivative financial assets and liabilities	*[VALUATION TECHNIQUE]* *[DESCRIPTION]*	Not applicable.	Not applicable.
Equity investments	*[VALUATION TECHNIQUE]* *[DESCRIPTION]* *[PROCESSES AND POLICIES]*	[LIST SIGNIFICANT UNOBSERVABLE INPUTS USED]	*[DESCRIBE WHETHER INCREASES OR DECREASES IN SIGNIFICANT UNOBSERVABLE INPUTS WOULD CAUSE AN INCREASE OR DECREASE IN FAIR VALUE]*

There were no changes to the valuation techniques during the period.

Note 3 Financial instruments – risk management (continued)

IFRS 13 Fair value measurement disclosures

IFRS 13:93(e) **IFRS 13:93(f)**	Disclose a reconciliation between the opening and closing fair value measurement, including any unrealised fair value gains/losses (L3).
IFRS 13:93(h)(i)	Disclose a narrative and quantitative description of the sensitivity of changes in significant unobservable inputs to fair value (L3).
BDO Comment	**Note that this disclosure has been left blank. This is intentional as these elements will be specific on an entity-by-entity, and instrument-by-instrument basis.**

3. Financial instruments - Risk Management *(continued)*

(iv) Financial instruments measured at fair value *(continued)*

The reconciliation of the opening and closing fair value balance of level 3 financial instruments is provided below:

	Equity investments CU'000
At 1 January 2020	1,177
Gains (Loss): included in 'other comprehensive income'	
- Fair value through other comprehensive income investments	537
At 31 December 2020	1,714
At 1 January 2021	**1,714**
Purchases, disposals and reclassifications	**(103)**
Gains (Loss): included in 'other comprehensive income'	
- Fair value through other comprehensive income investments	**(110)**
At 31 December 2021	**1,501**

The sensitivity analysis of a reasonably possible change in one significant unobservable input, holding other inputs constant, of level 3 financial instruments is provided below:

Equity investments (level 3)

31 December 2021	**Profit or loss**		**Other comprehensive income (net of tax)**	
	Increase CU'000	**Decrease CU'000**	**Increase CU'000**	**Decrease CU'000**
[SIGNIFICANT UNOBSERVABLE INPUT #1] [REASONABLY POSSIBLE CHANGE]	*[VALUE]*	*[VALUE]*	*[VALUE]*	*[VALUE]*
[SIGNIFICANT UNOBSERVABLE INPUT #2] [REASONABLY POSSIBLE CHANGE]	*[VALUE]*	*[VALUE]*	*[VALUE]*	*[VALUE]*
[SIGNIFICANT UNOBSERVABLE INPUT #3] [REASONABLY POSSIBLE CHANGE]	*[VALUE]*	*[VALUE]*	*[VALUE]*	*[VALUE]*

Note 3 Financial instruments – risk management (continued)

IFRS 7:31	Disclose information to enable evaluation of the nature and extent of risks arising from financial instruments.
IFRS 7:33	For each type of risk, disclose the following **<u>qualitative</u>** factors: (a) The exposures to risk and how they arise (b) Entity's objectives, policies and processes for managing the risk and the methods used to measure the risk, and (c) Any changes in the above
IFRS 7:34	For each type of risk, disclose the following **<u>quantitative</u>** factors: (a) Exposure to that risk, based on the information provided internally to key management personnel (b) Other specific the disclosures required by paragraphs IFRS 7.36–42 where applicable (c) Concentrations of risk (if not apparent from (a) and (b) above).
Credit Risk	
IFRS 7:35F	An entity shall explain its credit risk management practices and how they relate to the recognition and measurement of expected credit losses.

3. Financial instruments - Risk Management *(continued)*

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Group Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee.

The Risk Management Committee determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval of the Risk Management Committee, otherwise payment in advance is required.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 26.

Note 3 Financial instruments – risk management (continued)

IFRS 7:31 Disclose information to enable evaluation of the nature and extent of risks arising from financial instruments.

IFRS 7:33 For each type of risk, disclose the following **qualitative** factors:

(a) The exposures to risk and how they arise
(b) Entity's objectives, policies and processes for managing the risk and the methods used to measure the risk, and
(c) Any changes in the above.

IFRS 7:34 For each type of risk, disclose the following **quantitative** factors:

(a) Exposure to that risk, based on the information provided internally to key management personnel
(b) Other specific the disclosures required by paragraphs IFRS 7.36–42 where applicable
(c) Concentrations of risk (if not apparent from (a) and (b) above).

IFRS 7:36 For all financial instruments within the scope of this IFRS, but to which the impairment requirements in IFRS 9 are not applied, an entity shall disclose by class of financial instrument:

(a) the amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (eg netting agreements that do not quality for offset in accordance with IAS 32); this disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk.
(b) a description of collateral held as security and other credit enhancements, and their financial effect (eg quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk (whether disclosed in accordance with (a) or represented by the carrying amount of a financial instrument).

Market risk

IFRS 7:21 21A - An entity shall apply the disclosure requirements in paragraphs 21B–24F for those risk exposures that an entity hedges and for which it elects to apply hedge accounting. Hedge accounting disclosures shall provide information about:
(a) an entity's risk management strategy and how it is applied to manage risk;
(b) how the entity's hedging activities may affect the amount, timing and uncertainty of its future cash flows;

21C - When paragraphs 22A–24F require the entity to separate by risk category the information disclosed, the entity shall determine each risk category on the basis of the risk exposures an entity decides to hedge and for which hedge accounting is applied. An entity shall determine risk categories consistently for all hedge accounting disclosures.

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Note 3 Financial instruments – risk management (continued)

IFRS 7:22	22A An entity shall explain its risk management strategy for each risk category of risk exposures that it decides to hedge and for which hedge accounting is applied. This explanation should enable users of financial statements to evaluate (for example): (a) how each risk arises. (b) how the entity manages each risk; this includes whether the entity hedges an item in its entirety for all risks or hedges a risk component (or components) of an item and why. (c) the extent of risk exposures that the entity manages.
IFRS 7:40, IG36 IFRS 7.B17-B28	Disclose: (a) A sensitivity analysis for reasonably possible changes in significant risk variables (profit or loss, and equity) (b) The methods and assumptions used in preparing the sensitivity analysis (c) Changes from the previous period in the methods and assumptions used, and reasons for such changes

3. Financial instruments - Risk Management *(continued)*

Cash in bank and short-term deposits

A significant amount of cash is held with the following institutions:

	31 December 2021			31 December 2020		
	Rating	Cash at Bank	Short-term Deposits	Rating	Cash at Bank	Short-term Deposits
		CU'000	CU'000		CU'000	CU'000
[INSTITUTION A]	A	10,946	3,091	A	10,078	2,380
[INSTITUTION B]	AA	4,471	1,262	AA	3,359	793
Note 43		15,417	4,353		13,437	3,173

The Risk Management Committee monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties. For all financial assets to which the impairment requirements have not been applied, the carrying amount represents the maximum exposure to credit loss.

Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

The Group is exposed to cash flow interest rate risk from long-term borrowings at variable rate. It is currently group policy that between 50% and 75% of external group borrowings (excluding short-term overdraft facilities and lease liabilities) are fixed rate borrowings. This policy is managed centrally. Local operations are not permitted to borrow long-term from external sources. Where the Group wishes to vary the amount of external fixed rate debt it holds (subject to it being at least 50% and no more than 75% of expected Group borrowings, as noted above), the Group makes use of interest rate swaps to achieve the desired interest rate profile. Although the board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

During 2021 and 2020, the Group's borrowings at variable rate were denominated in [CURRENCY B] and CU.

The Group analyses the interest rate exposure on a quarterly basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest-bearing positions. Various scenarios are run taking into consideration refinancing, renewal of the existing positions, alternative financing and hedging. Based on the simulations performed, the impact on profit or loss and net assets of a 100 basis-point shift (being the maximum reasonable expectation of changes in interest rates [basis point: 1/100th of a percentage point])

Note 3 Financial instruments – risk management (continued)

IFRS 7:21A & 21C

21A - An entity shall apply the disclosure requirements in paragraphs 21B–24F for those risk exposures that an entity hedges and for which it elects to apply hedge accounting. Hedge accounting disclosures shall provide information about:

(a) an entity's risk management strategy and how it is applied to manage risk;
(b) how the entity's hedging activities may affect the amount, timing and uncertainty of its future cash flows;

21C - When paragraphs 22A–24F require the entity to separate by risk category the information disclosed, the entity shall determine each risk category on the basis of the risk exposures an entity decides to hedge and for which hedge accounting is applied. An entity shall determine risk categories consistently for all hedge accounting disclosures.

IFRS 7:22A & 22C

22A An entity shall explain its risk management strategy for each risk category of risk exposures that it decides to hedge and for which hedge accounting is applied. This explanation should enable users of financial statements to evaluate (for example):

(a) how each risk arises.
(b) how the entity manages each risk; this includes whether the entity hedges an item in its entirety for all risks or hedges a risk component (or components) of an item and why.
(c) the extent of risk exposures that the entity manages.

22C When an entity designates a specific risk component as a hedged item (see paragraph 6.3.7 of IFRS 9) it shall provide, in addition to the disclosures required by paragraphs 22A and 22B, qualitative or quantitative information about:

how the entity determined the risk component that is designated as the hedged item (including a description of the nature of the relationship between the risk component and the item as a whole); and

how the risk component relates to the item in its entirety (for example, the designated risk component historically covered on average 80 per cent of the changes in fair value of the item as a whole).

IFRS 7:31

Disclose information to enable evaluation of the nature and extent of risks arising from financial instruments.

IFRS 7:33

For each type of risk, disclose the following **qualitative** factors:

(a) The exposures to risk and how they arise
(b) Entity's objectives, policies and processes for managing the risk and the methods used to measure the risk, and
(c) Any changes in the above.

IFRS 7:34

For each type of risk, disclose the following **quantitative** factors:

(a) Exposure to that risk, based on the information provided internally to key management personnel
(b) Other specific the disclosures required by paragraphs IFRS 7.36–42 where applicable
(c) Concentrations of risk (if not apparent from (a) and (b) above).

IFRS 7:40, IG36
IFRS 7.B17-B28

Disclose:

(a) A sensitivity analysis for reasonably possible changes in significant risk variables (profit or loss, and equity)
(b) The methods and assumptions used in preparing the sensitivity analysis
(c) Changes from the previous period in the methods and assumptions used, and the reason for such changes

3. Financial instruments - Risk Management *(continued)*

Fair value and cash flow interest rate risk (continued)

would be an increase of CU1,350,000 (2020: CU1,780,000) or a decrease of CU1,260,000 (2020: CU1,580,000). The gain or loss potential is then compared to the limits determined by management.

Based on the various scenarios the Group then manages its cash-flow interest rate risk by using floating-to-fixed interest rate swaps (quantitative disclosures are given in note 25). Normally the Group raises long-term borrowings at floating rates and swaps them into fixed.

At 31 December 2021, if interest rates on [CURRENCY B]-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, profit after tax for the year would have been CU540,000 (2020: CU460,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings. At 31 December 2021, if interest rates on CU-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, profit after tax for the year and net assets would have been CU350,000 (2020: CU290,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings. The directors consider that 100 basis points is the maximum likely change in CU and [CURRENCY B] interest rates over the next year, being the period up to the next point at which the Group expects to make these disclosures.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency) with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserves.

The Group is predominantly exposed to currency risk on purchases made from a major supplier based in [CURRENCY B]. Purchases from this supplier are made on a central basis and the risk is hedged using forward exchange contracts. The Group’s policy is to hedge between 75% and 90% of the forecasted transactions with the major supplier.

Apart from these particular cash-flows the Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

Note 3 Financial instruments – risk management (continued)

IFRS 7:31	Disclose information to enable evaluation of the nature and extent of risks arising from financial instruments.
IFRS 7:34	For each type of risk, disclose the following **quantitative** factors: (a) Exposure to that risk, based on the information provided internally to key management personnel (b) Other specific the disclosures required by paragraphs IFRS 7.36–42 where applicable (c) Concentrations of risk (if not apparent from (a) and (b) above).

3. Financial instruments - Risk Management *(continued)*

Foreign exchange risk (continued)

As of 31 December the Group's net exposure to foreign exchange risk was as follows:

	Functional currency of individual entity									
	CU		[CURRENCY B]		[CURRENCY C]		Other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	CU000	CU000	CU000	CU000	CU000	CU000	CU000	CU000	CU000	CU000
Net foreign currency financial assets /(liabilities)										
CU	**-**	-	**1,015**	387	**1,521**	1,025	**2,163**	-	**4,699**	1,412
[CURRENCY B]	**1,783**	8,393	**-**	-	**(1,446)**	(700)	**-**	1,399	**337**	9,092
[CURRENCY C]	**1,929**	2,205	**200**	1,001	**-**	-	**-**	82	**2,129**	3,288
Other	**939**	(236)	**-**	-	**(1,521)**	-	**-**	-	**(582)**	(236)
Total net exposure	**4,651**	10,362	**1,215**	1,388	**(1,446)**	325	**2,163**	1,481	**6,583**	13,556

Note 3 Financial instruments – risk management (continued)

IFRS 7:33	For each type of risk, disclose the following **qualitative** factors: (a) The exposures to risk and how they arise (b) Entity's objectives, policies and processes for managing the risk and the methods used to measure the risk, and (c) Any changes in the above.
IFRS 7:34	For each type of risk, disclose the following quantitative factors: (a) Exposure to that risk, based on the information provided internally to key management personnel (b) Other specific the disclosures required by paragraphs IFRS 7.36–42 where applicable (c) Concentrations of risk (if not apparent from (a) and (b) above)
IFRS 7:40, IG36 IFRS 7.B17-B28	Disclose: (a) A sensitivity analysis for reasonably possible changes in significant risk variables (profit or loss, and equity) (b) The methods and assumptions used in preparing the sensitivity analysis (c) Changes from the previous period in the methods and assumptions used, and the reasons for such changes

3. Financial instruments - Risk Management *(continued)*

Foreign exchange risk (continued)

The effect of a 20% strengthening of the [CURRENCY B] against CU at the reporting date on the [CURRENCY B]-denominated trade payables carried at that date would, all other variables held constant, have resulted in a decrease in post-tax profit for the year and decrease of net assets of CU827,000 (2020: CU876,000). A 20% weakening in the exchange rate would, on the same basis, have increased post-tax profit and increased net assets by CU629,000 (2020: CU684,000).

The effect of fluctuations in exchange rates on the [CURRENCY B]-denominated trade payables is partially offset through the use of forward exchange contracts. The effect of a 20% strengthening of the [CURRENCY B] against CU at the reporting date on the forward currency swaps carried at that date would, all other variables held constant, have resulted in an increase in post-tax profit for the year and increase in net assets of CU542,000 (2020: CU315,000). A 20% weakening in the exchange rate would, on the same basis, have decreased post-tax profit and decreased in net assets by CU457,000 (2020: CU394,000).

Other market price risk

The Group holds some strategic equity investments in other companies where those complement the Group's operations (see note 24). The directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

The effect of a 10% increase in the value of the equity investments held at the reporting date would, all other variables held constant, have resulted in an increase in the fair value through other comprehensive income reserve and net assets of CU357,300 (2020: CU408,300). A 10% decrease in their value would, on the same basis, have decreased the fair value through other comprehensive income reserve and net assets by the same amount.

Note 3 Financial instruments – risk management (continued)

IFRS 7:31	Disclose information to enable evaluation of the nature and extent of risks arising from financial instruments
IFRS 7:33	For each type of risk, disclose the following **qualitative** factors: (a) The exposures to risk and how they arise (b) Entity's objectives, policies and processes for managing the risk and the methods used to measure the risk, and (c) Any changes in the above.
IFRS 7:34	For each type of risk, disclose the following **quantitative** factors: (a) Exposure to that risk, based on the information provided internally to key management personnel (b) Other specific the disclosures required by paragraphs IFRS 7.36-42 where applicable (c) Concentrations of risk (if not apparent from (a) and (b) above).

Liquidity Risk

	Disclose:
IFRS 7:39(a)	A maturity analysis for derivative and non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities.
IFRS 7:B10A	– Based on internal information provided to key management personnel
IFRS 7:B11	– Judgement to determine appropriate time bands presented
IFRS 7:B11D	– Cash flows are to be the contractual **undiscounted amounts**, and therefore will differ from the amounts presented in the statement of financial position (which are discounted).
IFRS 7:39(b)	A description of how the entity manages the liquidity risk of its financial instruments.
IFRS 16:58	Disclose a maturity analysis of lease liabilities applying paragraphs 39 and B11 of IFRS 7 *Financial Instruments: Disclosures* separately from the maturity analyses of other financial liabilities.

3. Financial instruments - Risk Management *(continued)*

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowings, this is further discussed in the 'interest rate risk' section above.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances and (as noted above) the value of the Group's investments in corporate bonds. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down on its agreed CU5,000,000 overdraft facility. The liquidity risk of each group entity is managed centrally by the group treasury function. Each operation has a facility with group treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the board in advance, enabling the Group's cash requirements to be anticipated. Where facilities of group entities need to be increased, approval must be sought from the group finance director. Where the amount of the facility is above a certain level, agreement of the board is needed.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

At 31 December 2021	**Up to 3 Months CU'000**	**Between 3 and 12 months CU'000**	**Between 1 and 2 year CU'000**	**Between 2 and 5 years CU'000**	**Over 5 years CU'000**
Trade and other Payables	**9,810**	**4,774**	**-**	**-**	**-**
Loans and borrowings	**1,900**	**5,871**	**14,958**	**5,485**	**7,314**
Lease liabilities	**415**	**815**	**1779**	**1125**	**672**
Derivative financial Liabilities	**17**	**52**	**43**	**-**	**-**
Total	**12,518**	**12,902**	**16,176**	**5,966**	**7,711**

At 31 December 2020	**Up to 3 Months CU'000**	**Between 3 and 12 months CU'000**	**Between 1 and 2 year CU'000**	**Between 2 and 5 years CU'000**	**Over 5 years CU'000**
Trade and other payables	10,371	5,200	-	-	-
Loans and borrowings	4,046	12,505	6,616	5,408	7,211
Lease liabilities	895	2,678	1,428	985	546
Derivative financial liabilities	12	36	56	-	-
Total	15,324	20,419	8,100	6,393	7,757

Note 3 Financial instruments – risk management (continued)

Capital Disclosures

IAS 1:134	Disclose information, to enable the evaluation of the entity's capital management objectives, policies, and processes. Including:
IAS 1:135	– Qualitative information – Quantitative information – Changes from the previous period – Compliance with externally imposed capital requirements (i.e. bank covenants, lease covenants etc.) – Consequences of non-compliance with externally imposed capital requirements.
	These disclosures are based on internal information provided to key management personnel.

3. Financial instruments - Risk Management *(continued)*

Capital Disclosures

The Group monitors "adjusted capital" which comprises all components of equity (i.e. share capital, share premium, non-controlling interest, retained earnings, and revaluation reserve) other than amounts in the cash flow hedging reserve.

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the debt to adjusted capital ratio. This ratio is calculated as net debt adjusted capital as defined above. Net debt is calculated as total debt (as shown in the consolidated statement of financial position) less cash and cash equivalents.

Due to recent market uncertainty, the Group's strategy is to preserve a strong cash base and achieve a debt-to-adjusted-capital ratio of approximately 10-12% (2020: 12-15%). The objective of this strategy is to secure access to finance at reasonable cost by maintaining a high credit rating. The debt-to-adjusted-capital ratios at 31 December 2021 and at 31 December 2020 were as follows:

	2021 CU'000	2020 CU'000
Loans and borrowings	**31,270**	26,252
Lease liabilities	**4,806**	6,532
Less: cash and cash equivalents	**(21,765)**	(20,745)
Net debt	**14,311**	12,039
Total equity	**68,290**	64,032
Less: Amounts in the cash flow hedging reserve	**(939)**	(1,080)
Total adjusted capital	**67,351**	62,952
Debt to adjusted capital ratio (%)	**21.25%**	19.12%

The increase in the debt to adjusted capital ratio during 2021 resulted primarily from the purchase of significant new property, plant and equipment (note 14), which increased net debt as the purchases were financed by use of existing cash reserves. In view of this change to the ratio, the Group has revisited its debt to adjusted capital ratio target going forward.

Note 4 Revenue from contracts with customers

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.
IFRS 15:B87	The extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances that pertain to the entity's contracts with customers. Some entities may need to use more than one type of category to meet the objective in paragraph 114 for disaggregating revenue. Other entities may meet the objective by using only one type of category to disaggregate revenue.
IFRS 15:B88	When selecting the type of category (or categories) to use to disaggregate revenue, an entity shall consider how information about the entity's revenue has been presented for other purposes, including all of the following: (a) disclosures presented outside the financial statements (for example, in earnings releases, annual reports or investor presentations); (b) information regularly reviewed by the chief operating decision maker for evaluating the financial performance of operating segments; and (c) other information that is similar to the types of information identified in paragraph B88(a) and (b) and that is used by the entity or users of the entity's financial statements to evaluate the entity's financial performance or make resource allocation decisions
IFRS 15:B89	Examples of categories that might be appropriate include, but are not limited to, all of the following: (a) type of good or service (for example, major product lines); (b) geographical region (for example, country or region); (c) market or type of customer (for example, government and non-government customers); (d) type of contract (for example, fixed-price and time-and-materials contracts; (e) contract duration (for example, short-term and long-term contracts); (f) timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time); and (g) sales channels (for example, goods sold directly to consumers and goods sold through intermediaries). In addition, an entity shall disclose sufficient information to enable users of financial statements to understand the relationship between the disclosure of disaggregated revenue (in accordance with paragraph 114) and revenue information that is disclosed for each reportable segment, if the entity applies IFRS 8 Operating Segments.
BDO Comment	**A Layout (International) has analysed revenue into primary geographic markets, the product type (nature of performance obligation), the type of customers, and the timing of when revenue is recognised. If the analysis by geographic area repeats (only in more detail) the numerical analysis required by IFRS 8:33(a), the related IFRS 8 disclosure requirement could be removed.**

4. Revenue from contracts with customers

Disaggregation of Revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and
- enable users to understand the relationship with revenue segment information provided in note 8

Year to 31 December 2021	**Toys CU'000**	**Board games CU'000**	**Outdoor games CU'000**	**All other segments CU'000**	**Total CU'000**
Primary Geographic Markets					
Country A	55,212	18,930	4,732	-	78,874
Country B	30,674	10,955	2,191	-	43,820
Country C	29,095	2,555	-	3,406	35,056
Country D	7,875	2,625	-	-	10,500
Other	3,344	1,743	1,841	100	7,028
	126,200	**36,808**	**8,764**	**3,506**	**175,278**
Product type					
Goods	115,858	36,808	7,755	-	160,421
Design services	-	-	-	3,506	3,506
Extended Warranties	10,342	-	1,009	-	11,351
	126,200	**36,808**	**8,764**	**3,506**	**175,278**
Contract counterparties					
Retailers	67,073	34,920	838	-	102,831
Wholesalers	48,265	-	3,176	-	51,441
Direct to consumers (online)	10,862	1,888	4,750	-	17,500
B2B (services)	-	-	-	3,506	3,506
	126,200	**36,808**	**8,764**	**3,506**	**175,278**
Timing of transfer of goods and services					
Point in time (delivery to customer premises including bill and hold)	90,618	24,088	6,422	-	121,128
Point in time (delivery to port of departure)	20,173	10,245	1,333	-	31,751
Point in time (delivery to port of arrival)	5,067	2,475	-	-	7,542
Over time	10,342	-	1,009	3,506	14,857
	126,200	**36,808**	**8,764**	**3,506**	**175,278**
Revenue included above related to material rights	**1,489**	**695**	**100**	**-**	**2,284**

IFRS 15:113(a)	Disclose revenue recognised from contracts with customers separately from its other sources of revenue unless those amounts are presented separately in the statement of comprehensive income in accordance with other Standards.
BDO Comment	**A Layout (International) Group has presented this figure on the face of the Statement of Comprehensive income and therefore does not need to repeat the disclosure in the notes.**
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.
BDO Comment	**A Layout has disclosed details of impairment losses on trade receivables in note 26 as required by IFRS 7. It has also disclosed details of impairment losses on contract assets as part of its compliance with IFRS 15:118(c) overleaf. Therefore, compliance with IFRS 15:113(b) has been achieved through compliance with disclosure requirements elsewhere.**

4. Revenue from contracts with customers (*Continued)*

Year to 31 December 2020	**Toys CU'000**	**Board games CU'000**	**Outdoor games CU'000**	**All other segments CU'000**	**Total CU'000**
Primary Geographic Markets					
Country A	55,464	14,974	4,496	-	74,934
Country B	31,393	7,909	2,327	-	41,629
Country C	21,722	8,326	-	3,255	33,303
Country D	7,431	2,220	-	-	9,651
Other	3,882	1,540	1,503	75	7,000
	119,892	**34,969**	**8,326**	**3,330**	**166,517**
Product type					
Goods	109,889	34,969	7,331	-	152,189
Design services	-	-	-	3,330	3,330
Extended Warranties	10,003	-	995	-	10,998
	119,892	**34,969**	**8,326**	**3,330**	**166,517**
Contract counterparties					
Retailers	63,683	33,255	2,972	-	99,910
Wholesalers	48,765	-	1,191	-	49,956
Direct to consumers (online)	7,444	1,714	4,163	-	13,321
B2B (services)	-	-	-	3,330	3,330
	119,892	**34,969**	**8,326**	**3,330**	**166,517**
Timing of transfer of goods and services					
Point in time (delivery to customer premise including bill and holds)	102,566	20,637	7,513	-	130,716
Point in time (delivery to port of departure)	15,609	12,333	813	-	28,755
Point in time (delivery to port of arrival)	1,717	1,999	-	-	3,716
Over time	-	-	-	3,330	3,330
	119,892	**34,969**	**8,326**	**3,330**	**166,517**
Revenue included above related to material rights	**1,636**	**823**	**75**	**-**	**2,534**

IFRS 15:116	Disclose all of the following: (a) the opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed; (b) revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period; and (c) revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price).
IFRS 15:118	Provide an explanation of the significant changes in the contract asset and the contract liability balances during the reporting period. The explanation shall include qualitative and quantitative information. Examples of changes in the entity's balances of contract assets and contract liabilities include any of the following: (a) changes due to business combinations; (b) cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification; (c) impairment of a contract asset; (d) a change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable); and (e) a change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability).
BDO Comment	**The information required by IFRS 15:116 and 118 could (although is not required) to be presented as a reconciliation. Changes that could be significant to other entities and warrant disclosure include: interest income, contract balances recognised or de-recognised as a result of business combinations or disposals respectively, and adjustments to the amount of revenue recognised in previous periods as a result of changing the method for determining stage of completion.**
IFRS 15:128	Disclose all of the following: (a) 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 (b) the amount of amortisation and any impairment losses recognised in the reporting period.
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. A Layout (International) already discloses the balance of trade receivables in note 26 at the end of each period (and hence also the start of the current period).**
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 A Layout's case, the amount is not material and therefore could reasonably have been included within current assets as a prepayment.**

4. Revenue from contracts with customers (*Continued)*

Contract Balances

	Contract Assets 2021 CU'000	Contract Assets 2020 CU'000	Contract Liabilities 2021 CU'000	Contract Liabilities 2020 CU'000
At 1 January	**600**	**500**	**(364)**	**(169)**
Interest on contract liabilities			**(12)**	**(10)**
Cumulative catch-up adjustments	**(50)**	-	**-**	-
Impairment of contract assets	**(30)**	-	**-**	-
Transfers in the period from contract assets to trade receivables	**(403)**	(125)	**-**	-
Amounts included in contract liabilities that was recognised as revenue during the period	-	-	362	285
Excess of revenue recognised over cash (or rights to cash) being recognised during the period	250	225	-	-
Cash received in advance of performance and not recognised as revenue during the period	**-**	-	**(198)**	(80)
	367	600	**(213)**	(364)

Contract assets and contract liabilities arise from the group's small design division, which enter 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 scope of one design contract (comprising a single performance objective) was changed during the period, which resulted in the cumulative catch-up adjustment of CU 50,000 being recognised in the current period, but which related to performance of the previous period.

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

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

[The balance of trade receivables at 1 January 2020 was CU X'000]

[The amount of incremental costs to obtain a contract which have been recognised as an asset is CU 75,000 (2020 – CU 84,000) and the amount of costs recognised as an expense in the period is CU 79,000 (2020 CU 48,000). No amount has been impaired in 2021 or 2020.]

IFRS 15:120

Disclose the following information about remaining performance obligations:
(a) the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period; and
(b) an explanation of when the entity expects to recognise as revenue the amount disclosed in accordance with paragraph 120(a), which the entity shall disclose in either of the following ways:
  (i) on a quantitative basis using the time bands that would be most appropriate for the duration of the remaining performance obligations; or
  (ii) by using qualitative information.

As a practical expedient, an entity need not disclose the information in paragraph 120 for a performance obligation if either of the following conditions is met:
(a) the performance obligation is part of a contract that has an original expected duration of one year or less; or
(b) the entity recognises revenue from the satisfaction of the performance obligation in accordance with paragraph B16.

IFRS 15:121

An entity need not disclose the information in paragraph 120 for a performance obligation if either of the following conditions is met:
(a) the performance obligation is part of a contract that has an original expected duration of one year or less; or
(b) the entity recognises revenue from the satisfaction of the performance obligation in accordance with paragraph B16

IFRS 15:122

An entity shall explain qualitatively whether it is applying the practical expedient in paragraph 121 and whether any consideration from contracts with customers is not included in the transaction price and, therefore, not included in the information disclosed in accordance with paragraph 120. For example, an estimate of the transaction price would not include any estimated amounts of variable consideration that are constrained (see paragraphs 56–58).

4. Revenue from contracts with customers (*Continued)*

Remaining performance Obligations

The vast majority of the Group's contracts are for the delivery of goods within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies. However, certain design contracts and contracts for the delivery of foods have been entered into for which both:

- the original contractual period was greater than 12 months; and
- the Group's right to consideration does not correspond directly with the performance.

In addition, sales of extended warranties for periods of greater than one year and material rights relating to discounts on future contracts do not meet these conditions.

The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is analysed as follows:

At 31 December 2021	**2022**	**2023**	**2024-2026**	**Total**
	CU'000	**CU'000**	**CU'000**	**CU'000**
Design contracts	2,106	2,106	-	4,212
Delivery of goods	6,240	12,595	-	18,835
Extended warranties	1,289	2,578	3,867	7,734
Material rights	-	-	4,500	4,500
	9,635	**17,279**	**8,367**	**35,281**

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. Therefore, the above amounts do not include the amounts of such variable consideration that has been constrained.

As at 31 December 2020, the amount of revenue to be recognised in future periods on contracts when those remaining performance obligations will be satisfied is analysed as follows:

At 31 December 2020	**2021**	**2022**	**2023-2025**	**Total**
	CU'000	**CU'000**	**CU'000**	**CU'000**
Design contracts	1,564	4,503	641	6,708
Delivery of goods	7,465	11,075	-	18,540
Extended warranties	1,307	897	2,794	4,998
Material rights	-	-	5,210	5,210
	10,336	**16,475**	**8,645**	**35,456**

IFRS 15:120

Disclose the following information about remaining performance obligations:

(c) the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period; and
(d) an explanation of when the entity expects to recognise as revenue the amount disclosed in accordance with paragraph 120(a), which the entity shall disclose in either of the following ways:
  (iii) on a quantitative basis using the time bands that would be most appropriate for the duration of the remaining performance obligations; or
  (iv) by using qualitative information.

As a practical expedient, an entity need not disclose the information in paragraph 120 for a performance obligation if either of the following conditions is met:

(c) the performance obligation is part of a contract that has an original expected duration of one year or less; or
(d) the entity recognises revenue from the satisfaction of the performance obligation in accordance with paragraph B16.

IFRS 15:121

an entity need not disclose the information in paragraph 120 for a performance obligation if either of the following conditions is met:

(c) the performance obligation is part of a contract that has an original expected duration of one year or less; or
(d) the entity recognises revenue from the satisfaction of the performance obligation in accordance with paragraph B16

IFRS 15:122

An entity shall explain qualitatively whether it is applying the practical expedient in paragraph 121 and whether any consideration from contracts with customers is not included in the transaction price and, therefore, not included in the information disclosed in accordance with paragraph 120. For example, an estimate of the transaction price would not include any estimated amounts of variable consideration that are constrained (see paragraphs 56–58).

5. 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 Group presents this income separately from revenue.

	2021 CU'000	2020 CU'000
Rental income from investment property	**1,190**	1,120
Other	**93**	83
	1,283	1,203

Note 6 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 6 on the adjacent page is greater than is strictly required.**
IAS 1:97	Separate disclose of material items of expense.
IAS 20:39(b)	Disclose the nature and extent of government grants separately from other forms of government assistance.
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 36:126(a)	Disclose impairment losses on non-financial assets, and the line item(s) within which they are included.
IAS 21:52(c)	Disclose foreign exchange differences (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 7:20(e)	Disclose impairment losses on financial assets by class.
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 1:104	Disclose employee benefit expenses.

6. Expenses by nature

	2021 CU'000	2020 CU'000
Changes in inventories of finished goods and work in progress	**4,690**	3,927
Write-down of inventory to net realisable value	**293**	476
Raw materials and consumables used	**106,228**	97,896
Employee benefit expenses (note 7)	**32,263**	36,632
Depreciation of property, plant and equipment	**9,753**	9,165
Impairment of property, plant and equipment	**1,000**	1,000
Amortisation of intangible assets[1]	**410**	410
Goodwill impairment charge[2]	**100**	500
Amortisation of right-of-use assets[3]	**2,043**	2,133
Research and development costs	**1,451**	1,547
Foreign exchange (gains)	**(1,744)**	(984)
Rent concessions (note 15)	**(1,250)**	-
(Profit)/loss on disposal of property, plant and equipment	**(50)**	30
Fair value adjustments of investment property	**2,637**	1,228
Direct operating expenses arising from investment property	**900**	840
Transportation expenses	**2,751**	4,030
Advertising expenses	**4,695**	3,073
Other costs	**515**	1,055

1 Amortisation charges on the group's intangible assets are recognised in the administrative expenses line item in the [statement of profit or loss and other comprehensive income / statement of profit or loss].

2 Goodwill impairment charges have been recognised in the other expenses line item in the [statement of profit or loss and other comprehensive income / statement of profit or loss].

3 Amortisation charges on the group's right-of-use assets are recognised in cost of sales of CU1,842,000 (2020 – CU1,921,000) and administrative expenses line item of CU201,000 (2020 – CU212,000) in the [statement of profit or loss and other comprehensive income / statement of profit or loss].

Note 7 Employee benefit expenses

Employee benefit expenses

IAS 19:25	IAS 19 does not require specific disclosures about short-term employee benefits.
BDO Comment	However the general requirements of IAS 1:97 require separate disclose of material items of expense. Materiality can be based on either nature of the expense or amount. Therefore A layout has disaggregated its total employee benefit expense into the various categories of IAS 19, including short-term employee benefits.
IFRS 2:51(a)	Disclose total expense from share-based payment transactions.
IAS 19:53	Disclose total expense for defined contribution plans.

Key management personnel compensation

IAS 24:17	Disclose total key management personnel compensation in total. Disclose total key management personnel compensation disaggregated into the following categories: – Short-term employee benefits – Post-employment benefits – Other long-term benefits – Termination benefits – Share-based payment.

7. Employee benefit expenses

	2021 CU'000	2020 CU'000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	**21,960**	25,421
Short-term non-monetary benefits	**1,171**	1,356
Defined contribution pension cost	**2,050**	2,373
Defined benefit scheme cost (note 36)	**3,132**	2,283
Other long-term employee benefits	**144**	792
Share-based payment expense (note 37)	**1,464**	1,695
Social security contributions and similar taxes	**2,342**	2,712
	32,263	36,632

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the company listed on page [X], and the Financial Controller of the company.

	2021 CU'000	2020 CU'000
Salary	**850**	750
Other long-term benefits	**3,228**	-
Defined benefit scheme costs	**1,953**	2,147
Compensations for loss of office	**10**	10
Share based payment expense	**1,464**	1,695
	7,505	4,602

Note 8 Segment information

IFRS 8:20-21	Disclose information that enables the evaluation of the nature and financial effects of the business activities.
IFRS 8:22(a)	Disclose factors used to identify the entity's reportable segments.
IFRS 8:22(b)	Disclose the types of products and services that generate each reportable segment's revenues.
IFRS 8:16	Disclose the segments included in 'all other segments'.
IFRS 8:27	Disclose explanations of the measurement of each item within each reportable segment, including: • Basis of accounting for any transactions between reportable segments • Nature of differences in the above • Nature in changes of the above • Nature of asymmetrical allocations of the above (e.g. depreciation expense across segments, but the associated asset within a single segment).

8. Segment information

Description of the types of products and services from which each reportable segment derives its revenues

The Group has three main divisions:

(a) *Toys division* - This division is involved in the manufacture and distribution of children's toys and accounts for the largest proportion of the Group's business, generating 71% (2020: 67%) of its external revenues.
(b) Board games division - This division is involved in the manufacture and distribution of board games and similar products and contributed 21% (2020: 20%) of the Group's external revenue and has seen steady growth over the past ten years.
(c) Outdoor games division - This division is involved in the manufacture and distribution of outdoor games and sports equipment and is the smallest of the Group's three divisions contributing 5% (2020: 5%) to the Group's external revenues.

Although the "outdoor games division" does not meet the quantitative thresholds to be a reportable segment, management has concluded that this segment should be reported separately, as it is closely monitored by the strategic chief operating decision-maker as a potential growth business segment and is expected to materially contribute to the Group's revenue in future.

All other segments include the "sports equipment" and "scale models" divisions which, contribute a relatively small amount of external revenue to the Group (1% each (2020: 1%)). Also included in other segments in 2020 is the Group's Abstract Art division that has now been discontinued. In May 2020, the Group completed the disposal its Abstract Art division through the disposal of Klimt Limited, a company involved in the manufacture and sales of posters. This division contributed 1% (2020: 6%) towards the Group's external revenues.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, Chief Operating Officer and the Finance Director.

Measurement of operating segment profit or loss, assets and liabilities

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses, such as goodwill impairment, and the effects of share-based payments.

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior period.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities and defined benefit liabilities. Loans and borrowings are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliation from segment assets and liabilities to the group position.

Note 8 Segment information (continued)

IFRS 8:23	Disclose profit or loss for each reportable segment.
IFRS 8:23(a)-(j)	Specific profit or loss line items and sub-totals to be presented.
IFRS 8:28(a)-(b)	Disclose a reconciliation between the total of the reportable segments' and the statement of profit or loss and other comprehensive income, for: (a) Revenue (b) Profit or loss before tax expense/(income) and discontinued operations (if an entity allocates these items to reportable segments, the reconciliation can be to profit or loss after these items). Any material reconciling items must be: (i) Separately identified (ii) Described.

8. Segment information *(continued)*

2021	Toys CU'000	Board games CU'000	Outdoor games CU'000	All other segments CU'000	Total CU'000
Revenue					
Total revenue	140,222	36,808	8,764	6,757	192,551
Inter-segmental revenue	(14,022)	-	-	-	(14,022)
Total revenue from external customers	126,200	36,808	8,764	6,757	178,529
Discontinued operations	-	-	-	(3,251)	(3,251)
Group's revenue per consolidated statement of comprehensive income	126,200	36,808	8,764	3,506	175,278
Depreciation	(6,570)	(2,041)	(460)	(482)	(9,553)
Amortisation	(321)	(66)	(16)	(7)	(410)
Segment profit	**9,530**	**2,758**	**694**	**339**	**13,321**
Impairment of assets					(1,500)
Share-based payments					(1,464)
Share of post-tax profits of equity accounted associates					660
Share of post-tax profits of equity accounted joint ventures					300
Finance expense					(584)
Finance income					825
Segment profit included in discontinued operations					(374)
Group profit before tax and discontinued operations					**11,184**

Note 8 Segment information (continued)

IFRS 8:23	Disclose profit or loss for each reportable segment.
IFRS 8:23(a)-(j)	Specific profit or loss line items and sub-totals to be presented.
IFRS 8:28(a)-(b)	Disclose a reconciliation between the total of the reportable segments' and the statement of profit or loss and other comprehensive income, for: (a) Revenue (b) Profit or loss before tax expense/(income) and discontinued operations (if an entity allocates these items to reportable segments, the reconciliation can be to profit or loss after these items) (c) Other material amounts. Any material reconciling items must be: (i) Separately identified (ii) Described.

8. Segment information *(continued)*

2020	Toys CU'000	Board games CU'000	Outdoor games CU'000	All other segments CU'000	Total CU'000
Revenue					
Total revenue	133,213	34,969	8,326	14,782	191,290
Inter-segmental revenue	(13,321)	-	-	-	(13,321)
Total revenue from external customers	119,892	34,969	8,326	14,782	177,969
Discontinued operations	-	-	-	(11,452)	(11,452)
Group's revenue per consolidated statement of comprehensive income	119,892	34,969	8,326	3,330	166,517
Depreciation	(6,250)	(900)	(1,400)	(315)	(8,865)
Amortisation	(150)	(150)	(50)	(60)	(410)
Segment profit	**7,767**	**2,091**	**573**	**522**	**10,953**
Impairment of assets					(1,500)
Share-based payments					(1,695)
Share of post-tax profits of equity accounted associates					600
Share of post-tax profits of equity accounted joint ventures					331
Finance expense					(842)
Finance income					1,491
Segment loss included in discontinued operations					548
Group profit before tax and discontinued operations					**9,886**

IFRS 8:24(b)	Disclose non-current assets additions (except for financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance contracts).
IFRS 8:23	If such amounts are regularly provided to the chief operating decision maker, disclose total assets and liabilities for each reportable segment.
IFRS 8:24(a)	Disclose investment in associates and joint ventures.
IFRS 8:28(c)-(d)	Disclose a reconciliation between the total of the reportable segments' and the statement of financial position, for: (a) Total assets (b) Total liabilities (c) Other material amounts. Any material reconciling items must be: (i) Separately identified (ii) Described.

8. Segment information *(continued)*

2021	Toys CU'000	Board games CU'000	Outdoor games CU'000	All other segments CU'000	Total CU'000
Additions to non-current assets	16,552	7,448	2,359	682	27,041
Reportable segment assets	82,299	26,167	5,930	5,467	119,863
Investment in associates				537	537
Investment in joint ventures					
Fair value through other comprehensive income financial assets					3,573
Derivative financial assets					2,939
Tax assets					211
Head office property					3,500
Total group assets					130,623
Reportable segment liabilities	13,428	5,190	1,414	883	20,915
Loans and borrowings (excluding leases and overdrafts)					29,393
Defined benefit pension scheme					9,706
Derivative financial liabilities					112
Deferred tax liabilities					1,451
Employee benefits					1,563
Other unallocated and central liabilities					76
Total group liabilities					63,216

Note 8 Segment information (continued)

IFRS 8:24(b)	Disclose non-current assets additions (except for financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance contracts).
IFRS 8:23	If such amounts are regularly provided to the chief operating decision maker, disclose total assets and liabilities for each reportable segment.
IFRS 8:24(a)	Disclose investment in associates and joint ventures.
IFRS 8:28(c)-(d)	Disclose a reconciliation between the total of the reportable segments' and the statement of financial position, for: (a) Total assets (b) Total liabilities (c) Other material amounts. Any material reconciling items must be: (i) Separately identified (ii) Described.

8. Segment information *(continued)*

2020	Toys CU'000	Board games CU'000	Outdoor games CU'000	All other segments CU'000	Total CU'000
Additions to non-current assets	5,197	2,337	797	297	8,628
Reportable segment assets	54,463	22,712	10,933	21,514	109,622
Investment in associates				302	302
Investment in joint ventures					
Fair value through OCI financial assets					4,083
Derivative financial assets					2,217
Deferred tax assets					365
Head office property					3,750
Total group assets					120,339
Reportable segment liabilities	13,490	5,527	1,552	819	21,388
Loans and borrowings (excluding leases and overdrafts)					24,534
Defined benefit pension scheme					7,552
Derivative financial liabilities					104
Deferred tax liabilities					1,706
Employee benefits					929
Other unallocated and central liabilities					94
Total group liabilities					56,307

IFRS 8:33(a)-(b)	Disclose the following geographical information (unless not available and the cost to develop is excessive, in which case this fact must be disclosed): (a) Revenues for external customers (b) Non-current assets (expect for financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts). The geographical information is to be disaggregated by: (i) The entity's country of domicile (ii) Individually material foreign countries (iii) All other foreign countries in total.
IFRS 8:34	Disclose for single external customer(s) that account for more than 10% of an entity's revenues: (a) That fact, the (b) Total customer revenue. A group of customers under common control (including government control) are considered a single customer.

8. Segment information *(continued)*

	External revenue by location of customers		Non-current assets by location of assets	
	2021	**2020**	**2021**	**2020**
	CU'000	**CU'000**	**CU'000**	**CU'000**
[COUNTRY A]	**78,874**	74,934	**27,786**	25,567
[COUNTRY B]	**43,820**	41,629	**17,540**	17,290
[COUNTRY C]	**35,056**	33,303	**11,803**	10,559
[COUNTRY D]	**10,500**	9,651	**5,764**	4,902
Other	**7,028**	7,000	**-**	-
	175,278	166,517	**62,893**	58,318

Revenues from one customer total CU20,023,000 (2020: CU17,154,000). This major customer purchases goods from the Toy, Board games and Outdoor games segments.

Note 9 Finance income and expense

IFRS 7:20(a)	Disclose net gains or net losses by financial instrument category, and separately for those on initial recognition.
IFRS 7:20(b)	Disclose total interest income and total interest expense, and disaggregate between financial instruments: (a) Measured at fair value through profit or loss (b) Not measured at fair value through profit or loss.
IFRS 7:20(c)	Disclose fee income and expense (not used in determining the effective interest rate), and disaggregate between financial instruments: (a) Measured at fair value through profit or loss (b) Not measured at fair value through profit or loss (c) Held in respect of trust and other fiduciary activities (i.e. retirement benefit plans).
IFRS 7:20(d)	Disclose interest income on impaired financial assets.
IFRS 7:20(e)	Disclose impairment of each class of financial asset.
IFRS 7:23(d)	*Cash flow hedges*: disclose the amount recycled from equity to profit or loss for the period, by each line item in the statement of profit or loss and other comprehensive income.
IFRS 7:24(a)	*Fair value hedges*: disclose separately gains or losses: (a) On the hedging instrument (b) On the hedged item attributable to the hedged risk.
IAS 37:84(e)	*Provisions*: disclose, by class of provision: – Increases arising from the passage of time – The effect of changes in the discount rate.
IAS 21:52(a)	Disclose foreign exchange differences on financial instruments measured at fair value through profit or loss.
IAS 18:35(b)(v)	Disclose revenue arising from dividends.

9. Finance income and expense

Recognised in profit or loss

Finance income	**2021 CU'000**	**2020 CU'000**
Interest received on bank deposits	**200**	250
Interest income on fair value through OCI financial assets	**45**	12
Dividend income on fair value through OCI financial assets	**34**	45
Net gain on disposal of fair value through OCI financial assets transferred from equity	**100**	-
Net change in fair value of hedged item in a fair value Hedge	**(250)**	180
Net change in fair value of hedging instrument in a fair value hedge	**371**	(180)
Net gains on derivatives classified as held for trading	**70**	-
Net foreign exchange gain	**255**	1,184
Total finance income	**825**	1,491

Finance expense		
Interest expense on financial liabilities measured at amortised cost	**695**	631
Interest expense on lease liabilities	**277**	123
Net change in fair value of cash flow hedges transferred from equity	**(200)**	-
Dividends paid on redeemable preference shares	**9**	8
Ineffective portion of changes in fair value of cash flow Hedges	**50**	50
Unwinding of discount on provisions	**30**	30
Total finance expense	**861**	842
Net finance income (expense) recognised in profit or loss	**(36)**	649

The above financial income and expense include the following in respect of assets (liabilities) not at fair value through profit or loss:

	2021 CU'000	**2020 CU'000**
Total interest income on financial assets	**200**	250
Total interest expense on financial liabilities	**(660)**	(719)
	(460)	(469)

Note 10 Tax expense

IAS 12:79 Disclose major components of tax expense/income separately.

IAS 12:80 Examples of separate major components of tax expense/income, including:

- 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 previously unrecognised tax loss, tax credit, or temporary difference used to reduce current/deferred tax
  - From the write down or write-down/reversal of a deferred tax asset.

10. Tax expense

	2021 CU'000	2020 CU'000
(i) Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures		
Current tax expense		
Current tax on profits for the year	**3,217**	2,036
Adjustment for under provision in prior periods	**94**	100
Total current tax	**3,311**	2,136
Deferred tax expense (recovery)		
Origination and reversal of temporary differences (Note 31)	**(441)**	2,142
Recognition of previously unrecognised deferred tax assets	**-**	(200)
Total deferred tax	**(441)**	1,942
	2,870	4,078
Continuing and discontinued operations:		
Income tax expense from continuing operations	**2,782**	4,209
Income tax expense/(credit) from discontinued operation (excluding gain on sale) (Note 11)	**88**	(131)
	2,870	4,078
(ii) Total tax expense		
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures (as above)	**2,870**	4,078
Income tax on gain on sale of discontinued operation (Note 11)	**27**	24
Share of tax expense of equity accounted associates	**132**	120
Share of tax expense of equity accounted joint ventures	**60**	66
	3,089	4,288

Note 10 Tax expense (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.
IAS 1:122	Disclose significant judgements management has made in applying the entity's accounting policies.

10. Tax expense *(continued)*

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

	2021 CU'000	2020 CU'000
Profit for the year	**8,776**	5,267
Income tax expense (including income tax on Associate, joint venture and discontinued operation)	**3,089**	4,288
Profit before income taxes	**11,865**	9,555
Tax using the Company's domestic tax rate of 24.5% (2020: 26.5%)	**2,907**	2,532
Expenses not deductible for tax purposes	**753**	2,420
Adjustment for under/(over) provision in previous periods	**94**	100
Recognition of previously unrecognised deferred tax assets	**-**	(200)
Different tax rates applied in overseas jurisdictions	**(665)**	(564)
Total tax expense	**3,089**	4,288

Changes in tax rates and factors affecting the future tax charge

As a result of the **[TITLE OF LEGISLATION]** the rate of income tax has been reduced from 26.5% to: 24.5% for periods beginning after 1 January 2020.

In July 2020, an amendment to the **[TITLE OF LEGISLATION]** was subsequently enacted that reduced the rate of income tax further, from 24.5% to: 23% for periods beginning after 1 January 2020. Accordingly, deferred tax balances as at 31 December 2021 have been recognised at 23%, the rate of corporation tax enacted by the amendment to the **[TITLE OF LEGISLATION]** that will apply for periods from 1 January 2020.

Estimates and assumptions, including uncertainty over income tax treatments
The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

These tax liabilities are recognised when, despite the company's belief that its tax return positions are supportable, the company believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Group records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law.

No material uncertain tax positions exist as at 31 December 2021. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Note 10 Tax expense (continued)

IAS 1:90 IAS 12:81(ab)	Disclose income tax relating to each item of other comprehensive income.

10. Tax expense *(continued)*

Tax on each component of other comprehensive income is as follows (see note 35):

	2021			2020		
	Before tax CU'000	Tax CU'000	After tax CU'000	Before tax CU'000	Tax CU'000	After tax CU'000
Loss on property revaluation	(4,460)	1,026	(3,434)	(1,154)	289	(865)
Actuarial gain on defined benefit pension schemes	266	(61)	205	157	(39)	118
Valuation (losses)/gains on fair value through profit or loss investments	(258)	51	(207)	1,542	(386)	1,156

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10. Tax expense *(continued)*

	2021 Before tax CU'000	Tax CU'000	After tax CU'000	2020 Before tax CU'000	Tax CU'000	After tax CU'000
Cash flow hedges:						
(i) Gains recognised on hedging instruments	**831**	**(256)**	**575**	458	(95)	451
(ii) Transferred to profit or loss for the year	**(248)**	**50**	**(198)**	275	(55)	-
(iii) Transferred to initial carrying amount of hedged items	**(610)**	**-**	**(610)**	(132)	-	-
Exchange gains on the translation of foreign operations	**2,084**	**-**	**2,084**	1,024	-	1,024
Share of associates' other comprehensive income	**-**	**-**	**-**	412	(103)	309
	(2,395)	**810**	**(1,585)**	2,582	(389)	2,193

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Note 11 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: – Of the sale or disposal – Manner of disposal – Timing of disposal.
IAS 7.40	Disclose the following: – Total consideration received – Cash and cash equivalents portion of the consideration – Cash and cash equivalents in discontinued operation disposed of – Assets and liabilities other than cash or cash equivalents that were in discontinued operation disposed of.
IFRS 12:19	If the disposal of a discontinued operation results in the loss of control of a subsidiary, disclose: – the gain or loss – the portion of that gain or loss attributable to measuring any retained interest – the line item(s) in where the gain or loss is recognised.
IFRS 5:33	An entity shall disclose: (b) an analysis of the single amount in (a) into: (i) the revenue, expenses and pre-tax profit or loss of discontinued operations (ii) the related income tax expense as required by paragraph 81(h) of IAS 12, and (iii) the gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation. The analysis may be presented in the notes or on the face of the statement of comprehensive income. If it is presented on the face of the statement of comprehensive income it shall be presented in a section identified as relating to discontinued operations, i.e. separately from continuing operations. The analysis is not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition (see paragraph 11).
IFRS 5:33(d)	The amount of income from continuing operations and from discontinued operations attributable to owners of the parent. These disclosures may be presented either in the notes or in the statement of comprehensive income.

11. Discontinued operations

In February 2020, the Group sold assets, as part of the Group's disposal of its Abstract Art segment, for a cash consideration of CU700,000.

In May 2021, the Group sold its 100% interest in Klimt Limited (completing the disposal of the Abstract Art segment) which is the only operation presented as discontinued operation in 2021. Klimt Limited was classified as held for sale in December 2020 (see note 32).

The post-tax gain on disposal of discontinued operations was determined as follows:

	2021 CU'000	2020 CU'000
Cash consideration received	**6,300**	700
Other consideration received	**-**	-
Total consideration received	**6,300**	700
Cash disposed of	**-**	-
Net cash inflow on disposal of discontinued operation	**6,300**	700
Net assets disposed (other than cash):		
Property, plant and equipment	**(6,542)**	(621)
Intangibles	**(50)**	-
Trade and other receivables	**(124)**	-
Other financial assets	**(40)**	-
Trade and other payables	**546**	-
	(6,210)	(621)
Pre-tax gain on disposal of discontinued operation	**90**	79
Related tax expense	**(27)**	(24)
Gain on disposal of discontinued operation	**63**	55

Note 11 Discontinued operations (continued)

Result of discontinued operations

IFRS 5:33(b)	Disclose the disaggregation of 'Profit or loss from discontinued items' recognised in the statement of profit or loss and other comprehensive income, by: – Revenue – Expenses – Pre-tax profit or loss of discontinued operations
IAS 12:81(h)(i)	– Income tax expense – Gain or loss on the disposal/fair value adjustment.
IFRS 5:34	Re-present the above disclosures for discontinued operations in prior periods.

Earnings per share from discontinued operations

IAS 33.68	Disclose basic and diluted earnings per share for discontinued operations.

Statement of cash flows

IFRS 5:33(c)	Disclose the net operating, investing and financing cash flows attributable of discontinued operations.

11. Discontinued operations *(continued)*

The post-tax gain on disposal of discontinued operations was determined as follows:

Result of discontinued operations	2021 CU'000	2020 CU'000
Revenue	3,251	11,452
Expenses other than finance costs	(2,800)	(12,000)
Finance costs	(52)	(48)
Tax (expense)/credit	(88)	131
Gain from selling discontinued operations after tax	63	55
Profit/(loss) for the year	374	(410)

Earnings per share from discontinued operations	2021 CU	2020 CU
Basic earnings/(loss) per share	0.50	(0.55)
Diluted earnings/(loss) per share	0.42	(0.47)

Statement of cash flows

The statement of cash flows includes the following amounts relating to discontinued operations:

	2021 CU'000	2020 CU'000
Operating activities	311	(465)
Investing activities	6,253	700
Financing activities	(5)	(48)
Net cash from discontinued operations	6,559	187

Note 12 Earnings per share

IAS 33:70(a)	Disclose a reconciliation of those amounts used as the numerator to profit or loss attributable to the parent entity.
IAS 33:70(b)	Disclose a reconciliation of the weighted average number of shares used as the denominator.
IAS 33:70(c)	Disclose a description of anti-dilutive instruments that were not included in the calculation that could have a future significant impact basic earnings per share.
IAS 33:70(d)	Disclose transactions after reporting date that significantly impact the number of ordinary or potential ordinary shares (other than for capitalisation, bonus issue, share splits, or reverse share splits).

12. Earnings per share

Numerator	Continuing operations 2021 CU'000	Discontinued operations 2021 CU'000	Total 2021 CU'000	Continuing operations 2020 CU'000	Discontinued operations 2020 CU'000	Total 2020 CU'000
Profit for the year and earnings used in basic EPS	**7,942**	**354**	**8,296**	5,366	(388)	4,979
Add interest on convertible debt	**606**	**-**	**606**	596	-	596
Less tax effect of above items	**(158)**	**-**	**(158)**	(169)	-	(169)
Earnings used in diluted EPS	**8,390**	**354**	**8,744**	5,793	(388)	5,406

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12. Earnings per share (continued)

	Continuing operations 2021	Discontinued operations 2021	Total 2021	Continuing operations 2020	Discontinued operations 2020	Total 2020
Denominator	'000	'000	'000	'000	'000	'000
Weighted average number of shares used in basic EPS	**74,980**	**74,980**	**74,980**	74,280	74,280	74,280
Effects of: Convertible debt	**10,000**	**10,000**	**10,000**	10,000	10,000	10,000
Employee share options	**1,500**	**1,500**	**1,500**	-	-	-
Contingent share consideration on business combinations	**1,600**	**1,600**	**1,600**	-	-	-
Weighted average number of shares used in diluted EPS	**88,080**	**88,080**	**88,080**	84,280	84,280	84,280

3 million employee options (2020: 1.5 million) have not been included in the calculation of diluted EPS because their exercise is contingent on the satisfaction of certain criteria that had not been met at 31 December 2021. The total number of options in issue is disclosed in note 37.

Since Colour Sarl has achieved the earning criteria set out in the acquisition agreement, the contingently issuable shares are treated as outstanding and included in the calculation of diluted EPS. However, as Colour Sarl needs to maintain the level for a further 2 years for the contingently issuable shares to become issuable, the calculation of basic EPS has not been affected.

Note 13 Dividends

Dividends during the period

IAS 1:107	Disclose: – Dividends recognised as distributions to equity holders during the period – The related amount of dividends per share.

Dividends after reporting date

IAS 1:137(a)	Disclose: – 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 – The related amount of dividends per share.

13. Dividends

	2021 CU'000	2020 CU'000
Final dividend of 6.9 CU cents (2020: 6.0 CU cents) per Ordinary share proposed and paid during the year relating to the previous year's results	**5,200**	4,487
Interim dividend of 1.7 CU cents (2020: 0.7 CU cents) per Ordinary share paid during the year	**1,263**	493
	6,463	4,980

The directors are proposing a final dividend of 5.1 CU cents (2020: 6.9 CU cents) per share totalling CU3,824,000 (2020: CU5,200,000). This dividend has not been accrued in the consolidated statement of financial position.

Note 14 Property, plant and 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 a reconciliation of the opening and closing balances of the carrying amount for each class of property, plant and equipment. Sub-paragraphs (i) – (ix) detail specific reconciling items to be included.

14. Property, plant and equipment

(i) Cost or valuation	Land and buildings CU'000	Plant, machinery and motor vehicles CU'000	Fixtures and fittings CU'000	Computer equipment CU'000	Assets under construction CU'000	Total CU'000
At 1 January 2020	27,850	35,897	4,000	2,530	2,000	72,277
Additions	-	5,000	350	200	-	5,550
Acquired through business combinations	-	700	560	140	-	1,400
Disposals	-	(900)	-	-	-	(900)
Re-classified to non-current assets held for sale	(4,907)	(2,944)	(1,472)	(491)	-	(9,814)
Fair value gain (loss) recognised in other comprehensive income	(1,154)	-	-	-	-	(1,154)
Transfer from assets under construction	-	2,000	-	-	(2,000)	-
Foreign exchange movements	241	321	87	-	-	649
At 31 December 2020	22,030	40,074	3,525	2,379	-	68,008
At 1 January 2021	**22,030**	**40,074**	**3,525**	**2,379**	**-**	**68,008**
Additions	**220**	**16,200**	**1,000**	**1,200**	**3,500**	**22,120**
Acquired through Business combinations	**1,193**	**1,590**	**795**	**398**	**-**	**3,976**
Disposals	**-**	**(2,500)**	**(500)**	**-**	**-**	**(3,000)**
Re-classified to non-current assets held for sale	**(2,672)**	**(1,603)**	**(802)**	**(267)**	**-**	**(5,344)**
Fair value gain (loss) recognised in other comprehensive income	**(4,460)**	**-**	**-**	**-**	**-**	**(4,460)**
Foreign exchange movements	**156**	**513**	**184**	**276**	**-**	**1,129**
At 31 December 2021	**16,467**	**53,074**	**4,202**	**3,286**	**3,500**	**82,429**

Bank borrowings are secured on the Group's freehold land and buildings. Interest capitalised during the year amounted to CU120,000 (2020: CU110,000). The net book value of assets under construction includes an amount of CU2,000,000 (2020: CU nil) relating to the Group's new head office, which is currently under construction. The cost of the buildings will be depreciated once the property is complete and available for use. The estimated cost to completion of the property to which the Group is contractually committed, is CU1,000,000 (2020: CU3,000,000).

Note 14 Property, plant and equipment (continued)

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.
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.

14. Property, plant and equipment *(continued)*

	Land and buildings	Plant, machinery and motor vehicles	Fixtures and fittings	Computer equipment	Assets under construction	Total
	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000
(ii) Accumulated depreciation and impairment						
At 1 January 2020	-	18,562	1,500	1,000	-	21,062
Depreciation	300	7,179	800	886	-	9,165
Revaluations	(300)	-	-	-	-	(300)
Impairment losses	-	1,000	-	-	-	1,000
Re-classified to non-current assets held for sale	-	(2,290)	(818)	(164)	-	(3,272)
Disposals	-	(850)	-	-	-	(850)
Foreign exchange Movements	-	300	100	50	-	450
At 31 December 2020	-	23,901	1,582	1,772	-	27,255
At 1 January 2021	**-**	**23,901**	**1,582**	**1,772**	**-**	**27,255**
Depreciation	**200**	**8,015**	**705**	**833**	**-**	**9,753**
Revaluations	**(200)**	**-**	**-**	**-**	**-**	**(200)**
Impairment losses	**-**	**1,000**	**-**	**-**	**-**	**1,000**
Re-classified to non-current assets held for sale	**-**	**(1,190)**	**(425)**	**(85)**	**-**	**(1,700)**
Disposals	**-**	**(2,100)**	**(150)**	**-**	**-**	**(2,250)**
Foreign exchange Movements	**-**	**400**	**200**	**470**	**-**	**1,070**
At 31 December 2021	**-**	**30,26**	**1,912**	**2,990**	**-**	**34,928**
(iii) Net book value						
At 1 January 2020	*27,850*	*17,335*	*2,500*	*1,530*	*2,000*	*51,215*
At 31 December 2020	22,030	16,173	1,943	607	-	40,753
At 31 December 2021	**16,467**	**24,248**	**2,290**	**996**	**3,500**	**47,501**

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 Fair value measurement disclosures

BDO Comment	**IFRS 13 requires specific disclosures for items measured or disclosed at fair value, dependent on:** **– the level of fair value measurement** **– whether the fair value measurement is recurring or non-recurring** **Revalued property is an example of a recurring fair value measurement, as a fair value valuation is required at each reporting date (unless the carrying value does not differ materially from fair value - IAS 16:31).** **In the case of A Layout, we have presumed that the valuation techniques used have at least one significant unobservable input, and therefore are classified as a Level 3 fair value measurement (as per IFRS 13:73). The use of at least one unobservable input in the valuation technique used is likely to be the case for most revaluations of property, plant and equipment.**
IFRS 13:93(a)	Disclose the fair value (L1, L2, and L3).
IFRS 13:93(b)	Disclose the fair value hierarchy (L1, L2, and L3).
IFRS 13:93(d)	Disclose in relation to the valuation technique used: – A description (L2, and L3) – Any changes for the technique used previously, and reasons why (L2, and L3) – Significant unobservable inputs (L3).
BDO Comment	**Note that this disclosure has been left blank in the illustrative financial statements. This is intentional as these elements will be specific on an entity-by-entity, and item-by-item basis.** **However, an illustrative template has been provided as an appendix to financial statements (refer Appendix A).**
IFRS 13:93(e) **IFRS 13:93(f)**	Disclose a reconciliation between the opening and closing fair value measurement, including any unrealised fair value gains/losses (L3).
IFRS 13:93(g)	Disclose a description of the entities valuation processes and policies in relation to the item (L3).
IFRS 13:93(h)(i)	Disclose a narrative (i.e. no figures required) of the sensitivity of changes in significant unobservable inputs to fair value (L3).
IFRS 13:93(i)	If the items highest and best use differs from its actual use, disclose (L1, L2, and L3): – This fact and the reasons why.

14. Property, plant and equipment *(continued)*

(v) Fair value measurement (Revalued Property)

Land and buildings classified as property, plant and equipment were valued on 31 December 2021 (2020: 31 December 2020) using **[INSERT VALUATION TECHNIQUES]** carried out by external independent qualified valuers.

Land and buildings transferred from property, plant and equipment to assets held for sale were valued immediately before transfer using **[INSERT VALUATION TECHNIQUES]** carried out by external independent qualified valuers.

The fair value of land and buildings is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	2021 CU'000
Opening balance (level 3 recurring fair values)	**22,030**
Purchases	**1,413**
Disposals	**-**
Reclassifications	**(2,672)**
Gains (Loss): included in 'other comprehensive income'	
- Loss on property revaluation	**(4,460)**
Gains (Loss): included in 'other expenses'	
- Unrealised foreign exchange rate movements	**156**
Closing balance (level 3 recurring fair values)	**16,467**

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of land and buildings, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

Valuation Techniques used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
[VALUATION TECHNIQUE #1] *[DESCRIPTION]* *[PROCESSES AND POLICIES]*	*[LIST SIGNIFICANT UNOBSERVABLE INPUTS USED]*	*[DESCRIBE WHETHER INCREASES OR DECREASES IN SIGNIFICANT UNOBSERVABLE INPUTS WOULD CAUSE AN INCREASE OR DECREASE IN FAIR VALUE.]*
[VALUATION TECHNIQUE #2] *[DESCRIPTION]* *[PROCESSES AND POLICIES]*	*[LIST SIGNIFICANT UNOBSERVABLE INPUTS USED]*	*[DESCRIBE WHETHER INCREASES OR DECREASES IN SIGNIFICANT UNOBSERVABLE INPUTS WOULD CAUSE AN INCREASE OR DECREASE IN FAIR VALUE.]*

There were no changes to the valuation techniques during the period. The fair value measurement is based on the above items' highest and best use, which does not differ from their actual use. Had the revalued properties been measured on a historical cost basis, their net book value would have been CU16,586,000 (2020: CU20,273,000). The revaluation surplus (gross of tax) amounted to CU3,155,000 (2020: CU7,815,000).

Note 15 Leases

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).
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.
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.

15. Leases

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 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 group'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 group 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.

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 group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 30).

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 group 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.

Note 15 Leases (continued)

IFRS 16:52 Disclose information about its leases for which it is a lessee in a single note or separate section in its financial statements. However, a lessee need not duplicate information that is already presented elsewhere in the financial statements, provided that the information is incorporated by cross-reference in the single note or separate section about leases.

IAS 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.

IAS 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

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

15. Leases *(continued)*

When the group 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 renegotiation 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 of 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.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Nature of leasing activities (in the capacity as lessee)

The group leases a number of properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates. In some jurisdictions, for property leases the periodic rent is fixed over the lease term.

The group 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.

31 December 2021	Lease Contracts Number	Fixed payments %	Variable payments %	Sensitivity CU'000
Property leases with payments linked to inflation	3	-	25%	±495
Property leases with periodic uplifts to market rentals	6	-	40%	±791
Property leases with fixed payments	2	15%	-	-
Leases of plant and equipment	46	17%	-	-
Vehicle leases	3	3%	-	-
	60	35%	65%	±1,286

See next page for comparative information.

Note 15 Leases (continued)

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	**A Layout (International) Group 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.**

15. Leases *(continued)*

The percentages in the table below reflect the proportions of lease payments that are either fixed or variable for the comparative period.

31 December 2020	Lease Contracts Number	Fixed payments %	Variable payments %	Sensitivity CU'000
Property leases with payments linked to inflation	3	-	25%	±505
Property leases with periodic uplifts to market rentals	7	-	40%	±897
Property leases with fixed payments	3	15%	-	-
Leases of plant and equipment	49	17%	-	-
Vehicle leases	5	3%	-	-
	60	35%	65%	±1,402

The group sometimes negotiates break clauses in its property leases. On a case-by-case basis, the group will consider whether the absence of a break clause would exposes the group 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 group.

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 group would not exercise its right to exercise any right to break the lease. Total lease payments of CU 1,250,000 (2020 – CU 1,125,000) are potentially avoidable were the group to exercise break clauses at the earliest opportunity.

One of the contracts that the group has with a distributor conveys to the Group the right to use certain vehicles for the contractual term. The Group 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 group having to pay full fair value of the vehicles, but as those vehicles are under the Group’s control, the Group 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 Group 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 CU 475,000 (2020 – CU 475,000).

Note 15 Leases (continued)

IFRS 16:52	Disclose information about its leases for which the entity is a lessee in a single note or separate section in its financial statements. However, a lessee need not duplicate information that is already presented elsewhere in the financial statements, provided that the information is incorporated by cross-reference in the single note or separate section about leases.
IFRS 16:53	Disclose the following amounts for the reporting period (a) depreciation charge for right-of-use assets by class of underlying asset; (b) interest expense on lease liabilities; (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; (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); (e) the expense relating to variable lease payments not included in the measurement of lease liabilities; (f) income from subleasing right-of-use assets; (g) total cash outflow for leases; (h) additions to right-of-use assets; (i) gains or losses arising from sale and leaseback transactions; and (j) the carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset.
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
BDO Comment	**A Layout (International) Group has disclosed amounts in compliance with IFRS 16:53 (a), (b), (g), (h) and (j) in a reconciliation of both right-of-use assets and lease liabilities rather than as standalone amounts in a table. This is considered more appropriate as it facilitates a clearer picture of what has given rise to changes in the carrying amounts of these items as well as enables ease of cross reference to other parts of the financial statements. For example, the amounts in the reconciliation for right-of-use assets would equal the amount included on the face of the statement of financial position (if that presentation approach is chosen under IFRS 16), and the interest expense on lease liabilities would tie into that component of total finance cost included in note 9. Providing the disclosures in the form of a reconciliation results in voluntary disclosures being given for the effect of lease modifications, adjustments from revising variable lease payments linked to an index or rate, and foreign exchange movements on the carrying amounts for both right-of-use assets and lease liabilities.**
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.
BDO Comment	**A Layout (International) Group has right-of-use assets that meet the definition of investment property. See note 16.**

15. Leases *(continued)*

Right-of-Use Assets

	Land and buildings CU'000	Plant, machinery and motor vehicles CU'000	Total CU'000
At 1 January 2020	5,958	1,031	**6,989**
Additions	100	75	**175**
Amortisation	(1,508)	(625)	**(2,133)**
Foreign exchange movements	(51)	(18)	**(69)**
At 31 December 2020	**4,499**	**463**	**4,962**

	Land and buildings CU'000	Plant, machinery and motor vehicles CU'000	Total CU'000
At 1 January 2021	4,499	463	**4,962**
Adjustment to opening balance on account of retrospective application of amendment to IFRS 16	650	-	**650**
Additions	378	150	**528**
Amortisation	(1,742)	(301)	**(2,043)**
Effect of modification to lease terms	160	-	**160**
Variable lease payment adjustment	435	-	**435**
Foreign exchange movements	(78)	(21)	**(99)**
At 31 December 2021	**4,302**	**291**	**4,593**

Lease liabilities

	Land and buildings CU'000	Plant, machinery and motor vehicles CU'000	Total CU'000
At 1 January 2020	7,489	2,113	**9,602**
Additions	100	75	**175**
Interest expense	228	81	**309**
Rent concessions (see note below)	(1,250)	-	**(1,250)**
Lease payments	(948)	(1,173)	**(2,121)**
Foreign exchange movements	(118)	(65)	**(183)**
At 31 December 2020	**5,501**	**1,031**	**6,532**

Note 15 Leases (continued)

IFRS 16:51	The objective of the disclosures is for lessees to disclose information in the notes that, together with the information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.
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 Group considers this information necessary in order for users of the financial statements to assess the effect that leases have on the financial statements.**

15. Leases *(continued)*

Lease liabilities (continued)

	Land and buildings CU'000	Plant, machinery and motor vehicles CU'000	Total CU'000
At 1 January 2021	5,501	1,031	**6,532**
Adjustment to opening balance on account of retrospective application of amendment to IFRS 16	70	-	**70**
Additions	378	150	**528**
Interest expense	212	65	**277**
Effect of modification to lease terms	160	-	**160**
Variable lease payment adjustment	435	-	**435**
Rent concessions (see note below)	(1,000)	-	**(1,000)**
Lease payments	(1022)	(1,015)	**(2,037)**
Foreign exchange movements	(105)	(54)	**(159)**
At 31 December 2021	**4,629**	**177**	**4806**

Rent concessions

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

During 2020 and 2021, the Group 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 Group had elected to apply the practical expedient introduced by the amendments to IFRS 16 (issued in May 2020) to all rent concessions that satisfy the criteria. Many of the rent concessions entered into during 2020 satisfied the criteria to apply the practical expedient. However, some rent concessions entered into during 2020 affected payments originally due after 30 June 2021 but before 30 June 2022. In the financial statements for the year ended 31 December 2020, these ineligible rent concessions were accounted as lease modifications, as they were not eligible for the application of the practical expedient.

The ineligible rent concessions now qualify for application of the practical expedient due to the amendment issued in March 2021.

Note 15 Leases (continued)

BDO Comment	**A Layout (International) Group has disclosed amounts in compliance with IFRS 16:53 (c), (d), (e), (f) and (i) in a table as required by paragraph 54. Income from sub-leases is already disclosed in note 5 and, in accordance with IFRS 16:53, the disclosure is not duplicated here. A Layout (International) Group has not entered into any sale and leaseback transactions in the current or prior period.**
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	**A Layout does not measure right-of-use assets at revalued amounts and hence these disclosures are not applicable.**

15. Leases *(continued)*

Rent concessions *(continued)*

The transitional provisions of the extension to the practical expedient require retrospective application, with the cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment. Accordingly, the Group has reversed the lease modification accounting applied to the previously ineligible rent concessions reflected in the financial statements for the year ended 31 December 2020, with the effect being recognised as an adjustment to the opening balance of retained earnings with corresponding adjustments to the opening balances of right-of-use assets and lease liabilities as at 1 January 2021.

The application of the practical expedient in 2020 resulted in the reduction of total lease liabilities of CU1,250. During the year ended 31 December 2021, the Group has entered into additional rent concessions that satisfy the criteria for the application of the extended practical expedient, resulting in a reduction of total lease liabilities of CU1,000.

The effect of this reduction has been recorded in profit or loss in the period in which the event or condition that triggers those payments occurred. In the consolidated statement of profit or loss and other comprehensive income presented by function, because of the significance of the amount, this gain has been presented within a separate line item.

Other lease disclosures

	2021	2020
	CU'000	CU'000
Short-term lease expense	**1,313**	**1,206**
Low value lease expense	**600**	**705**
Expense relating to variable lease payments not included in the measurement of lease liabilities	**65**	**78**
Aggregate undiscounted commitments for short-term leases	**410**	**509**

Note 16 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.
IFRS 16:95	Disclose details of operating leases as lessor.
IAS 40:75(f)	Disclose specific items recognised in profit or loss, including: – Rental income – 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(g)	Disclose any restrictions on: – The realisability of investment property – Remittance of income – Proceeds of disposal.
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.

16. Investment property

(i) Carrying amount reconciliation

	2021 CU'000	2020 CU'000
Opening balance	**5,838**	8,960
Disposals	**-**	-
Fair value gain (loss) recognised in profit or loss[1]	**(2,837)**	(1,478)
Reclassified to assets held-for-sale	**(1,000)**	(2,000)
Foreign exchange rate movements	**1,298**	598
	3,299	5,838

[1] 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 CU200,000 (2020: CU250,000).

(ii) Items of income and expense

During the year CU1,200,000 (2020: CU1,120,000) was recognised in the consolidated statement of comprehensive income in relation to rental income from the investment properties. Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to CU900,000 (2020: CU840,000). Direct operating expenses, including repairs and maintenance, arising from investment property that did not generate rental income during the year amounted to CU nil (2020: CU nil).

(iii) Restrictions and obligations

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 CU500,000 (2020: CU nil).

Note 16 Investment property (continued)

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 Fair value measurement disclosures

BDO Comment	**IFRS 13 requires specific disclosures for items measured or disclosed at fair value, dependent on:** – **the level of fair value measurement** – **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.** **In the case of A Layout, we have presumed that the valuation techniques used have at least one significant unobservable input, and therefore are classified as a Level 3 fair value measurement (as per IFRS 13:73). The use of at least one unobservable input in the valuation technique is likely to be the case for most valuations of investment property.**

IFRS 13:93(a)	Disclose the fair value (L1, L2, and L3).
IFRS 13:93(b)	Disclose the fair value hierarchy (L1, L2, and L3).
IFRS 13:93(d)	Disclose in relation to the valuation technique used: – A description (L2 and L3) – Any changes for the technique used previously, and reasons why (L2 and L3) – Significant unobservable inputs (L3).
BDO Comment	**Note that this disclosure has been left blank in the illustrative financial statements. This is intentional as these elements will be specific on an entity-by-entity, and item-by-item basis.** **However, an illustrative template has been provided as an appendix to financial statements (refer Appendix A)**
IFRS 13:93(e) **IFRS 13:93(f)**	Disclose a reconciliation between the opening and closing fair value measurement, including any unrealised fair value gains/losses (L3).
IFRS 13:93(g)	Disclose a description of the entity's valuation processes and policies in relation to the item (L3).
IFRS 13:93(h)(i)	Disclose a narrative (i.e. no figures required) of the sensitivity of changes in significant unobservable inputs to fair value (L3).
IFRS 13:93(i)	If the item's highest and best use differs from its actual use, disclose (L1, L2, L3): – This fact – The reasons why.

16. Investment property *(continued)*

(iv) Fair value measurement

The investment properties were valued using **[INSERT VALUATION TECHNIQUES]** carried out by external independent qualified valuers with recent experience valuing investment properties in the location held by the Group.

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 statement of financial position. The fair value of investment property is categorised as a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below

	2021 **CU'000**
Opening balance (level 3 recurring fair values)	**5,838**
Disposals	**-**
Reclassifications	**(1,000)**
Gains (Loss): included in 'other expenses'	
- Unrealised change in fair value	**(2,837)**
- Unrealised foreign exchange rate movements	**1,298**
Closing balance (level 3 recurring fair values)	**3,299**

The valuation technique and significant unobservable inputs used in determining the fair value measurement of investment property, as well as the inter-relationship between key unobservable inputs and fair value, is detailed in the table below.

Valuation Techniques used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
[VALUATION TECHNIQUE #1] *[DESCRIPTION]* *[PROCESSES AND POLICIES]*	*[LIST SIGNIFICANT UNOBSERVABLE INPUTS USED]*	*[DESCRIBE WHETHER INCREASES OR DECREASES IN SIGNIFICANT UNOBSERVABLE INPUTS WOULD CAUSE AN INCREASE OR DECREASE IN FAIR VALUE.*

There were no changes to the valuation techniques of level 3 fair value measurements in the period. The fair value measurement is based on the above items' highest and best use, which does not differ from their actual use.

Note 17 Intangible assets

IAS 38:118(c)	Disclose for each class of intangible asset the opening and closing balances of: – Carrying amount – Accumulated amortisation and impairment.
IAS 38:118(e)	Disclose for each class of intangible asset a reconciliation of the opening and closing balances of the carrying amount. Sub-paragraphs (i) – (viii) detail specific reconciling items to be included.
IFRS 3:B67(d)	Disclose for the carrying amount of goodwill a reconciliation of the opening and closing balances Sub-paragraphs (i) – (ix) detail specific reconciling items to be included
IAS 38:122(e)	Disclose any contractual commitments for the acquisition of intangible assets.
BDO Comment	**IAS 38:122 requires additional disclosures in instances where:** – **The entity has recognised an indefinite useful life intangible asset** – **The carrying amount and remaining amortisation period of any individual intangible asset is material.** **Neither of these apply to A Layout.**

17. Intangible assets

	Goodwill (restated, note 39)	Developmen costs	Customer relationships	Trade-marks & Licences (restated, note 39)	Total (As restated note 39)
	CU'000	CU'000	CU'000	CU'000	CU'000
(i) Cost					
At 1 January 2020	1,520	874	200	400	2,994
Additions - internally Developed	-	645	-	250	895
Acquired through business combinations	283	-	-	500	783
Foreign exchange rate Movements	60	20	-	-	80
At 31 December 2020	1,863	1,539	200	1,150	4,752
At 1 January 2021	**1,863**	**1,539**	**200**	**1,150**	**4,752**
Additions - externally acquired	**-**	**-**	**-**	**200**	**200**
Additions - internally developed	**-**	**450**	**-**	**-**	**450**
Acquired through business combinations	**415**	**-**	**200**	**1,800**	**2,415**
Foreign exchange rate Movements	**180**	**40**	**-**	**-**	**220**
At 31 December 2021	**2,458**	**2,029**	**400**	**3,150**	**8,037**
(ii) Accumulated amortisation and impairment					
At 1 January 2020	-	200	150	320	670
Amortisation charge	-	300	50	60	410
Impairment losses	500	-	-	-	500
Foreign exchange movements	-	10	-	-	10
At 31 December 2020	500	510	200	380	1,590
At 1 January 2021	**500**	**510**	**200**	**380**	**1,590**
Amortisation charge	**-**	**300**	**60**	**50**	**410**
Impairment losses	**100**	**-**	**-**	**-**	**100**
Foreign exchange movements	**-**	**20**	**-**	**-**	**20**
At 31 December 2021	**600**	**830**	**260**	**430**	**2,120**
(iii) Net book value					
At 1 January 2020	*1,520*	*674*	*50*	*80*	*2,324*
At 31 December 2020	1,363	1,029	-	770	3,162
At 31 December 2021	**1,858**	**1,199**	**140**	**2,720**	**5,917**

The Group has no contractual commitments for development costs (2020: nil).

Note 18 Goodwill and impairment

IAS 36:130(a)-(b), IAS 36:130(e)	**<u>General disclosures</u>** For both individual assets (including goodwill) and cash generating unit for which an impairment loss has been recognised/reversed: – Events causing impairment/reversal – Amount of impairment/reversal – The recoverable amount of the asset/cash generating unit and how it has been determined (i.e. *fair value less cost of disposal*, or, *value in use*).
IAS 36:130(d)*	**<u>Disclosures for individual assets (including goodwill) only</u>** Disclose: – Nature of the asset – Reportable segment which the asset belongs to.
IAS 1:122	Disclose significant judgements management has made in applying the entity's accounting policies.
IAS 36:130(d)	**<u>Disclosures for cash generating units (CGU) only</u>** Disclose: – Description of the CGU – Impairment/reversal by class of asset and reportable segment – Details of changes in the aggregation of assets.
IAS 36:134(a)-(c)	For CGU's with significant carrying amount of goodwill in comparison to the entity's overall carrying amount of goodwill, disclose: – Carrying amount of goodwill allocated – Carrying amount of indefinite life intangible assets allocated – Basis of determining the recoverable amount of the (i.e. *fair value less cost of disposal*, or, *value in use*).
IAS 36:130(f)*	**<u>Disclosures where recoverable amount is *fair value less cost of disposal*</u>** – The level of the fair value hierarchy within which the fair value measurement is categorised – For Level 2 and Level 3 measurements a description of the valuation techniques used – For Level 2 and Level 3 measurements each key assumption used – Discount rates if a present value technique was applied.
IAS 36:130(g)	**<u>Disclosures where recoverable amount is *value in use*</u>** Disclose the discount rate(s) used.
BDO Comments	**Note that disclosures denoted with '*' are not applicable to A Layout, and therefore are not presented on the adjacent page.**

18. Goodwill and impairment

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

During the year, one of the operating units in the Board Games segment lost one of its key customers. This had an adverse impact on the projected value in use of the operation concerned and consequently resulted in an impairment to goodwill of CU76,000. The (pre-tax) discount rate used to measure the CGU's value in use was 9%.

Further impairment adjustments to goodwill of CU24,000 were necessary due to business combinations in prior years (note 39).

The carrying amount of goodwill is allocated to the cash generating units (CGUs) as follows:

	Goodwill carrying amount	
	2021	**2020**
	CU'000	**CU'000**
		As restated
		Note 39
Toys - Western Europe	**637**	395
Toys - Eastern Europe	**796**	705
Board games	**361**	92
Outdoor games	**64**	171
	1,858	1,363

The recoverable amounts of all the above CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five year period to 31 December 2025. Other major assumptions are as follows:

2021	**Toys - Western Europe %**	**Toys - Eastern Europe %**	**Board games %**	**Outdoor games %**
Discount rate	**5**	**8**	**5**	**5**
Operating margin	**5**	**5**	**5**	**7**
Growth rate*	**2**	**6**	**2**	**3**
2020				
Discount rate	7	9	7	7
Operating margin	6	6	7	7
Growth rate*	3	10	2	4

* The growth rate and operating margin assumptions applies only to the period beyond the formal budgeted period with the value in use calculation based on an extrapolation of the budgeted cash flows for year five.

IAS 36:130(e)(i)-(v)*	**<u>Disclosures where recoverable amount is *fair value less cost of disposal*</u>**
	
	Disclose:
	– Key assumptions used by management
	– Description of the approach used by management to determine the values of the key assumptions
	– Level of fair value hierarchy (per IFRS 13) - excluding costs of disposal
	– Reasons for any change in the valuation technique
	– If discounted cash flow projections have been used:
	    – The length of the period used to project budgeted cash flows
	    – Discount rate applied to the cash flow projections
	    – Growth rate used in the period beyond the projection period.

IAS 36:130(d)(i)-(v)	**<u>Disclosures where recoverable amount is *value in use*</u>** Disclose: – Key assumptions used by management – Description of the approach used by management to determine the values of the key assumptions – The length of the period used to project budgeted cash flows – If the above period exceeds 5 years, reasons why – Discount rate applied to the cash flow projections – Growth rate used in the period beyond the projection period – If the above growth rate exceeds the long-term average growth rate, reasons why.
IAS 36:134(f)	**<u>Disclosures where recoverable amount is either *fair value less cost of disposal*, or, *value in use*</u>** If a reasonably possible change in a key assumption would cause a CGU's recoverable amount to fall below its carrying amount, disclose: – The amount of the difference – The value of the key assumption(s) in question – The amount the key assumption(s) must change to result in recoverable amount equalling carrying amount.
IAS 36:135*	Disclosures of an insignificant amount of goodwill (or indefinite life intangible assets) are allocated across multiple CGU's.
BDO Comments	**Note that disclosures denoted with '*' are not applicable to A Layout, and therefore are not presented on the adjacent page.**

18. Goodwill and impairment *(continued)*

Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Discount rates are based on the Group's beta adjusted to reflect management's assessment of specific risks related to the cash generating unit. Growth rates beyond the first five years are based on economic data pertaining to the region concerned.

Wage inflation has been based on independent economic data published by the OECD. Market share assumptions are based on the Group's current market share.

The recoverable amount of CGUs that hold a significant proportion of the Group's overall goodwill balance include:

- **Toys - Western Europe**: recoverable amount of CU36,743,000 (2020: CU19,948,000) exceeds its carrying amount by CU541,000 (2020: CU458,000); and
- **Toys - Eastern Europe** recoverable amount of CU45,977,000 (2020: CU35,314,000) exceeds its carrying amount by CU643,000 (2020: CU754,000).

If any one of the following changes were made to the above key assumptions, the carrying amount and recoverable amount would be equal.

	Toys - Western Europe 2020 %	**Toys - Eastern Europe 2020 %**	**Board games 2020 %**	**Outdoor games 2020 %**
Operating margin	reduction from 5% to 3%	reduction from 5% to 3%	reduction from 5% to 2%	reduction from 7% to 2%
Discount rate	increase from 5% to 10%	increase from 8% to 10%	increase from 5% to 8%	increase from 5% to 10%
Growth rate beyond year 5:	reduction from 2% to 1%	reduction from 6% to 4%	reduction from 2% to 1%	reduction from 3% to 1%

Note 19 Subsidiaries

IFRS 12:9(a)-(c)	Disclose significant judgements and assumptions made in instances where the entity determines that: – Control does not exist, even though more than half of the voting rights are held – Control exists even though less than half of the voting rights are held – Whether it is an agent or a principal.
IFRS 12:10(a)	Disclose: – The composition of the group – Extent of non-controlling interests.
IFRS 12:12(a)-(d)	For each subsidiaries with material non-controlling interests (NCI), disclose: – Subsidiary name – Principal place of business, and country of incorporation if different – NCI proportion of ownership, and voting rights if different.
BDO Comment	**Other disclosures that may be applicable that do not apply to A Layout include:**
IFRS 12:10(b)	– **Nature and extent of any restrictions on subsidiary assets and liabilities** – **Nature of any changes in risks with the interests held in consolidated structured entities** – **Consequences of changes in holdings that do not result in a loss of control**
IFRS 12:11	– **Consequences of losing control during the period** – **Disclosures if the subsidiary's reporting date differs from the parent's.**
IAS 1:122	Disclose significant judgements management has made in applying the entity's accounting policies.

19. Subsidiaries

The principal subsidiaries of A Layout (International) Group Ltd, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December		Non-Controlling interests Ownership/voting interest at 31 December	
		2021	**2020**	**2021**	**2020**
A Layout (Holdings) Limited	United Kingdom	**100%**	100%	**-**	-
A Layout (UK) Limited	United Kingdom	**100%**	100%	**-**	-
A Layout (USA) Inc	USA	**100%**	100%	**-**	-
A Layout (Asia-Pacific) Pty Limited	Australia	**100%**	100%	**-**	-
The Game Consultants Inc	Canada	**75%**	75%	**25%**	25%
Model Partners Limited	United Kingdom	(1) **43%**	(1) 43%	(1) **57%**	(1) 57%
Spielzeug GmbH	Germany	(2) **90%**	(2) 90%	(2) **10%**	(2) 10%
Jouet Sarl	France	**100%**	100%	**-**	-
Pony Games Limited	United Kingdom	**100%**	100%	**-**	-
Playground Plastics Limited	United Kingdom	**100%**	100%	**-**	-
Bob's Toys LLC	USA	**100%**	100%	**-**	-
Klimt Limited	United Kingdom	**-**	100%	**n/a**	-
Colour Sarl	France	**100%**	-	**-**	n/a
Zebra Games Limited	Japan	**100%**	100%	**-**	-
Taco Bingo Limited	United Kingdom	(3) **47%**	(3) 47%	(3) **53%**	(3) 53%

(1) Options exercisable at 31 December 2021 over the shares of Model Partners Limited, which remain exercisable for an indefinite period, would result in the Group's interest increasing to 68%. These options are not deeply out of money and are considered substantive. Consequently, the Group considers it has the power to control this company and it has, therefore, been consolidated.

(2) The minority shareholders in Spielzeug GmbH own a particular class of equity capital that do not carry any right to vote on any matters other than those concerning the rights attached to this class of equity. Consequently, the voting power held by A Layout (International) Group Ltd is 100%. The Group's proportion of voting rights in all other subsidiaries is the same as its ownership interest.

(3) Taco Bingo Limited is consolidated despite the group owning less than 50% of voting rights. This is due to the group having the practical ability to unilaterally direct the relevant activities of Taco Bingo.

Judgement
De-facto control exists when the size of an entity's own voting rights relative to the size and dispersion of other vote holders, give the entity the practical ability unilaterally to direct the relevant activities of the company. The Company holds 47% of voting rights in Taco Bingo limited, with the remaining 53% of voting rights being held by numerous unrelated individual shareholders, each with less than 1% holding. The Group has determined that the Company has the practical ability unilaterally to direct the relevant activities of Taco Bingo limited, and has consolidated the entity as a subsidiary with a 53% non-controlling interest.

Note 20 Non-controlling Interests

IFRS 12:12(e)-(g)	For each subsidiaries with material non-controlling interests (NCI), disclose: – Profit or loss allocated to NCI – Accumulated non-controlling interests
IFRS 12:B10(a)	– Dividends paid

IFRS 12:B10(b), B11	– Summarised financial information prior to intercompany eliminations, which may include (but not limited to):
	  – Current assets
	  – Non-current assets
	  – Current liabilities
	  – Non-current liabilities
	  – Revenue
	  – Profit or loss
	  – Total comprehensive income.

BDO Comment	**Note that IFRS 12:B10(b) does not prescribe specific line items that must be presented, rather it prescribes that an entity present adequate information for users of the financial statements to understand the interest that NCI's have in the entity's activities and cash flows.** **The adjacent disclosures therefore serve strictly as an illustration of what these disclosures may look like.**

20. Non-controlling Interests

The Game Consultants Inc, a 75% owned subsidiary of the Company, has material non-controlling interests (NCI). The NCI of all other subsidiaries that are not 100% owned by the group are considered to be immaterial.

Summarised financial information in relation to The Game Consultants Inc, before intra-group eliminations, is presented below together with amounts attributable to NCI:

For the period ended 31 December	2021 CU'000	2020 CU'000
Revenue	**7,160**	5,490
Cost of sales	**(2,410)**	(1,880)
Gross Profit	**4,750**	3,610
Administrative expenses	**(2,450)**	(2,050)
Other expenses	**(350)**	(120)
Operating profit	**(1,950)**	(1,440)
Finance expense	**(100)**	(80)
Profit before tax	**1,850**	1,360
Tax expense	**(250)**	(160)
Profit after tax	**1,600**	1,200
Profit/(loss) allocated to NCI	**400**	300
Other comprehensive income allocated to NCI	**-**	-
Total comprehensive income allocated to NCI	**400**	300
Dividends paid to NCI	**(40)**	(28)
Cash flows from operating activities	**1,120**	980
Cash flows from investing activities	**650**	480
Cash flows from financing activities	**100**	80
Net cash inflows/(outflows)	**1,870**	3,830

As at 31 December	2021 CU'000	2020 CU'000
Assets:		
Property plant and equipment	**7,800**	5,880
Trade and other debtors	**10,400**	7,800
Cash and cash equivalents	**5,120**	3,600
Liabilities:		
Trade and other payables	**(5,880)**	(3,280)
Loans and other borrowings	**(2,000)**	-
Provisions	**(2,000)**	(2,000)
Accumulated non-controlling interests	**(3,360)**	(3,000)

Note 21 Investments in Associates

IFRS 12:9(d)-(e))	Disclose significant judgements and assumptions made in instances where the entity determines that: – Significant influence does not exist, even though more than 20% of the voting rights are held – Significant influence does exist, even though less than 20% of the voting rights are held.
IFRS 12:21(a)-(b)	For each material associate, disclose: – Associates name – Nature of relationship to the entity – Principal place of business, and country of incorporation if different – Proportion of ownership interest held, and voting rights if different – Whether the equity method or fair value has been applied – If there is a quoted market price for the investment, the associates fair value (if the equity method has been applied) – Summarised financial information (refer IFRS 12:B12).
BDO Comment	**Note that IFRS12:B12 prescribes specific line items that must be presented.** **The adjacent disclosure illustrates these requirements.**
IFRS 12:21(c), B16	For immaterial associates, disclose in aggregate summarised financial information.
BDO Comment	**Note that IFRS12:B16 prescribes specific line items that must be presented.** **The adjacent disclosure illustrates these requirements.**
BDO Comment	**Other disclosures that may be applicable that do not apply to A Layout include:**
IFRS 12:22	– **Nature and extent of any restrictions on subsidiary assets and liabilities** – **If the associates reporting date differs from the entity** – **Where there are any unrecognised losses**
IFRS 12:23	– **Commitments** – **Contingent liabilities**

21. Investments in associates

The following entities have been included in the consolidated financial statements using the equity method:

Name	Country of incorporation principal place of business	Proportion of ownership interest held as at 31 December 2021	2020
[(1)] Farbenindustrien GmbH	Germany	**25%**	25%
[(2)] Ball Sports (UK) Limited	United Kingdom	**[(2)] 17%**	[(2)] 17%

(1) The primary business of Farbenindustrien GmbH is the design and marketing of board games, this is in alignment with the group's board games division.

(2) The Group holds a 17% interest in Ball Sports (UK) Limited (BSL) over which the Group has determined that it holds significant influence as:
- the Group holds warrants that are exercisable at any point and give it the right to subscribe for additional share capital that would bring its holding to 30%.
- Ball Sports (UK) Limited's articles of association allow a shareholder with 25% or more of its share capital to appoint a director to the board.

Based on this, the Group consider that they have the power to exercise significant influence.

a) Summarised financial information (material associates)

Farbenindustrien GmbH

As at 31 December	**2021 CU'000**	**2020 CU'000**
Current assets	**6,700**	5,100
Non-current assets	**900**	800
Current liabilities	**1,190**	1,250
Non-current liabilities	**500**	500
Net assets (100%)	**5,910**	**4,150**
Group share of net assets (25%)	**1,478**	**1,038**
Period ended 31 December		
Revenues	**1,450**	1,120
Profit from continuing operations	**910**	890
Post-tax profit or loss from discontinued operations	**-**	-
Other comprehensive income	**-**	400
Total comprehensive income	**910**	1,290
Dividends received from associate	**284**	43

b) Summarised financial information (immaterial associates)

Period ended 31 December	**2021 CU'000**	**2020 CU'000**
Profit from continuing operations	**50**	41
Post-tax profit or loss from discontinued operations	**-**	-
Other comprehensive income	**-**	12
Total comprehensive income	**50**	53

Note 22 Joint ventures

IFRS 12:7(b)-(c)	Disclose significant judgements and assumptions made in determining: – Joint control – The classification of joint arrangements.
IFRS 12:21(a)	For each material joint arrangement, disclose: – Name of the joint arrangement – Nature of relationship to the entity – Principal place of business, and country of incorporation if different – Proportion of ownership interest held, and voting rights if different
IFRS 12:21(a)	For each material joint venture, disclose: – Whether the equity method or fair value has been applied – If there is a quoted market price for the investment, the joint ventures fair value (if the equity method has been applied) – Summarised financial information (refer IFRS 12:B12-13).
BDO Comment	**Note that IFRS12:B12 and B13 prescribe specific line items that must be presented,** **The amounts presented shall be the amounts included in the IFRS financial statements of the joint venture, and not the entity's share of those amounts (IFRS 12:B14).** **The adjacent disclosure illustrates these requirements.**
IFRS 12:21(c), B16	For immaterial joint ventures, disclose in aggregate summarised financial information.
BDO Comment	**Note that IFRS12:B16 prescribes specific line items that must be presented,** **The adjacent disclosure illustrates these requirements.**
BDO Comment	**Other disclosures that may be applicable that do not apply to A Layout include:**
IFRS 12:22	**– Nature and extent of any restrictions on subsidiary assets and liabilities** **– If the joint ventures reporting date differs from the entity** **– Where there are any unrecognised losses**
IFRS 12:23	**– Commitments** **– Contingent liabilities**

22. Joint ventures

The Group has a 33% (2020: 33%) interest in joint venture, Garden Plastic Toys Limited, a separate structured vehicle incorporated and operating in the United Kingdom. The primary activity of Garden Plastic Toys is the manufacture of outdoor games and toys, which is in line with the Group's strategy to expand the outdoor games division.

The contractual arrangement provides the group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with Garden Plastic Toys Limited. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Summarised financial information in relation to the joint venture is presented below:

As at 31 December	**2021** **CU'000**	**2020** **CU'000**
Current assets	**1,800**	1,750
Non-current assets	**349**	300
Current liabilities	**500**	600
Non-current liabilities	**500**	600
Included in the above amounts are:		
Cash and cash equivalents	**230**	300
Current financial liabilities (excluding trade payables)	**-**	-
Non-current financial liabilities (excluding trade payables)	**645**	600
Net assets (100%)	**1,149**	**850**
Group share of net assets (33%)	**383**	**283**
Period ended 31 December		
Revenues	**2,200**	1,960
Profit from continuing operations	**300**	331
Post-tax profit or loss from discontinued operations	**-**	-
Other comprehensive income	**-**	-
Total comprehensive income (100%)	**300**	331
Group share of total comprehensive income (33%)	**100**	110
Dividends received by group from Joint venture	**-**	**-**
Included in the above amounts are:		
Depreciation and amortisation	**90**	100
Interest income	**10**	25
Interest expense	**50**	50
Income tax expense (income)	**21**	26

Note 22 Joint ventures (continued)

IFRS 12:22-23

Disclose:

- Nature and extent of any restrictions on subsidiary assets and liabilities
- If the *joint ventures* reporting date differs from the entity
- Where there are any unrecognised losses
- Commitments
- Contingent liabilities.

Note 23 Inventories

IAS 1:77, 78(c)

Disclose further sub-classifications of the line items in the statement of financial position, including:

- Merchandise
- Production supplies
- Materials
- Working progress
- Finished goods.

IAS 2:36(b)-(c)

Disclose:

- Carrying amount of inventories by category
- Carrying amount of inventories at fair value less costs to sell.

22. Joint ventures *(continued)*

The Group's share of Garden Plastic Toys Limited's contingent liabilities and capital commitments is CU nil (2020: CU nil) and CU500,000 (2020: CU750,000), respectively.

A supplier has licensed the use of certain intellectual property to Garden Plastic Toys Limited. The supplier has agreed to defer receipt of the amount due until Garden Plastic Toys Limited begins to sell a product being developed with the use of that intellectual property, but not beyond 31 December 2021. The joint venturers have jointly and severally agreed to underwrite the amount owed. At 31 December 2021, the cumulative amount owed by Garden Plastic Toys Limited to the supplier was CU645,000 (2020: CU321,000). The Group's share of this liability is therefore CU215,000 (2020: CU107,000), although it could be liable for the full amount in the unlikely event that the other two venturers were unable to pay their share.

The joint venturers have each agreed to inject a further CU2,000,000 (2020: CU2,000,000) of capital if Garden Plastic Toys Limited successfully develops a prototype by 31 December 2021, the money to be used principally for marketing and Garden Plastic Toys Limited's working capital needs.

23. Inventories

	2021 CU'000	2020 CU'000
Raw materials and consumables	**10,027**	3,568
Work-in-progress	**1,410**	-
Finished goods and goods for resale	**9,757**	15,857
	21,194	19,425

Finished goods include an amount of CU95,000 (2020: CU84,000) carried at fair value less costs to sell.

Note 24 Fair value through other comprehensive income investments

IFRS 7:7	Disclose information that enables the evaluation of the significance of financial instruments on performance and position.
IFRS 7:11A	If an entity has designated investments in equity instruments to be measured at fair value through other comprehensive income, as permitted by paragraph 5.7.5 of IFRS 9, it shall disclose: (a) which investments in equity instruments have been designated to be measured at fair value through other comprehensive income. (b) the reasons for using this presentation alternative. (c) the fair value of each such investment at the end of the reporting period. (d) dividends recognised during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. (e) any transfers of the cumulative gain or loss within equity during the period including the reason for such transfers.
IFRS 7:20(a)(vii)	Disclose the following items of income, expense, gains or losses either in the statement of comprehensive income or in the notes: (a) Net gains or losses on: (vii) investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9. (viii) financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period.
BDO Comment	In order to comply with IFRS 7:7 and 36(a), the **fair value through other comprehensive income** balance will need to be disaggregated to some degree, which will be dependent on the nature of the instruments held by the entity **For illustrative purposes only, the adjacent disclosure has disaggregated investments into:** – **Those that are quoted and not quoted** – **Equity and non-equity instruments** – **Geography.** **This may or may not be adequate for all entities and will need to be customised on a case-by-case basis.**

24. Fair value through other comprehensive income investments

	2021 CU'000	2020 CU'000
1 January	**4,083**	2,489
Exchange differences	**-**	-
Additions	**148**	52
Disposals	**(400)**	-
Change in fair value recognised in OCI	**(258)**	1,542
31 December	**3,573**	4,083
Less: non-current portion	**(3,125)**	(4,021)
Current portion	**448**	62

Fair value through other comprehensive income financial assets include the following:

	2021 CU'000	2020 CU'000
Quoted:		
Equity securities - [Country of Incorporation]	**1,358**	1,552
Equity securities - [Other jurisdictions]	**643**	735
Debt securities	**71**	82
Unquoted:		
Equity securities - [Country of Incorporation]	**929**	1,062
Equity securities - [Other jurisdictions]	**572**	652
	3,573	4,083

Financial assets measured at fair value through other comprehensive income include the Group's strategic equity investments not held for trading and debt securities held to collect and sell. The Group has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments. The current portion relates to those assets the Group expects to sell within the next 12 months.

The fair value of quoted securities is based on published market prices. The fair value of the unquoted securities are based on expected cash flows discounted using a rate based on the market interest rate and the risk premium specific to the unlisted securities (2021: 6% to 7%; 2020: 5.5% to 6.7%).

Note 24 Fair value through other comprehensive income investments (continued)

IFRS 7:7	Disclose information that enables the evaluation of the significance of financial instruments on performance and position.
IFRS 7:11A	If an entity has designated investments in equity instruments to be measured at fair value through other comprehensive income, as permitted by paragraph 5.7.5 of IFRS 9, it shall disclose: (a) which investments in equity instruments have been designated to be measured at fair value through other comprehensive income. (b) the reasons for using this presentation alternative. (c) the fair value of each such investment at the end of the reporting period. (d) dividends recognised during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. (e) any transfers of the cumulative gain or loss within equity during the period including the reason for such transfers.
BDO Comment	In order to comply with IFRS 7:7 and 11(a), the **fair value through other comprehensive income** balance will need to be disaggregated to some degree, which will be dependent on the nature of the instruments held by the entity **For illustrative purposes only, the adjacent disclosure has disaggregated investments into:** – **Those that are quoted and not quoted** – **Equity and non-equity instruments** – **Geography.** **This may or may not be adequate for all entities and will need to be customised on a case-by-case basis.**
IFRS 12:9(d)	Disclose significant judgements and assumptions made in instances where the entity determines that: – Significant influence does not exist, even though more than 20% of the voting rights are held.

24. Fair value through other comprehensive income investments *(continued)*

Fair value through other comprehensive income financial assets include the following:

	2021 CU'000	2020 CU'000
Quoted:		
[Company Name]	1,358	1,204
[Company Name]	643	751
[Company Name]	71	50
Unquoted:		
[Company Name]	929	1,205
[Company Name]	572	873
	3,573	4,083

Fair value through other comprehensive income financial assets are denominated in the following currencies:

	2021 CU'000	2020 CU'000
CU	1,929	2,205
[CURRENCY B]	1,215	1,388
[CURRENCY C]	357	408
Other currencies	72	82
	3,573	4,083

One of the Group's strategic investments is a 23% interest in Quoits & Co Limited. This investment is not accounted for using the equity method (as an associate) as the Group does not have the power to participate in the company's operating and financial policies, evidenced by the lack of any direct or indirect involvement at board level and a contractual arrangement which enables the board to take all operational and strategic decisions without consultation with shareholders owning less than 30% of the share capital of Quoits & Co Limited.

Note 25 Derivative financial instruments

IFRS 7:8(a), (e)	Disclose: – Financial assets at fair value through profit or loss (i) Designated as such at initial recognition (ii) Classified as held for trading. – Financial liabilities at fair value through profit or loss: (i) Designated as such at initial recognition (ii) Classified as held for trading.
IFRS 7:24A(a & b)	An entity shall disclose, in a tabular format, the following amounts related to items designated as hedging instruments separately by risk category for each type of hedge (fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation): (a) the carrying amount of the hedging instruments (financial assets separately from financial liabilities); (b) the line item in the statement of financial position that includes the hedging instrument;
IFRS 7.36(a)	For all financial instruments within the scope of this IFRS, but to which the impairment requirements in IFRS 9 are not applied, an entity shall disclose by class of financial instrument: (a) the amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (eg netting agreements that do not quality for offset in accordance with IAS 32); this disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk.

25. Derivative financial instruments

	2021 CU'000	2020 CU'000
Derivative financial assets		
Derivatives not designated as hedging instruments		
Interest rate swaps	**897**	926
Forward foreign exchange contracts	**456**	349
Total derivatives not designated as hedging instruments	**1,353**	1,275
Derivatives designated as hedging instruments		
Interest rate swaps - cash flow hedges	**546**	352
Interest rate swaps - fair value hedges	**712**	341
Forward foreign exchange contracts - cash flow hedges	**328**	249
Total derivatives designated as hedging instruments	**1,586**	942
Total derivative financial assets	**2,939**	2,217

Current and non-current:

Current	**2,314**	1,551
Non-current	**625**	666
Total derivative financial assets	**2,939**	2,217

The derivative financial assets are all net settled; therefore, the maximum exposure to credit risk at the reporting date is the fair value of the derivative assets which are included in the consolidated statement of financial position.

Note 25 Derivative financial instruments (continued)

IFRS 7:21A(c)	An entity shall apply the disclosure requirements in paragraphs 21B–24F for those risk exposures that an entity hedges and for which it elects to apply hedge accounting. Hedge accounting disclosures shall provide information about: (c) the effect that hedge accounting has had on the entity's statement of financial position, statement of comprehensive income and statement of changes in equity.
IFRS 22B	To meet the requirements in paragraph 22A, the information should include (but is not limited to) a description of: (a) the hedging instruments that are used (and how they are used) to hedge risk exposures; (b) how the entity determines the economic relationship between the hedged item and the hedging instrument for the purpose of assessing hedge effectiveness; and (c) how the entity establishes the hedge ratio and what the sources of hedge ineffectiveness are.
IFRS 7:23A & 23D	**23A Unless exempted by paragraph 23C, an entity shall disclose by risk category quantitative information to allow users of its financial statements to evaluate the terms and conditions of hedging instruments and how they affect the amount, timing and uncertainty of future cash flows of the entity.** **23B To meet the requirement in paragraph 23A, an entity shall provide a breakdown that discloses:** **(a) a profile of the timing of the nominal amount of the hedging instrument; and** **(b) if applicable, the average price or rate (for example strike or forward prices etc) of the hedging instrument.** **23D An entity shall disclose by risk category a description of the sources of hedge ineffectiveness that are expected to affect the hedging relationship during its term.**
IFRS 7:24A(b)	An entity shall disclose, in a tabular format, the following amounts related to items designated as hedging instruments separately by risk category for each type of hedge (fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation): (b) the line item in the statement of financial position that includes the hedging instrument;
IFRS 7:24C(b)(ii)	Hedge ineffectiveness recognised in profit or loss;
IFRS 7:31	Disclose information that enables the evaluation of the nature and extent of the risks arising from financial instruments the entity is exposed to.
IFRS 7:36(b)	For all financial instruments within the scope of this IFRS, but to which the impairment requirements in IFRS 9 are not applied, an entity shall disclose by class of financial instrument: (c) a description of collateral held as security and other credit enhancements, and their financial effect (eg quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk (whether disclosed in accordance with (a) or represented by the carrying amount of a financial instrument).

25. Derivative financial instruments *(continued)*

Derivative financial liabilities	**2021 CU'000**	2020 CU'000
Derivatives not designated as hedging instruments		
Interest rate swaps	**112**	104
Forward foreign exchange contracts	**-**	-
Total derivatives not designated as hedging instruments	**112**	104
Total derivative financial liabilities	**112**	104
Less non-current portion		
Interest rate swaps	**(43)**	(56)
Forward foreign exchange contracts	**-**	-
Current portion	**69**	48

The Group has elected to adopt the hedge accounting requirements of IFRS 9 *Financial Instruments*. The Group enters into hedge relationships where the critical terms of the hedging instrument and the hedged item match, therefore, for the prospective assessment of effectiveness a qualitative assessment is performed. Hedge effectiveness is determined at the origination of the hedging relationship. Quantitative effectiveness tests are performed at each period end to determine the continuing effectiveness of the relationship. In instances where changes occur to the hedged item which result in the critical terms no longer matching, the hypothetical derivative method is used to assess effectiveness.

Cash flow interest rate swaps

The Group manages its cash-flow interest rate risk by using floating-to-fixed interest rate swaps. Normally the Group raises long-term borrowings at floating rates and swaps them into fixed rates.

The ineffective portion recognised in finance expense that arose from cash flow hedges amounts to a loss of CU50,000 (2020: CU50,000).

At 31 December 2021, the main floating rates were EURIBOR and LIBOR. Gains and losses recognised in the cash flow hedging reserve in equity on interest rate swap contracts as at 31 December 2021 will be released to the consolidated statement of comprehensive income as the related interest expense is recognised.

The Group decided to adopt the IASB's *Interest Rate Benchmark Reform* amendments to IFRS 9 early in its financial statements for the annual reporting period ended 31 December 2019. While the amendments have a mandatory effective date of 1 January 2020, the Group adopted them early on 26 September 2019, the date they were published. The amendments provide relief in applying the requirements of IFRS 9 to certain hedges, including allowing the Group to assume that interest rate benchmarks on which hedged cash flows are based (e.g. LIBOR) will not be altered as a result of interest rate benchmark reform. Consequently, hedging relationships that may have otherwise been impacted by interest rate benchmark reform have remained in place and no additional ineffective portion of the hedge has been recognised.

IFRS 7:24A

An entity shall disclose, in a tabular format, the following amounts related to items designated as hedging instruments separately by risk category for each type of hedge (fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation):

(a) the carrying amount of the hedging instruments (financial assets separately from financial liabilities);
(b) the line item in the statement of financial position that includes the hedging instrument;
(c) the change in fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness for the period; and
(d) the nominal amounts (including quantities such as tonnes or cubic metres) of the hedging instruments.

IFRS 7:24B(a)(I – iv) & (b)(i)

An entity shall disclose, in a tabular format, the following amounts related to hedged items separately by risk category for the types of hedges as follows:

(a) for fair value hedges:
    (i) the carrying amount of the hedged item recognised in the statement of financial position (presenting assets separately from liabilities);
    (ii) the accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item recognised in the statement of financial position (presenting assets separately from liabilities);
    (iii) the line item in the statement of financial position that includes the hedged item;
    (iv) the change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period; and
(b) for cash flow hedges and hedges of a net investment in a foreign operation:
    (i) the change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period (ie for cash flow hedges the change in value used to determine the recognised hedge ineffectiveness in accordance with paragraph 6.5.11(c) of IFRS 9);

IFRS 7:24C(a)(i & ii))

An entity shall disclose, in a tabular format, the following amounts separately by risk category for the types of hedges as follows:

(a) for fair value hedges:
    (i) hedge ineffectiveness—ie the difference between the hedging gains or losses of the hedging instrument and the hedged item—recognised in profit or loss (or other comprehensive income for hedges of an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9); and
    (ii) the line item in the statement of comprehensive income that includes the recognised hedge ineffectiveness.

25. Derivative financial instruments *(continued)*

The effects of the cash flow interest rate swap hedging relationships are as follows at 31 December:

	2021 CU'000	2020 CU'000
Carrying amount of derivatives	546	352
Change in fair value of designated hedging instrument	194	352
Change in fair value of designated hedged item	(194)	(352)
Notional amount	10,000	9,000
Maturity date	30 June 2021	1 July 2020
Hedge ratio	1:1	1:1

Fair value interest rate swaps

The Group enters into fixed-to-floating interest rate swaps to hedge the fair value interest rate risk arising where it has borrowed at fixed rates included in loans and borrowings.

The ineffective portion recognised in finance income and expense in the consolidated statement of comprehensive income that arises from fair value hedges amounts to CUnil (2020: CUnil). Gains and losses on the hedged instrument attributable to the hedged risk amount to CU371,000 (2020: CU180,000). Gains and losses on the hedged item attributable to the hedged risk amount to CU250,000 (2020: CU180,000). Accumulated gains and losses on the hedged item attributable to the hedged risk amount to CU70,000 (2020: CU92,000).

At 31 December 2021, the fixed interest rates vary from 6.5% to 7.2 % (2020: 5.9% to 7.0%). Information on the maturities of the loans is provided in note 28.

The effects of the fair value interest rate swap hedging relationships are as follows at 31 December:

	2021 CU'000	2020 CU'000
Carrying amount of derivatives	712	341
Change in fair value of designated hedging instruments	371	341
Change in fair value of designated hedged item	(371)	(341)
Notional amount	8,000	5,000
Maturity date	1 July 2021	1 July 2020
Hedge ratio	1:1	1:1

Note 25 Derivative financial instruments (continued)

IFRS 7:22B	To meet the requirements in paragraph 22A, the information should include (but is not limited to) a description of: (a) the hedging instruments that are used (and how they are used) to hedge risk exposures; (b) how the entity determines the economic relationship between the hedged item and the hedging instrument for the purpose of assessing hedge effectiveness; and (c) how the entity establishes the hedge ratio and what the sources of hedge ineffectiveness are.
IFRS 7:23	23A Unless exempted by paragraph 23C, an entity shall disclose by risk category quantitative information to allow users of its financial statements to evaluate the terms and conditions of hedging instruments and how they affect the amount, timing and uncertainty of future cash flows of the entity. 23B To meet the requirement in paragraph 23A, an entity shall provide a breakdown that discloses: (a) a profile of the timing of the nominal amount of the hedging instrument; and (b) if applicable, the average price or rate (for example strike or forward prices etc) of the hedging instrument. 23D An entity shall disclose by risk category a description of the sources of hedge ineffectiveness that are expected to affect the hedging relationship during its term.
IFRS 7:24A	An entity shall disclose, in a tabular format, the following amounts related to items designated as hedging instruments separately by risk category for each type of hedge (fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation): (a) the carrying amount of the hedging instruments (financial assets separately from financial liabilities); (b) the line item in the statement of financial position that includes the hedging instrument; (c) the change in fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness for the period; and (d) the nominal amounts (including quantities such as tonnes or cubic metres) of the hedging instruments.
IFRS 7:24B(b)(i)	An entity shall disclose, in a tabular format, the following amounts related to hedged items separately by risk category for the types of hedges as follows: (b)for cash flow hedges and hedges of a net investment in a foreign operation: (i) the change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period (ie for cash flow hedges the change in value used to determine the recognised hedge ineffectiveness in accordance with paragraph 6.5.11(c) of IFRS 9);
IFRS 24C(b)(ii)	An entity shall disclose, in a tabular format, the following amounts separately by risk category for the types of hedges as follows: (a)for cash flow hedges and hedges of a net investment in a foreign operation: (ii)hedge ineffectiveness recognised in profit or loss;
IFRS 7:31	Disclose information that enables the evaluation of the nature and extent of the risks arising from financial instruments the entity is exposed to.

25. Derivative financial instruments *(continued)*

Cash flow forward foreign exchange contracts

Foreign exchange risk arises when individual group operations enter into transactions denominated in a currency other than their functional currency. Where the risk to the Group is considered to be significant, Group treasury will enter into a matching forward foreign exchange contract with a reputable bank.

The hedged forecast transactions denominated in foreign currency are expected to occur at various dates within the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as at 31 December 2021 are recognised in the consolidated statement of comprehensive income in the period or periods during which the hedged forecast transaction affects the consolidated statement of comprehensive income. This is generally within 12 months from the end of the financial year unless the gain or loss is included in the initial carrying value of non-current assets through a basis adjustment (immediate transfer from cash flow hedging reserve to cost of asset) in which case recognition is over the lifetime of the asset as it is depreciated.

The ineffective portion recognised in cost of sales that arose from cash flow hedges amounts to a loss of CU300,000 (2020: CU 175,000).

The effects of the cash flow forward foreign exchange contract hedging relationships are as follows at 31 December:

	2021 CU'000	2020 CU'000
Carrying amount of derivatives	328	249
Change in fair value of designated hedging instruments	79	249
Change in fair value of designated hedged item	(79)	(249)
Notional amount	2,000	1,500
Maturity date	1 July 2022	1 July 2021
Hedge ratio	1:1	1:1

Note 26 Trade and other receivables

IAS 1:77, 78(b)	Disclose further sub-classifications of the line items in the statement of financial position, including: – Trade receivables from – Related party receivables – Prepayments – Other amounts.
IAS 24:18(b), (c)	For related party receivables, disclose: – Amount outstanding – Impairment.
IFRS 7:6	When this IFRS requires disclosures by class of financial instrument, an entity shall group financial instruments into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. An entity shall provide sufficient information to permit reconciliation to the line items presented in the statement of financial position.
IFRS 7:14	An entity shall disclose: (a) the carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with paragraph 3.2.23(a) of IFRS 9; and (b) the terms and conditions relating to its pledge.
IFRS 7:35F(c)	An entity shall explain its credit risk management practices and how they relate to the recognition and measurement of expected credit losses. To meet this objective an entity shall disclose information that enables users of financial statements to understand and evaluate: (c) how the instruments were grouped if expected credit losses were measured on a collective basis;
IFRS 7.36	For all financial instruments within the scope of this IFRS, but to which the impairment requirements in IFRS 9 are not applied, an entity shall disclose by class of financial instrument: (a) the amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (eg netting agreements that do not quality for offset in accordance with IAS 32); this disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. (b) a description of collateral held as security and other credit enhancements, and their financial effect (eg quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk (whether disclosed in accordance with (a) or represented by the carrying amount of a financial instrument)
IFRS 7:25, 29(a)	Disclose the fair value of each class of financial assets (unless carrying amount approximates fair value).
IFRS 7:15	If the entity holds collateral that it is able to sell or re-pledge even if the owner of the collateral has not defaulted, disclose: – Collaterals fair value; – Fair value sold or re-pledged collateral, and whether there is an obligation to return it; – Terms and conditions.

26. Trade and other receivables

	2021 CU'000	2020 CU'000
Trade receivables	**15,463**	12,846
Less: provision for impairment of trade receivables	**(851)**	(896)
Trade receivables - net	**14,612**	11,950
Receivables from related parties	**1,169**	1,493
Loans to related parties	**451**	259
Total financial assets other than cash and cash equivalents classified as amortised cost	**16,232**	13,702
Prepayments	**200**	250
Total trade and other receivables	**16,799**	14,552
Less: non-current portion – Loan to related parties	**(180)**	(388)
Less: non-current portion – Trade receivables	**(512)**	(312)
Current portion	**16,107**	13,852

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

Trade receivables amounting to CU1,500,000 (2020: CU nil) were pledged to the World Bank as collateral to secure a loan of CU1,000,000 (2020: CU nil) (see note 28).

At 31 December 2021, CU250,000 (2020: CUnil) of trade receivables had been sold to a provider of invoice discounting and debt factoring services. The Group is committed to underwrite any of the debts transferred and therefore continues to recognise the debts sold within trade receivables until the debtors repay or default. Since the trade receivables continue to be recognised, the business model of the Group is not affected. The proceeds from transferring the debts of CU221,000 (2020: CUnil) are included in other financial liabilities until the debts are collected or the Group makes good any losses incurred by the service provider.

The Group does not hold any collateral as security.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates.

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IFRS 7:35F(c), 35M & 35N

35F An entity shall explain its credit risk management practices and how they relate to the recognition and measurement of expected credit losses. To meet this objective and entity shall disclose information that enables users of financial statements to understand and evaluate:

(c) How the instruments were grouped if expected credit losses were measured on a collective basis.

35G An entity shall explain the inputs, assumptions and estimation techniques used to apply the requirements in Section 5.5 of IFRS 9. For this purpose an entity shall disclose:

(a) the basis of inputs and assumptions and the estimation techniques used to:
    (i) measure the 12-month and lifetime expected credit losses;
    (ii) determine whether the credit risk of financial instruments has increased significantly since initial recognition; and
    (iii) determine whether a financial asset is a credit-impaired financial asset.
(b) how forward-looking information has been incorporated into the determination of expected credit losses, including the use of macroeconomic information; and
(c) changes in the estimation techniques or significant assumptions made during the reporting period and the reasons for those changes.

35M To enable users of financial statements to assess an entity's credit risk exposure and understand its significant credit risk concentrations, an entity shall disclose, by credit risk rating grades, the gross carrying amount of financial assets and the exposure to credit risk on loan commitments and financial guarantee contracts…

35N For trade receivables, contract assets and lease receivables to which an entity applies paragraph 5.5.15 of IFRS 9, the information provided in accordance with paragraph 35M may be based on a provision matrix (see paragraph B5.5.35 of IFRS 9).

26. Trade and other receivables *(continued)*

The lifetime expected loss provision for trade receivables and contract assets is as follows:

31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total CU'000
Expected loss rate	1%	3%	10%	51%	
Gross carrying amount	14,959	792	555	51	16,357
Loss provision	144	24	56	26	250

31 December 2020	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total CU'000
Expected loss rate	1%	5%	10%	42%	
Gross carrying amount	12,563	805	701	64	14,133
Loss provision	145	38	71	27	281

All non-current receivables are due within 3 years of 31 December 2021. None of those receivables has been subject to a significant increase in credit risk since initial recognition and, consequently, 12 month expected credit losses have been recognised, and there are no non-current receivable balances lifetime expected credit losses.

As at 31 December 2021 trade receivables of CU602,000 (2020: CU896,000) had lifetime expected credit losses of the full value of the receivables. The receivables due at the end of the financial year relate to two of the customers in the Southern region, whose offices and production facilities were partially destroyed by fire during the year. In the prior year, it was due to three customers in the North whose production facilities were badly damaged by flooding.

The main factors considered by the Risk Management Committee in determining the lifetime expected credit losses are that the customers are unlikely to be able to recommence trading for some time, the debts are 3 months or more past due and there is currently uncertainty over whether the insurance claim related to the fire will be paid. The debts outstanding at the end of the prior period were not recovered. The ageing of these receivables is as follows:

	2021 CU'000	2020 CU'000
3 to 6 months	**559**	841
6 to 12 months	**43**	55
	602	896

Note 26 Trade and other receivables (continued)

IFRS 7:20a)(vi)

(a) Disclose the following items of income, expense, gains or losses either in the statement of comprehensive income or in the notes: Net gains or losses on:
(vi) financial assets measured at amortised cost.

IFRS 7:35H

To explain the changes in the loss allowance and the reasons for those changes, an entity shall provide, by class of financial instrument, a reconciliation from the opening balance to the closing balance of the loss allowance, in a table, showing separately the changes during the period for:

(a) the loss allowance measured at an amount equal to 12-month expected credit losses;

(b) the loss allowance measured at an amount equal to lifetime expected credit losses for:

(i) financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets;

(ii) financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired); and

(iii) trade receivables, contract assets or lease receivables for which the loss allowances are measured in accordance with paragraph 5.5.15 of IFRS 9.

(c) financial assets that are purchased or originated credit-impaired.

In addition to the reconciliation, an entity shall disclose the total amount of undiscounted expected credit losses at initial recognition on financial assets initially recognised during the reporting period.

IFRS 7:35I

To enable users of financial statements to understand the changes in the loss allowance disclosed in accordance with paragraph 35H, an entity shall provide an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in the loss allowance. The information shall be provided separately for financial instruments that represent the loss allowance as listed in paragraph 35H(a)-(c) and shall include relevant qualitative and quantitative information. Examples of changes in the gross carrying amount of financial instruments that contributed to the changes in the loss allowance may include:

(a) changes because of financial instruments originated or acquired during the reporting period;

(b) the modification of contractual cash flows on financial assets that do not result in a derecognition of those financial assets in accordance with IFRS 9;

(c) changes because of financial instruments that were derecognised (including those that were written-off) during the reporting period; and

(d) changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses

Note 26 Trade and other receivables (continued)

IAS 24:18

If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. These disclosure requirements are in addition to those in paragraph 17. At a minimum, disclosures shall include:

(a) the amount of the transactions;

(b) the amount of outstanding balances, including commitments, and:

(i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and

(ii) details of any guarantees given or received;

(c) provisions for doubtful debts related to the amount of outstanding balances; and

(d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

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26. Trade and other receivables *(continued)*

Movements in the impairment allowance for trade receivables are as follows:

	2021 CU'000	2020 CU'000
Opening provision for impairment of trade receivables	**1,116**	401
Increase during the year	**1,341**	881
Receivable written off during the year as uncollectible	**(896)**	(108)
Unused amounts reversed	**-**	(58)
Impairment loss during the year	**445**	715
At 31 December	**1,561**	1,116

Credit risk for receivables from related parties has not increased significantly since their initial recognition.

Movements in the impairment allowance for receivables from related parties and loans to related parties for the year ended 31 December 2021 are as follows:

	Receivables from related parties CU'000	Loans from related parties CU'000	Total CU'000
Opening provision for impairment	1	1	2
Increase during the year	1	2	3
At 31 December	2	3	5

The movement in the impairment allowance for receivables from related parties and loans from related parties has been included in the administrative expense line in the consolidated statement of comprehensive income.

Note 27 Trade and other payables

IAS 1:77	Disclose further sub-classifications of the line items in the statement of financial position.
IFRS 7:25, 29(a)	Disclose the fair value of each class of financial liability (unless carrying amount approximates fair value)

27. Trade and other payables

	2021 CU'000	2020 CU'000
Trade payables	**12,573**	11,123
Other payables	**646**	1,781
Accruals	**146**	1,398
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**13,365**	14,302
Other payables - tax and social security payments	**743**	481
Deferred income	**213**	364
Dividends payable	**50**	60
Total Trade and other payables	**14,371**	15,207

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Note 28 Loans and borrowings

IAS 1:77	Disclose further sub-classifications of the line items in the statement of financial position.
IFRS 7:7	Disclose information that enables the evaluation of the significance of financial instruments on performance and position
BDO Comment	**In order to comply with IFRS 7:7, the loans and borrowings balance will need to be disaggregated to some degree, which will be dependent on the nature of the instruments held by the entity** **For illustrative purposes only, the adjacent disclosure has disaggregated debt instruments into:** – **Borrowings by nature** – **Whether secured or unsecured (where appropriate).** **This may or may not be adequate for all entities and will need to be customised on a case-by-case basis.**
IFRS 7:31	Disclose information to enable evaluation of the nature and extent of risks arising from financial instruments.
IFRS 7:25, 29(a)	Disclose the fair value of each class of financial liability (unless carrying amount approximates fair value).
IFRS 7:14	Disclose the carrying amount of financial assets it has pledged as collateral.

28. Loans and borrowings

The book value and fair value of loans and borrowings are as follows:

	Book value 2021 CU'000	Fair value 2021 CU'000	Book value 2020 CU'000	Fair value 2020 CU'000
Non-Current				
Bank loans				
- Secured	**11,164**	**11,104**	9,063	9,160
- Unsecured	**2,000**	**1,988**	1,000	1,012
Collateralised borrowings	**2,748**	**2,742**	-	-
Convertible debt	**7,682**	**7,636**	8,086	8,183
Redeemable preference shares	**128**	**127**	113	114
	23,722	**23,597**	18,262	18,469
Current				
Overdrafts	**-**	**-**	100	100
Bank loans				
- Secured	**5,213**	**5,224**	6,055	6,014
- Unsecured	**800**	**802**	600	595
Collateralised borrowings	**1,535**	**1,574**	1,235	1,279
	7,548	**7,600**	7,990	7,988
Total loans and borrowings	**31,270**	**31,197**	**26,252**	**26,457**

Note 28 Loans and borrowings (continued)

IFRS 7:21I

Disclose information about:

(a) the nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform, and how the entity manages these risks; and
(b) the entity's progress in completing the transition to alternative benchmark rates, and how the entity is managing the transition.

IFRS 7:21J

Disclose:

(a) how the entity is managing the transition to alternative benchmark rates, its progress at the reporting date and the risks to which it is exposed arising from financial instruments because of the transition;
(b) disaggregated by significant interest rate benchmark subject to interest rate benchmark reform, quantitative information about financial instruments that have yet to transition to an alternative benchmark rate as at the end of the reporting period, showing separately:
    (i) non-derivative financial assets;
    (ii) non-derivative financial liabilities; and
    (iii) derivatives; and
(c) if the risks identified in paragraph 24J(a) have resulted in changes to an entity's risk management strategy (see paragraph 22A), a description of these changes.

BDO Comment

The Group's financial statements include disclosures relating to interest rate benchmark reform, both phases 1 and 2. The disclosures illustrated in note 28 relate to the Group's bank borrowings affected by phase 2 of the amendments to various IFRS standards. These amendments are complex and may affect some entities, particularly financial institutions, more significantly than others.

These disclosures also assume that the applicable interest rate benchmarks have not been replaced as at 31 December 2021. Entities must consider their own particular facts and circumstances when preparing disclosures.

28. Loans and borrowings *(continued)*

The currency profile of the Group's loans and borrowings is as follows:

	2021 CU'000	2020 CU'000
CU	**16,509**	15,750
[CURRENCY B]	**10,333**	7,876
[CURRENCY C]	**2,952**	1,313
Other	**1,476**	1,313
	31,270	26,252

The rate at which CU denominated floating liabilities are payable is 4% (2020: 3%) above LIBOR. The rate at which [CURRENCY B] floating liabilities are payable is 4.5% (2020: 3.5%) above EURIBOR.

As at 31 December 2021, the Group is exposed to risks arising from interest rate benchmark reform as LIBOR and EURIBOR are replaced with alternative benchmark interest rates. The quantitative exposure is disclosed above.

As disclosed in note 1, the Group has early adopted *Interest Rate Benchmark Reform* – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and 16). Applying the practical expedient introduced by the amendments, when the benchmarks affecting the Group'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 Group expects the affected bank loans to transition to alternative interest rate benchmarks by the end of 2022.

Note 28 Loans and Borrowings (continued)

IFRS 7:31	Disclose information to enable evaluation of the nature and extent of risks arising from financial instruments.
IFRS 7:25, 29(a)	Disclose the fair value of each class of financial liability (unless carrying amount approximates fair value).
IFRS 7:14	Disclose the carrying amount of financial assets it has pledged as collateral.

28. Loans and borrowings *(continued)*

Bank Borrowings (continued)

The bank loans and overdrafts are secured by a fixed charge over the Group's freehold property and floating charges over the remaining assets of the Group (note 14).

The Group has undrawn committed borrowing facilities available at 31 December, for which all conditions have been met, as follows:

2021	**Floating rate CU'000**	**Fixed rate CU'000**	**Total CU'000**
Expiry within 1 year	**5,000**	**-**	**5,000**
Expiry within 1 and 2 years	**-**	**-**	**-**
Expiry in more than 2 years	**-**	**5,000**	**5,000**
Total	**5,000**	**5,000**	**10,000**

2020	**Floating rate CU'000**	**Fixed rate CU'000**	**Total CU'000**
Expiry within 1 year	8,000	-	8,000
Expiry within 1 and 2 years	-	-	-
Expiry in more than 2 years	-	10,000	10,000
Total	8,000	10,000	18,000

The facilities expiring within 1 year are annual facilities subject to renewal at various dates during 2022.

Convertible debt

In January 2020 the parent company issued 10,000 notes of 4.5% convertible loan at a face value of CU1,000 each. Interest is payable in cash annually in arrears. The principal amount of the loan is repayable in 10 years from the issue date at its total face value of CU10,000,000 or can be converted at any time into shares at the holder's option at the rate of 1 share per CU1 of loan. Accrued, but unpaid interest must be settled in cash at the time of conversion.

As the conversion feature results in the conversion of a fixed amount of stated principal into a fixed number of shares, it satisfies the ‘fixed for fixed’ criterion and, therefore, it is classified as an equity instrument.

The value of the liability component and the equity conversion component were determined at the date the instrument was issued.

The fair value of the liability component, included in non-current borrowings, at inception was calculated using a market interest rate for an equivalent instrument without conversion option. The discount rate applied was 7.5%.

Note 28 Loans and Borrowings (continued)

IFRS 7:31	Disclose information to enable evaluation of the nature and extent of risks arising from financial instruments.
IFRS 7:25, 29(a)	Disclose the fair value of each class of financial liability (unless carrying amount approximates fair value).

28. Loans and borrowings *(continued)*

Redeemable preference shares

The parent company issued an additional 30,000 redeemable preference shares with a par value of 50p per share on 28 February 2021. The shares become mandatory redeemable in nine years from the issue date and pay dividends at 7%.

Fair value measurement

The fair value of the items classified as loans and borrowings is disclosed below and is classified as Level 3 in the fair value hierarchy:

	2021		**2020**	
	Carrying Value CU'000	***Fair Value CU'000***	**Carrying Value CU'000**	***Fair Value CU'000***
Loans and borrowings	**(31,270)**	***(31,197)***	*(26,252)*	*(26,457)*

The fair value for disclosure purposes has been determined using discounted cash flow pricing models. Significant inputs include the discount rate used to reflect the credit risk associated with A Layout.

Note 29 Employee benefits

IAS 1:77	Disclose further sub-classifications of the line items in the statement of financial position.
IFRS 2:51(b)(i)	Disclose the total carrying amount of share based payment balances.
IAS 1:122	Disclose significant judgements management has made in applying the entity's accounting policies.

29. Employee benefit liabilities

Liabilities for employee benefits comprise:

	2021 CU'000	2020 CU'000
Defined benefit schemes (note 36)	**9,706**	7,552
Phantom share option scheme	**1,263**	678
Accrual for annual leave	**300**	251
	11,269	8,481
Categorised as:		
Current	**2,817**	1,696
Non-current	**8,452**	6,785
	11,269	8,481

Estimates and assumptions
The costs, assets and liabilities of the defined benefit schemes operating by the Group are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in note 36. The Group takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the consolidated statement of comprehensive income and the consolidated statement of financial position.

Note 30 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.

30. Provisions

	Warranty claims/ Right of return CU'000	Leasehold dilapidation CU'000	Legal disputes CU'000	National insurance on share options CU'000	Total CU'000
At 1 January 2021	**450**	**405**	**300**	**150**	**1,305**
Charged to profit or loss	200	160	100	50	510
On acquisition	-	-	-	-	-
Other increases	-	-	-	-	-
Utilised in year	(263)	-	-	(38)	(301)
Released in year	-	-	-	-	-
Unwinding of Discount	-	30	-	-	30
Foreign exchange rate movements	-	15	-	-	15
At 31 December 2021	**387**	**610**	**400**	**162**	**1,559**
Due within one year or less	216	-	-	40	256
Due after more than one year	171	610	400	122	1,303
	387	610	400	162	1,559

For certain products the Group 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 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.

Note 30 Provisions (continued)

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.
IAS 1.122	Disclose significant judgements management has made in applying the entity’s accounting policies.

30. Provisions *(continued)*

The Group is currently involved in a number of legal disputes. The amount provided represents the directors' best estimate of the Group's liability having taken legal advice. Uncertainties relate to whether claims will be settled out of court or if not whether the Group 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 Group's position in defending the cases brought against it.

National Insurance is payable on gains made by employees on exercise of share options granted to them. The eventual liability to National Insurance is dependent on:

- The market price of the company's shares at the date of exercise
- The number of options that will be exercised, and
- The prevailing rate of National Insurance at the date of exercise.

The company has entered into a reciprocal arrangement with certain employees such that the employees will reimburse the Group for any National Insurance liability. These are included in other receivables (note 26) and amount to CU162,000 (2020: CU150,000).

Estimates and assumptions

The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

Note 31 Deferred tax

IAS 12:81(d)-(e)

Disclose separately:

- Changes in the applicable tax rate(s)
- The amount, and expiry date, of any unrecognised deferred tax assets in respect of:
  - Deductible temporary differences
  - Unused tax losses
  - Unused tax credits.
- The aggregate unrecognised deferred tax liabilities in respect of investments in:
  - Subsidiaries
  - Branches
  - Associates
  - Joint ventures.

31. Deferred Tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 23% (2020: 25%). The reduction in the main rate of corporation tax to 23% was substantively enacted in July 2021. This new rate has been applied to deferred tax balances which are expected to reverse after 1 April 2022, the date on which that new rate becomes effective.

The movement on the deferred tax account is as shown below:

	2021 CU'000	2020 CU'000 As restated Note 39
At 1 January	**(1,341)**	(1,149)
Recognised in profit and loss		
Tax expense	**441**	(1,942)
Recognised in other comprehensive income:		
Gains on hedging instruments in cash flow hedges	**(214)**	(150)
(Losses)/gains on fair value through other comprehensive income investments	**59**	(386)
Share of associates gains and losses recognised in other comprehensive income	**-**	(103)
Revaluation of property	**1,026**	289
Actuarial gain on defined benefit pension schemes	**(61)**	(39)
	810	(389)
Arising on business combination	**(485)**	(159)
At 31 December	**(575)**	(1,341)

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.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures. As the earnings are continually reinvested by the Group and there is no intention for these entities to pay dividends, no tax is expected to be payable on them in the foreseeable future. If the earnings were remitted, tax of CU541,000 (2020: CU462,000) would be payable, arising from temporary differences of CU2,164,000 (2020: CU1,650,000).

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below.

Note 31 Deferred tax (continued)

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 the above).

31. Deferred tax *(continued)*

Details of the deferred tax liability, amounts recognised in profit or loss and amounts recognised in other comprehensive income are as follows:

	Asset 2021 CU'000	Liability 2021 CU'000	Net 2021 CU'000	(Charged)/ credited to profit or loss 2021 CU'000	(Charged)/ credited to equity 2021 CU'000
Accelerated capital allowances	**212**	**-**	**212**	**(43)**	**-**
Employee pension liabilities	**51**	**-**	**51**	**(28)**	**(61)**
Revaluations	**-**	**(704)**	**(704)**	**-**	**1,026**
Other temporary and deductible differences	**200**	**187**	**387**	**(182)**	**(155)**
Leases	**260**	**(117)**	**143**	**33**	**176**
Business combinations	**-**	**(664)**	**(664)**	**-**	**-**
Tax asset/(liabilities)	**723**	**(1,298)**	**(575)**	**(220)**	**986**
Set off of tax	**(252)**	**252**	**-**	**-**	**-**
Net tax assets/(liabilities)	**471**	**(1,046)**	**(575)**	**(220)**	**986**
	2020 CU'000	**2020 CU'000**	**2020 CU'000**	**2020 CU'000**	**2020 CU'000**
Accelerated capital allowances	255	-	255	(43)	-
Employee pension liabilities	140	-	140	(21)	(39)
Revaluations	-	(1,730)	(1,731)	-	289
Other temporary differences	-	(27)	(27)	(2,078)	(639)
Available losses	200	-	200	200	-
Business combinations	-	(179)	(179)	-	-
Tax asset/(liabilities)	595	(1,936)	(1,341)	(1,942)	(389)
Set off of tax	(230)	230	-	-	-
Net tax assets/(liabilities)	365	(1,706)	(1,341)	(1,942)	(389)

A deferred tax asset has not been recognised for the following:

	2021 CU'000	2020 CU'000
Defined benefit pension scheme	**2,387**	1,980
Deductible temporary differences	**200**	100
Unused tax losses	**450**	265
	3,037	2,345

The unused tax losses must be utilised by 31 December 2027. The deductible temporary differences can be carried forward indefinitely.

Note 32 Assets and liabilities classified as held for sale

IFRS 5:38	Disclose the major classes of assets and liabilities classified as held for sale.
IFRS 5:41	Disclose: – A description of the non-current asset (or disposal group) – A description of the facts and circumstances of the sale, or leading to the expected disposal – A description of the expected manner and timing disposal – Gain or loss recognised – Reportable segment where the non-current asset (or disposal group) is presented.

32. Assets and liabilities classified as held for sale

(i) General Description

In November 2020 the board announced its intention to dispose of Klimt Limited and began marketing the company in December 2020. The sale was completed in May 2021 (see note 11).

Pony Games Limited ("Pony") is a wholly owned subsidiary of the Group, with the principal activity of manufacturing board games. Following a strategic review carried out in the third quarter of 2021, management concluded that considerable cost savings could be achieved if Pony's manufacturing operations were transferred to another subsidiary of the group (Zebra Games Limited) and that a new owner was sought for Pony. Substantial progress towards a sale was made before the end of 2021, and the disposal is expected to be completed towards the end of the first half of 2022. The assets and liabilities of Pony have been classified as held for sale in the consolidated statement of financial position.

(ii) Disposal activities after reporting date not recognised

In January 2022 the directors began to market the Group's current head office in anticipation of moving into the new premises in November 2022. The directors are hopeful that a sale will be completed before the end of 2022. The head office is included within the Company's assets for the purpose of segment reporting, but is not allocated to a specific business segment. As the marketing process did not begin until after the reporting date, the head office has not been classified as held for sale in 2021.

(iii) Assets and liabilities held for sale

The following major classes of assets and liabilities relating to these operations have been classified as held for sale in the consolidated statement of financial position on 31 December:

	Pony Games 2021 CU'000	**Klimt 2020 CU'000**
Plant and equipment	**972**	1,635
Property (Land and buildings)	**2,672**	4,907
Investment property	**1,000**	2,000
Trade and other receivables	**672**	214
Assets held for sale	**5,316**	8,756
Trade and other payables	**232**	446
Loans payable	**80**	100
Employee benefits	**15**	-
Liabilities held for sale	**327**	546

BDO Comment	**IFRS 13 requires specific disclosures for items measured or disclosed at fair value, dependent on:** – **the level of fair value measurement** – **whether the fair value measurement is recurring or non-recurring.** **In the case of A Layout, we have presumed that the valuation techniques used have at least one significant unobservable input, and therefore are classified as a Level 3 fair value measurement (as per IFRS 13:73). The use of at least one unobservable input in the valuation technique used is likely to be the case for most revaluations of property, plant and equipment, and investment property.** **IFRS 13.93(a) refers to assets held for sale at fair value less cost to sell in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* as an example of non-recurring fair value measurements.**

IFRS 13:93(a) Disclose the fair value (L1, L2, and L3).

IFRS 13.93(a) Reason for the non-recurring fair value measurement (L1, L2, and L3).

IFRS 13:93(b) Disclose the fair value hierarchy (L1, L2, and L3).

IFRS 13:93(d) Disclose in relation to the valuation technique used:
- A description (L2 and L3)
- Any changes for the technique used previously, and reasons why (L2 and L3)
- Significant unobservable inputs (L3).

BDO Comment	**Note that this disclosure has been left blank in the illustrative financial statements. This is intentional as these elements will be specific on an entity-by-entity, and item-by-item basis.** **However, an illustrative template has been provided as an appendix to financial statements (refer Appendix A)**

IFRS 13:93(g) Disclose a description of the entities valuation processes and policies in relation to the item (L3).

IFRS 13:93(i) If the items highest and best use differs from its actual use, disclose (L1, L2, and L3):
- This fact
- The reasons why.

32. Assets and liabilities classified as held for sale *(continued)*

(iv) Impairment losses

An impairment loss of CU121,000 (2020: CU242,000) on the measurement of the disposal group to fair value less cost to sell has been recognised and is included in administrative expenses of continuing operations (2020: included in discontinued activities). Whereas the disposal of Pony Games Limited does not constitute a discontinued operation as it does not represent the disposal of a separate major line of business or geographical area of operation, Klimt Limited is presented as such. The division was included within the Abstract Art segment (note 8) - now been disposed of in full.

(v) Fair value measurement

The fair value of the net assets of Pony Games (CU 5,050,000, less disposal costs of CU 61,000) are categorised as level 3 non-recurring fair value measurements,

The valuation techniques and significant unobservable inputs used in determining the fair value of assets and liabilities held for sale.

Valuation Techniques used	Significant unobservable inputs
[VALUATION TECHNIQUE #1] *[DESCRIPTION]* *[PROCESSES AND POLICIES]*	*[LIST SIGNIFICANT UNOBSERVABLE INPUTS USED]*
[VALUATION TECHNIQUE #2] *[DESCRIPTION]* *[PROCESSES AND POLICIES]*	*[LIST SIGNIFICANT UNOBSERVABLE INPUTS USED]*
[VALUATION TECHNIQUE #3] *[DESCRIPTION]* *[PROCESSES AND POLICIES]*	*[LIST SIGNIFICANT UNOBSERVABLE INPUTS USED]*

There were no changes to the valuation techniques during the period.

The fair value measurement is based on the above items' highest and best uses, which do not differ from their actual use.

Note 33 Share capital

IAS 1:79(a)	For each class of share capital, disclose: – Number of authorised shares – Number of issued and fully paid shares – Number of issued but not fully paid shares – Par value per share – A reconciliation of the opening and closing number of shares – Rights, preferences and restrictions (i.e. distribution of dividends, and repayment of capital) – Number of entity shares held by the entity, subsidiaries, or associates (i.e. treasury shares) – Shares reserved for issue under options and contracts for the sale of shares – Terms and amounts in relation to the above.

33. Share capital

	Authorised			
	2021 Number	2021 CU'000	2020 Number	2020 CU'000
Ordinary shares of 10c each	**100,000,000**	**10,000**	100,000,000	10,000
Redeemable preference shares of 50c each (classified as Liability)	**500,000**	**250**	500,000	250
Total	**100,500,000**	**10,250**	100,500,000	10,250

	Issued and fully paid			
	2021 Number	2021 CU'000	2020 Number	2020 CU'000
Ordinary shares of 10c each				
At 1 January	**74,280,000**	**7,428**	74,780,000	7,478
Debt conversion rights exercised	**1,200,000**	**120**	-	-
Other issues for cash during the year	**700,000**	**70**	-	-
Purchase of own shares for cancellation	**(500,000)**	**(50)**	(500,000)	(50)
At 31 December	**75,680,000**	**7,568**	74,280,000	7,428
Redeemable preference shares of 50c each				
At 1 January	**225,000**	**113**	150,000	75
Issued during the year	**30,000**	**15**	75,000	38
At 31 December	**255,000**	**128**	225,000	113

The parent company issued an additional 30,000 redeemable preference shares with a par value of 50c per share on 28 February 2021. The shares become mandatory redeemable in five years from the issue date and pay dividends at 7%. Redeemable preference shares are classified as liabilities (see also note 28).

Shares held by ESOP / Treasury shares

	2021 Number	2021 CU'000	2020 Number	2020 CU'000
Ordinary shares held by the ESOP	**3,302,500**	**1,066**	3,850,000	1,230

The shares held by the ESOP are expected to be issued under share option contracts. The shares were acquired in 2020. In 2020, 547,500 shares were issued to employees.

Note 34 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.

34. Reserves

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

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Shares to be issued	Shares for which consideration has been received but which are not issued yet.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares.
Treasury shares and shares held by ESOP	Weighted average cost of own shares held in treasury and by the ESOP trust.
Convertible debt option reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital).
Revaluation reserve	Gains/losses arising on the revaluation of the group's property (other than investment property).
Fair value through other comprehensive income reserve	Gains/losses arising on financial assets classified as fair value through other comprehensive income.
Cash flow hedging reserve	Gains/losses arising on the effective portion of hedging instruments carried at fair value in a qualifying cash flow hedge.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations into CU.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Note 35 Analysis of amounts recognised in other comprehensive income

IAS 1:106A	Disclose an analysis of other comprehensive income by item for each component of equity.
IFRS 7:(c),(d),(e)	For cash flow hedges disclose: – the amount that was recognised in other comprehensive income during the period; – the amount that was reclassified from equity to profit or loss for the period, showing the amount included in each line item in the statement of comprehensive income; and – the amount that was removed from equity during the period and included in the initial cost or other carrying amount of a non-financial asset or non-financial liability whose acquisition or incurrence was a hedged highly probable forecast transaction.
IFRS 7:24	24B An entity shall disclose, in a tabular format, the following amounts related to hedged items separately by risk category for the types of hedges as follows: (a) for fair value hedges: (ii) the accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item recognised in the statement of financial position (presenting assets separately from liabilities); (v) the accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses in accordance with paragraph 6.5.10 of IFRS 9. (b) for cash flow hedges and hedges of a net investment in a foreign operation: (ii) the balances in the cash flow hedge reserve and the foreign currency translation reserve for continuing hedges that are accounted for in accordance with paragraphs 6.5.11 and 6.5.13(a) of IFRS 9; and (v) the balances remaining in the cash flow hedge reserve and the foreign currency translation reserve from any hedging relationships for which hedge accounting is no longer applied.

35. Analysis of amounts recognised in other comprehensive income

	Revaluation reserve CU'000	Fair value through other comprehensive income reserve CU'000	Cash flow hedging reserve for continuing interest rate swap hedges CU'000	Cash flow hedging reserve for continuing foreign exchange contract hedges CU'000	Foreign exchange reserve CU'000	Retained earnings CU'000
Year to 31 December 2021						
Items that will not be reclassified to profit or loss:						
Loss on property revaluation	**(4,460)**	**-**	**-**	**-**	**-**	**-**
Actuarial gain on defined benefit pension schemes	**-**	**-**	**-**	**-**	**-**	**266**
Tax relating to items that will not be reclassified (Note 10)	**1,026**	**-**	**-**	**-**	**-**	**(61)**
Fair value through other comprehensive income investments:						
Valuation (losses)/gains on fair value through other comprehensive income equity investments	**-**	**(349)**	**-**	**-**	**-**	**-**
Tax relating to items that will not be reclassified (Note 10)	**-**	**57**	**-**	**-**	**-**	**-**

*Table continued to next page

Note 35 Analysis of amounts recognised in other comprehensive income (continued)

IAS 1:106A	Disclose an analysis of other comprehensive income by item for each component of equity.
IFRS 7:(c),(d),(e)	For cash flow hedges disclose: – the amount that was recognised in other comprehensive income during the period; – the amount that was reclassified from equity to profit or loss for the period, showing the amount included in each line item in the statement of comprehensive income; and – the amount that was removed from equity during the period and included in the initial cost or other carrying amount of a non-financial asset or non-financial liability whose acquisition or incurrence was a hedged highly probable forecast transaction.
IFRS 7:24	24B An entity shall disclose, in a tabular format, the following amounts related to hedged items separately by risk category for the types of hedges as follows: (c) for fair value hedges: (ii) the accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item recognised in the statement of financial position (presenting assets separately from liabilities); (v) the accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses in accordance with paragraph 6.5.10 of IFRS 9. (d) for cash flow hedges and hedges of a net investment in a foreign operation: (iii) the balances in the cash flow hedge reserve and the foreign currency translation reserve for continuing hedges that are accounted for in accordance with paragraphs 6.5.11 and 6.5.13(a) of IFRS 9; and (vi) the balances remaining in the cash flow hedge reserve and the foreign currency translation reserve from any hedging relationships for which hedge accounting is no longer applied.

35. Analysis of amounts recognised in other comprehensive income (continued)

	Revaluation reserve CU'000	Fair value through other comprehensive income reserve CU'000	Cash flow hedging reserve for continuing interest rate swap hedges CU'000	Cash flow hedging reserve for continuing foreign exchange contract hedges CU'000	Foreign exchange reserve CU'000	Retained earnings CU'000
Items that will or may be reclassified to profit or loss:						
Fair value through other comprehensive income investments:						
Valuation (losses)/gains on fair value through other comprehensive income debt securities	-	(9)	-	-	-	-
Cash flow hedges:						
Gains recognised on hedging instruments	-	-	731	200	-	-
Transferred to profit or loss for the year (included in administrative expenses)	-	-	-	(48)	-	-
Transferred to profit and loss for the year (included in finance expense)	-	-	(200)	-	-	-
Transferred to initial carrying amount of property, plant and equipment	-	-	-	(775)	-	-
Transferred to initial carrying amount of inventory	-	-	-	165	-	-
Exchange differences arising on translation of foreign operations	-	-	-	-	2,084	-
Tax relating to items that may be reclassified (Note 10)	-	2	(156)	(58)	-	-
	(3,434)	(299)	375	(516)	2,084	205

Note 35 Analysis of amounts recognised in other comprehensive income (continued)

IAS 1:106A	Disclose an analysis of other comprehensive income by item for each component of equity.
IFRS 7:(c),(d),(e)	For cash flow hedges disclose: – the amount that was recognised in other comprehensive income during the period; – the amount that was reclassified from equity to profit or loss for the period, showing the amount included in each line item in the statement of comprehensive income; and – the amount that was removed from equity during the period and included in the initial cost or other carrying amount of a non-financial asset or non-financial liability whose acquisition or incurrence was a hedged highly probable forecast transaction.

35. Analysis of amounts recognised in other comprehensive income *(continued)*

	Revaluation reserve	Fair value through other comprehensive income reserve	Cash flow hedging reserve	Foreign exchange reserve	Retained earnings
	CU'000	CU'000	CU'000	CU'000	CU'000
Year to 31 December 2020					
Items that will not be reclassified to profit or loss:					
Loss on property revaluation	(1,154)	-	-	-	-
Valuation (losses)/gains on fair value through other comprehensive income debt securities	-	1,542	-	-	-
Actuarial gain on defined benefit pension schemes	-	-	-	-	157
Share of associates' other comprehensive income	-	-	-	-	412
Tax relating to items that will not be reclassified (Note 10)	289	(386)	-	-	(142)
Items that will or may be reclassified to profit or loss:					
Cash flow hedges:					
Gains recognised on hedging instruments	-	-	458	-	-
Transferred to profit or loss for the year (included in administrative expenses)	-	-	275	-	-
Transferred to initial carrying amount of inventory	-	-	(132)	-	-
Exchange differences arising on translation of foreign operations	-	-	-	1,024	-
Tax relating to items that may be reclassified (Note 10)	-	-	(150)	-	-
	(865)	1,156	451	1,024	427

Note 36 Defined benefit schemes

IAS 19:139(a)	Disclose information regarding characteristics of defined benefit plans, including: – Nature of benefits – Regulatory framework (i.e. any minimum funding or ceilings) – Governance responsibilities.
IAS 19:147(a)	Disclose how the defined benefit plan is funded.
IAS 19:139(b)	Disclose risks the defined benefit plan is exposed to.
IAS 19:147(b)	Disclose expected contributions to defined benefit plans in the next period.

36. Defined benefit schemes

(i) Defined benefit scheme characteristics and funding

The Group operates two post-employment defined benefit schemes for its employees in **[COUNTRY X]**.

- Scheme A provides employees in **[COUNTRY X]** with a pension on retirement equal to 1/60th per annum of the average salary of the employees during their employment with the Group (inflation adjusted).

  Scheme A is funded by the Company. Employees do not contribute to the scheme. Contributions by the Company are calculated by a separate actuarial valuation based on the funding policies detailed in the scheme agreement.

- Scheme B provides employees in **[COUNTRY X]** with health cover in retirement.

  Scheme B is unfunded.

Both schemes are legally separate from the Group and administered by a separate fund. The board of the fund is made up of equal representatives of the Group and employees (present and former), as well as an independent chair. By law, the board is required to act in the best interests of participants to the schemes and has the responsibility of setting investment, contribution, and other relevant policies.

The schemes are exposed to a number of risks, including:

- *Investment risk*: movement of discount rate used (high quality corporate bonds denominated in the same currency as the post-employment benefit obligations) against the return from plan assets

- *Interest rate risk*: decreases/increases in the discount rate used (high quality corporate bonds) will increase/decrease the defined benefit obligation

- *Longevity risk*: changes in the estimation of mortality rates of current and former employees.

- *Salary risk*: increases in future salaries increase the gross defined benefit obligation.

Employees not participating in a defined benefit scheme are eligible to join a defined contribution scheme.

In 2022, the Group expects to contribute CU360,000 into its defined benefit schemes.

Note 36 Defined benefit schemes (continued)

IAS 19:140(a)	Disclose a reconciliation between the opening and closing amounts of the net defined benefit liability (asset), separately for: – Defined benefit obligation – Plan assets – Effect of asset ceiling (if applicable).
IAS 19:140(b)	Disclose a reconciliation between the opening and closing amounts of reimbursement rights (if applicable).
IAS 19:141	The above reconciliations are to include: – Current service cost – Interest income or expense – Remeasurment of the defined benefit obligation – Sub-paragraphs (i) – (iv) detail specific reconciling items to be included. – Items arising from settlement (i.e. past service costs, gains and losses).
IAS 19:139(c)	Disclose any plan amendments, curtailments and settlements.

36. Defined benefit schemes *(continued)*

(ii) Reconciliation of defined benefit obligation and fair value of scheme assets

Both Scheme A and Scheme B are exposed to materially the same risks and therefore the reconciliation below is presented in aggregate.

	Defined benefit obligation		Fair value of scheme assets		Net defined scheme liability	
	2021 CU'000	2020 CU'000	2021 CU'000	2020 CU'000	2021 CU'000	2020 CU'000
Balance (1 January)	**42,673**	36,500	**(35,121)**	(31,561)	**7,552**	4,939
Service cost - current	**386**	423	**-**	-	**386**	423
Service cost - past [1]	**381**	-	**-**	-	**381**	-
Interest cost (income)	**2,773**	2,372	**(408)**	(512)	**2,365**	1,860
Included in profit or loss	**3,540**	2,795	**(408)**	(512)	**3,132**	2,283
Remeasurement loss (gain)						
(a) Actuarial loss (gain) from:						
- Demographic assumptions	**(150)**	(180)	**-**	-	**150**	180
- Financial assumptions	**(127)**	(120)	**-**	-	**127**	120
- Adjustments (experience)	**(89)**	(97)			**89**	97
(b) Return on plan assets (excluding interest)	**-**	-	**100**	240	**(100)**	(240)
Included in other comprehensive income	**(366)**	(397)	**100**	240	**266**	157
Effects of movements in exchange rates	**1,760**	3,266	**(3,553)**	(2,266)	**(1,793)**	1,000
Employer contributions	**-**	-	**(1,098)**	(1,272)	**(1,098)**	(1,272)
Benefits paid	**439**	509	**1,740**	250	**2,176**	759
Other Movements	**2,199**	3,775	**(2,911)**	(3,288)	**(712)**	487
Balance (31 December)	**48,046**	42,673	**(38,340)**	(35,121)	**9,706**	7,552
Represented by:						
- Scheme A					4,580	3,218
- Scheme B					5,126	4,334
					9,706	**7,552**

[1] A new law was introduced in 2021 in **[COUNTRY X]** relating to the age of retirement. As a result of the new legislation the Groups net defined benefit scheme liability increased by CU381,000, requiring a corresponding charge to be recognised as a past service cost in 2021.

Note 36 Defined benefit schemes (continued)

IAS 19:142	Disaggregate the fair value of the plan assets into classes of assets.
	Disaggregation should be based on nature and risk, and at least separated between quoted and unquoted.
	Sub-paragraphs (a)-(h) provide examples disaggregated line items.
IAS 19:143	Disclose property occupied by the group that is included within plan assets.
IAS 19:143	Disclose entity's own shares that are included within plan assets.
IAS 19:146	Disclose any asset-liability matching strategies.

36. Defined benefit schemes *(continued)*

(iii) Disaggregation of defined benefit scheme assets

The fair value of the Scheme A and Scheme B assets is analysed as follows:

	2021 CU'000	2020 CU'000
Equity securities (quoted)		
- Telecommunications	**3,004**	2,759
- Petrochemicals	**2,426**	2,228
- Media	**1,733**	1,592
- Food and beverage	**2,657**	2,440
- Financial institutions	**1,733**	1,592
	11,552	10,610
Bonds (quoted)		
- Government bonds (AAA)	**7,701**	7,073
- High quality (AAA) corporate bonds	**6,353**	5,835
- High quality (AA) corporate bonds	**5,198**	4,774
	19,252	17,682
Derivatives		
- Interest rate swaps	**1,377**	1,260
- Forward foreign currency swaps	**774**	709
	2,151	1,969
Cash	**390**	350
Property	**4,454**	3,999
Ordinary share capital of the Company	**540**	510
	38,340	35,121

Prices for equity securities and government bonds are quoted in active markets. Government and corporate bonds are issued from European governments and institutions (denominated in the same currency as the post-employment benefit obligations) and ratings are based on those provided by **[RATING AGENCY]**.

Included within property scheme assets are properties occupied by the Group worth CU2,985,000 (2020: CU2,901,000).

An asset-liability matching study is undertaken at reporting date which analyses the risk and return of scheme assets against the schemes strategic investment policies. Key aspects of the Schemes strategic investment fund include:

- Strategic asset mix consisting of no more than 30%-35% equity securities, 45% - 55% of government and high-quality corporate bonds (AA rating or higher) 10% - 25% of other investments
- Management of interest rate risk through use of government and high-quality corporate bonds and interest rate swaps
- Management of currency risk through the use of forward foreign currency swaps.

These policies are consistent with those in the prior period.

IAS 19:144	Disclose significant actuarial assumptions used in determining the present value of the defined benefit obligation.
IAS 19:147(c)	Disclose the weighted average duration of the defined benefit obligation.
IAS 19:145(a)-(c)	Disclose sensitivity analysis for reasonably possible changes in each significant actuarial assumption used in determining the present value of the defined benefit obligation.

36. Defined benefit schemes *(continued)*

(iv) Defined benefit obligation - actuarial assumptions

The principal actuarial assumptions used in determining calculating the present value of the defined benefit obligation of Scheme A and Scheme B (weighted average) include:

	2021	2020
Discount rate	**5.25%**	6.25%
Growth in future salaries	**1.00%**	2.00%
Increase in medical costs	**5.00%**	5.50%
Increase in scheme uptake	**2.00%**	1.00%
Increase in inflation	**3.10%**	4.80%
Longevity at retirement age (current pensioners)		
- Males	**18.3 years**	18.0 years
- Females	**21.2 years**	21.1 years
Longevity at retirement age (future pensioners)		
- Males	**20.1 years**	19.9 years
- Females	**23.2 years**	23.0 years

The weighted-average duration of the defined benefit obligation at 31 December 2021 was 17.2 years (2020: 17.0 years).

(v) Defined benefit obligation - sensitivity analysis

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumption constant, is presented in the table below:

Actuarial assumption	Reasonably Possible Change	Defined benefit obligation	
		Increase	Decrease
Discount rate	(+/- 1.00%)	**(4,560)**	**5,280**
Growth in future salaries	(+/- 1.50%)	**2,740**	**(2,560)**
Increase in medical costs	(+/- 2.00%)	**2,650**	**(2,410)**
Increase in scheme uptake	(+/- 0.50%)	**3,890**	**(3,120)**
Increase in inflation	(+/- 1.25%)	**1,780**	**(1,650)**
Future mortality rates	(+/- 1.00%)	**(1,260)**	**1,180**

Note 37 Share-based payment

IFRS 2:45(a)-(b)	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)
	
	– The number and weighted average exercise prices for share options:
	  – Outstanding at the beginning of the period
	  – Granted during the period
	  – Forfeited during the period
	  – Exercised during the period
	  – Expired during the period
	  – Outstanding at the end of the period
	  – Exercisable at the end of the period.

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, disclose: – The range of exercise prices – Weighted average remaining contractual life.
IFRS 2:52	Disclose any other information necessary to enable the understanding of the nature and extent of share-based payment arrangements.
IFRS 2:51	Disclose: – Total from share-based payment expense from transactions were goods or services received did not qualify for recognition as assets (including any portion of equity settled share based payments) – Total carrying amount of share based payment liabilities – Total intrinsic value of share based payment liabilities that have vested as at reporting date (e.g. vested share appreciation rights).

37. Share-based payment

The company operates two equity-settled share based remuneration schemes for employees: a United Kingdom tax authority approved scheme and an unapproved scheme for executive directors and certain senior management. All United Kingdom employees are eligible to participate in the Save as You Earn (SAYE) scheme, the only vesting condition being that the individual remains an employee of the Group over the savings period. Under the unapproved scheme, options vest if basic earnings per share increase on average by more than the retail price index over a 3 year period from the date of grant. In addition, the options will lapse if the individual leaves within 2 years of satisfying this criterion.

	2021 Weighted average Exercise price (CU cents)	**2021 Number**	**2020 Weighted average Exercise price (CU cents)**	**2020 Number**
Outstanding at 1 January	**53**	**1,500,000**	-	-
Granted during the year	**56**	**4,000,000**	53	1,500,000
Forfeited during the year	**53**	**(200,000)**	-	-
Exercised during the year	**53**	**(20,000)**	-	-
Lapsed during the year	**53**	**(780,000)**	-	-
Outstanding at 31 December	**56**	**4,500,000**	53	1,500,000

The exercise price of options outstanding at 31 December 2021 ranged between 53 CU cents and 56 CU cents (2020: 53 CU cents and 56 CU cents) and their weighted average contractual life was 3 years (2020: 4 years).

Of the total number of options outstanding at 31 December 2021, 1,500,000 (2020: nil) had vested and were exercisable.

The weighted average share price (at the date of exercise) of options exercised during the year was 53 CU cents (2020: n/a).

The weighted average fair value of each option granted during the year was 56 CU cents (2020: 53 CU cents).

In addition to the above equity-settled share based remuneration schemes, the Group also operates a phantom bonus scheme whereby executive directors become entitled to a cash bonus based on the extent to which the company's share price outperforms the FTSE-All share index over a 5 year period.

IFRS 2:47(a)

For **share options** granted, where fair value of goods or services received as consideration has been made by reference to the fair value of the equity instruments granted, disclose:

- The weighted average fair value
- Information on measurement, including:
  - The option pricing model
  - Inputs used in the above model:
    - Weighted average share price
    - Exercise price
    - Expected volatility
    - Option life
    - Expected dividends
    - The risk-free interest rate
    - Assumptions to incorporate the effects of expected early exercise.
- How expected volatility was determined.
- Whether any other features were incorporated into fair value measurement, and if so, how (i.e. market condition).

37. Share-based payment *(continued)*

The following information is relevant in the determination of the fair value of options granted during the year under the equity- and cash-settled share based remuneration schemes operated by the Group.

	2021 CU'000	2020 CU'000
Equity-settled		
Option pricing model used	**Binomial lattice**	Binomial lattice
Weighted average share price at grant date (in CU cents)	**80**	77
Exercise price (in CU cents)	**56**	53
Weighted average contractual life (in days)	**620**	630
Cash-settled		
Option pricing model used	**Black-Scholes**	Black-Scholes
Share price at date of grant (in CU cents)	**82**	76
Contractual life (in days)	**1,460**	1,825
Volatility relative to comparator index	**70%**	60%
Dividend growth rate relative to comparator index	**110%**	120%
Equity-settled and cash-settled		
Expected volatility	**35%**	20%
Expected dividend growth rate	**5%**	5%
Risk-free interest rate	**1%**	3%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years.

The market vesting condition was factored into the valuation of the phantom options by applying an appropriate discount to the fair value of equivalent share appreciation rights without the specified vesting condition.

The share-based remuneration expense disclosed in key management personnel compensation (note 7) comprises:

	2021 CU'000	2020 CU'000
Equity-settled schemes	**878**	1,017
Cash-settled scheme	**586**	678
	1,464	1,695

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

Note 38 Business combinations during the period

IFRS 3:B64	For individually material business combinations during the period, disclose
IFRS 3:B64(a)-(f)	– Name and a description of the acquiree – Acquisition date – Percentage of voting equity interests acquired – Primary reasons for the acquisition – Description of how control was obtained – Qualitative description of the factors that make goodwill recognised (e.g. expected synergies, unrecognised intangible assets) – Fair value of the total consideration transferred – Disaggregation of total consideration transferred into major classes (i.e. cash, tangible assets, equity instruments etc.)

IFRS 3:B64(h)-(i)	– Details for receivables acquired (by major class of receivable):
	  – Fair value
	  – Gross contractual amounts receivable
	  – Estimate of expected uncollectable contractual cash flows.
	– Amount of each major class of assets acquired and liabilities assumed.

IAS 7:40	Disclose, in aggregate: – Total consideration received – Consideration consisting of cash and cash equivalents – Cash and cash equivalents acquired – Other major categories of assets and liabilities acquired.
BDO Comment **IFRS 3:B64(j)** **IFRS 3:B64(l)-(p)**	**Other disclosures required by IFRS 3:B64(j), (l)-(p) that may apply but are not relevant to A Layout include those in relation to:** – **Transactions recognised separately from the acquisition** – **Bargain purchases (i.e. negative goodwill)** – **Business combinations where the entity acquires less than 100%** – **Business combinations achieved in stages.**

38. Business combinations during the period

On 24 April 2021 the Group acquired 100% of the voting equity instruments of Colour Sarl, a company whose principal activity is producing paints and dyes. The principal reason for this acquisition was to secure supply for key materials and reduce costs to the group. The group also expects to use the expertise and knowhow acquired in the development of new products lines.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows (note that fair value was not used as the measurement basis for assets and liabilities that require a different basis, which includes leases, contingent liabilities, income taxes and defined benefit pension plans):

	Book value CU'000	Adjustment CU'000	Fair value CU'000
Property, plant and equipment	2,750	1,115	3,865
Right-of-use assets	800	100	900
Trademark	-	1,200	1,200
Non-contractual customer lists and relationships	-	200	200
Licences	500	100	600
In-the-money derivatives	-	150	150
Inventories	250	(10)	240
Receivables	340	-	340
Cash	400	-	400
Payables	(300)	-	(300)
Bank loan	(500)	-	(500)
Lease liabilities	(825)	(35)	(790)
Defined benefit pension plan	(150)	-	(150)
Onerous contracts	40	(40)	-
Deferred tax liability	-	(485)	(485)
Total net assets	**3,305**	**2,365**	**5,670**

On acquisition Colour Sarl held trade receivables with a book and fair value of CU340,000 representing contractual receivables of CU396,000. Whilst the Group will make every effort to collect all contractual receivables, it considers it unlikely that the CU56,000 will ultimately be received.

Fair value of consideration paid

	CU'000
Cash	3,500
Contingently issuable ordinary shares	2,500
Contingent cash consideration (paid 16 November 2021)	85
Total consideration	6,085
Goodwill (note 18)	415

Note 38 Business combinations during the period (continued)

IFRS 3:64(l), (m)	Disclose acquisition costs and how they have been accounted for.
IFRS 3:B64	For individually material business combinations during the period, disclose:
IFRS 3:B64(e)(iv)	– Measurement method of any equity instruments included within total consideration transferred
IFRS 3:B64(g)	– Details in relation to contingent consideration and indemnification assets: – Amount recognised – Description of the arrangement and the – Basis for determining the payment amount – An estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated – If the maximum amount payable is unlimited, disclose that fact.
IFRS 3:B64(k)	– Goodwill that is expected to be deductible for tax purposes
IFRS 3:B64(q)(i)	– The amounts of revenue and profit or loss of the acquiree since the acquisition date included in the results as at reporting date
IFRS 3:B64(q)(ii)	– The hypothetical revenue and profit or loss of the combined entity for the entire current reporting period assuming that the acquiree had been consolidated for the entire period.

BDO Comment

<u>Material business combinations occur after reporting date but before the financial statements are authorised</u>

Per IFRS 3:B66, an entity is required to make all of the above disclosures required by IFRS 3:B64, except for disclosures that cannot be made due to the business combination accounting not being finalised at the date the financial statements are authorised. In these instances the entity:

- **discloses those requirements that it can**
- **identifies the disclosures it cannot make, and the reasons why.**

Refer to Note 42 **for further details.**

BDO Comment

<u>Individually immaterial business combinations that are collectively material</u>

Per IFRS 3:B65, an entity is required to make all of the above disclosures required by IFRS 3:B64, except for those required by sub-paragraphs (a)-(d), being:

- Name and a description of the acquiree
- Acquisition date
- Percentage of voting equity interests acquired
- Primary reasons for the acquisition.

38. Business combinations during the period *(continued)*

Acquisition costs of CU32,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the statement of comprehensive income.

The consideration settled in shares is contingent on profits and cost savings generated by Colour Sarl over a three year period following the date of acquisition. In the event of the target being achieved, the Company is obliged to issue a further 1.4 million shares to the vendors. The fair value of the contingent consideration has been based on the acquisition date share price (CU1.75 per share) with adjustments to reflect the likelihood of the target being achieved. The potential obligation to issue shares is classified as an equity instrument and recognised in the "shares to be issued" reserve.

As part of the acquisition agreement, if the newly developed and critically acclaimed board game "Tumbles" received all necessary safety accreditations within three years of the acquisition date, an additional cash consideration of CU85,000 would become immediately payable. This approval was granted on 26 October 2021 and the additional consideration was paid on 16 November 2021.

The main factors leading to the recognition of goodwill are:

- The presence of certain intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition
- Materials cost savings which result in the Group being prepared to pay a premium, and
- The fact that a lower cost of capital is ascribed to the expected future cash flows of the entire operation acquired than might be to individual assets.

The goodwill recognised will not be deductible for tax purposes.

Since the acquisition date, Colour Sarl has contributed CU8,895,000 to group revenues and CU521,000 to group profit. If the acquisition had occurred on 1 January 2021, group revenue would have been CU178,219,000 and group profit for the period would have been CU10,438,000.

Note 39 Business combinations completed in prior periods

IFRS 3:61	Disclose information that enables the evaluation of the financial effects of adjustments in the current period relating to business combinations that occurred in prior periods.
IFRS 3:B67(a)	If the initial business combination accounting was incomplete, disclose: – Reasons why – Which items the accounting was incomplete for – The nature an amount of any *measurement period* adjustments.
IFRS 3:B67(b)	For previous business combinations with contingent consideration, disclose: – Changes in amounts recognised – Changes in the range of outcomes, and reasons why – Valuation technique used.
IFRS 3:B67(c)	Where contingent liabilities have been recognised, disclose the information required by IAS 37:84-85 (refer to Note 30).
IFRS 3:B67(d)	A reconciliation of the opening and closing amount of goodwill. Sub-paragraphs (i) - (viii) detail specific reconciling items to be included.
IFRS 3:B67(e)	Disclose the amount and nature of significant gains or losses relating to assets or liabilities recognised.

39. Business combinations completed in prior periods

(i) Zebra Games Limited

On 15 November 2020, the group acquired 100% of the voting shares of Zebra Games Limited ("Zebra"), a company registered in Japan whose principal activity is the production and sale of board games. Zebra was a highly useful acquisition for the Group as it had experience of, and owned facilities designed for the dual purpose of, manufacturing and distributing board games. This activity is aligned with one of the main group segments, and the dual purpose facilities were an attribute which no other subsidiary in the group could match. The directors saw an opportunity to increase the efficiency of the group through the rapid growth of the Zebra business which would allow future disposals in other areas (see note 32).

As disclosed in last year's Annual Report, the value of the identifiable net assets of Zebra Games Limited had only been determined on a provisional basis due to an independent valuation being carried out on certain assets not being finalised when the 2020 financial statements were issued. Had the valuation been finalised the 2020 financial statements would have differed to those previously reported as follows:

- The cost of tangible fixed assets would have been CU237,000 lower, with a corresponding increase in the cost of goodwill
- Depreciation would have been CU45,000 lower, but a goodwill impairment charge of CU34,000 would have been recognised, resulting in a reduction in profit before tax of CU11,000, and
- The tax charge would have been CU4,000 higher with a corresponding increase in the deferred tax liability.

Details of the (restated) fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value CU'000	Restated adjustment CU'000	Restated fair value CU'000
Property, plant and equipment	1,500	(100)	1,400
Trademarks & Licences	-	500	500
Inventories	150	-	150
Receivables	400	-	400
Payables	(1,050)	-	(1,050)
Deferred tax liability	-	(159)	(159)
Total net assets	1,000	241	**1,241**
Fair value of consideration paid – all cash			**1,524**
Goodwill (note 18)			**283**

On acquisition Zebra Games Limited held trade receivables with a book and fair value of CU400,000 representing contractual receivables of CU427,000. Whilst the Group will make every effort to collect all contractual receivables, it considers it unlikely that CU27,000 of the total amount will ultimately be received.

Note 39 Business combinations completed in prior periods (continued)

IFRS 3:45	Disclose provisional amounts for the items for which the business combination accounting is incomplete.
IAS 12:81(k)	Disclose a description of the events or change in circumstance that caused the recognition of a previously unrecognised deferred tax benefit from a previous business combination to be recognised.
IFRS 3:B67(e)	Disclose the amount and nature of significant gains or losses relating to assets or liabilities recognised.

39. Business combinations completed in prior periods *(continued)*

The 2020 comparatives have been restated in these financial statements to include the effect of the adjustments noted on the previous page. Under paragraph 10(f) of IAS 1 *Presentation of financial statements*, this restatement would ordinarily require the presentation of a third consolidated statement of financial position as at 1 January 2020. However, as the restatement of the provisional fair values would have no effect on the statement of financial position as at that date, the Directors do not consider that this would provide useful additional information and, in consequence, have not presented a third consolidated statement of financial position due to prior period business combinations.

Acquisition costs of CU24,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the statement of comprehensive income.

The main factor leading to the recognition of goodwill was the presence of certain intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition.

Zebra Games Limited contributed CU508,000 to group revenues and CU21,000 to group profit between the date of acquisition and 31 December 2020. If the acquisition had occurred on 1 January 2020, group revenue would have been CU169,057,000 and group profit CU7,416,000 for the year to 31 December 2020.

Note 40 Related party transactions

IAS 24:19	Disclose related party transactions separately for: – The parent – Entities with joint control over the entity – Entities with significant influence over the entity – Subsidiaries – Associates – Joint ventures in which the entity is a venturer – Key management personnel of the entity or its parent – 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:
	– Their amount
	– The amount of any outstanding balances (including commitments)
	    – Terms and conditions
	    – Secured or unsecured
	    – Nature of the consideration payable/receivable
	    – Details of any guarantees.
	
	– The amount of any impairment allowances
	– Expenses relating to:
	    – Impairment allowances
	    – Bad debts written off.

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.
IAS 24:13	Disclose the relationships between the entity and its subsidiaries (irrespective of whether there have been any related party transactions between them).
IAS 24:13	Disclose the name of the entities parent and ultimate controlling party (irrespective of whether there have been any related party transactions between them).
IAS 24:13	Disclose the name of the next most senior parent that produces publicly available consolidated financial statements available for public use (if neither the entity's parent nor the ultimate controlling party do so).

40. Related party transactions

Trading transactions

During the year Group companies entered into the following transactions with related parties who are not members of the Group.

	Sales of goods		Purchase of goods		Amounts owed by related parties (see note 25)		Amounts owed to related parties	
	2021 CU'000	2020 CU'000	2021 CU'000	2020 CU'000	2021 CU'000	2020 CU'000	2021 CU'000	2020 CU'000
[PARTY A]	**3,754**	4,080	**-**	-	**1,263**	1,831	**-**	-
[PARTY B]	**-**	-	**2,812**	-	**-**	-	**-**	-
Associates	**-**	-	**600**	797	**-**	-	**180**	104
Joint ventures	**280**	195	**-**	88	**86**	50	**-**	65

Sales of goods to related parties were made at the Group'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.

Details of directors' remuneration are given in note 7.

Other related party transactions are as follows:

Related party relationship	Type of transaction	Transaction amount 2021 CU'000	2020 CU'000	Balance owed 2021 CU'000	2020 CU'000
Director	Purchase of assets from the Group	**35**	17	**-**	-
Companies in which directors or their immediate family have a significant/ controlling interest	Sales to related party	**3,754**	4,080	**1,694**	2,040
	Purchases from related party	**2,812**	3,419	**-**	-
Associates	Dividends received	**284**	43	**-**	-
Joint ventures	Sales of assets to the group	**160**	40	**-**	65

The Group 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.

In addition to the amounts disclosed in note 7, an amount of CU 100,000 was paid to another entity for the provision of key management personnel services.

Note 41 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 unless the outflow in settlement is remote.

Note 42 Events after the reporting date

IAS 10:21

For each material non-adjusting event, disclose:
- The nature of the event
- An estimate of its financial effect
- If the above cannot be estimated, disclose this fact.

Material business combinations occur after reporting date but before the financial statements are authorised

IFRS 3:B66

Per IFRS 3:B66, an entity is required to make all of the disclosure requirements by IFRS 3:B64 (refer to Note 38), except for disclosures that cannot be made due to the business combination accounting not being finalised at the date the financial statements are authorised. In these instances the entity:
- Discloses those requirements that it can
- Identifies the disclosures it cannot make, and the reasons why.

41. Contingent liabilities

The Group has been informed that a former employee has started legal proceedings against the Group for unfair dismissal. The Group 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 2022. In the event that the Group is found to be liable, the directors have been advised that the compensation payable is highly unlikely to exceed CU25,000. The directors note that in the event of an unfavourable judgement the Group would not be able to recoup the loss from another party.

42. Events after the reporting date

On 10 January 2022 the Group acquired 100% of the voting equity instruments of Jigsaw Limited, a company whose principal activity is manufacture and distribution of jigsaws and puzzles. The principal reason for this acquisition was to acquire rights to certain images for the use in the group's products and additional production capacity.

The book value of the net assets acquired is as follows:

	CU'000
Property, plant and equipment	**1,750**
Inventories	**350**
Receivables	**126**
Cash	**52**
Payables	**(231)**
Total	**2,047**

At the date of authorisation of these financial statements a detailed assessment of the fair value of the identifiable net assets has not been completed.

On acquisition Jigsaw Limited held trade receivables with a book value of CU126,000 representing contractual receivables of CU150,000. The group is still assessing the debtor book and is not yet in a position to accurately assess the final level of uncollectable contractual cash flows.

Fair value of consideration paid

	CU'000
Cash	**3,000**

Whilst fair value adjustments will result in recognised goodwill of less than CU953,000, it is expected that some goodwill will be recognised. This goodwill represents items, such as the assembled workforce, which do not qualify for recognition as assets.

Note 43 Notes supporting the statement of cash flows

IAS 7:43	Disclose significant investing and financing non-cash transactions.
IAS 7:45	Disclose the components of cash and cash equivalents and present a reconciliation of the amounts in its statement of cash flows with the equivalent items reported in the statement of financial position.
IAS 7:48	Disclose, together with a commentary by management, the amount of significant cash and cash equivalents held by the entity that are not available for use by the Group.

43. Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2021 CU'000	2020 CU'000
Cash at bank available on demand (Note 3)	**15,417**	16,407
Short-term deposits (Note 3)	**4,353**	3,173
Cash on hand	**1,995**	1,165
	21,765	20,745

Included within cash and cash equivalents is:

CU3,250,000 (2020: CU3,854,000) held by the ESOP trust which can only be used to benefit the Group's employees.

Significant non-cash transactions from investing activities are as follows:

	2021 CU'000	2020 CU'000
Equity consideration for business combination	**2,500**	-
PP&E purchased but not yet paid at year end	**1,250**	-

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions overleaf.

Note 43 Notes supporting the statement of cash flows (continued)

IAS 7:44A	An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes
IAS 7:44B	To the extent necessary to satisfy the requirement in paragraph 44A, an entity shall disclose the following changes in liabilities arising from financing activities: (a) changes from financing cash flows; (b) changes arising from obtaining or losing control of subsidiaries or other businesses; (c) the effect of changes in foreign exchange rates; (d) changes in fair values; and (e) other changes.
BDO Comment	**A reconciliation of lease liabilities has been presented separately in Note 15.**
IAS 7:44C	The disclosure requirement in paragraph 44A also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.
IAS 7:44D	One way to fulfil the disclosure requirement in paragraph 44A is by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including the changes identified in paragraph 44B. Where an entity discloses such a reconciliation, it shall provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and the statement of cash flows.
BDO Comment	**The difference between the total cash flows presented in this note and the total cash flows from financing activities presented on the face of the statement of cash flows relates to the various cash inflows and outflows from equity financing transactions, which are also included within financing activities on the face of the cash flow statement.**
IAS 7:44E	If an entity provides the disclosures required by paragraph 44A in combination with disclosures of changes in other assets and liabilities, disclose the changes in liabilities arising from financing activities separately from changes in those other assets and liabilities.
IAS 7:60	Entities are not required to give comparative information in the first period it complies with the disclosure requirements in IAS 7 paragraphs 44A to 44E.

43. Notes supporting statement of cash flows *(continued)*

	Non-current loans and borrowings CU'000 (Note 28)	Current loans and borrowings CU'000 (Note 28)	Disposal group liabilities CU'000 (Note 32)	Interest rate swap liabilities CU'000 (Note 25)	Interest rate swap assets CU'000 (Note 25)	Total CU'000
At 1 January 2021	**18,262**	**7,990**	**100**	**104**	**(1,619)**	**24,837**
Cash Flows	**5,451**	**(5,656)**	**(5)**	**15**	**4,019**	**3,824**
Non-cash flows						
– Amounts recognised on business combinations	**1,150**	**140**	**-**	**-**	**-**	**1,290**
– Amounts derecognised on operations disposed	**-**	**-**	**(15)**	**-**	**-**	**(15)**
– Effects of foreign exchange	**999**	**2,641**	**-**	**-**	**-**	**3,640**
– Fair value changes	**-**	**-**	**-**	**(7)**	**(4,555)**	**(4,562)**
– Debt converted into equity	**(561)**	**-**	**-**	**-**	**-**	**(561)**
– Loans and borrowings classified as non-current at 31 December 2020 becoming current during 2021	**(1,921)**	**1,921**	**-**	**-**	**-**	**-**
– Interest accruing in period	**342**	**512**	**-**	**-**	**-**	**854**
At 31 December 2021	**23,722**	**7,548**	**80**	**112**	**(2,155)**	**29,307**
At 1 January 2020	12,902	3,274	148	741	(1,677)	15,388
Cash Flows	13,122	(3,000)	(48)	(445)	5,795	15,424
Non-cash flows						
– Amounts recognised on business combinations	200	25	-	-	-	225
– Effects of foreign exchange	(788)	(385)	-	-	-	(1,173)
– Fair value changes	-	-	-	(192)	(5,737)	(5,929)
– Loans and borrowings classified as non-current at 31 December 2019 becoming current during 2020	(7,264)	7,264	-	-	-	-
– Interest accruing in period	90	812	-	-	-	902
At 31 December 2020	18,262	7,990	100	104	(1,619)	24,837

Note 44 Accounting policies

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

Revenue

BDO Comment	**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. The length of the policy may vary considerably depending on the number and complexity of activities the group is engaged in. An accounting policy should be included for each significant source of revenue. The information required by IFRS 15:119, 123 to 127 and 129 could be included as part of an overall accounting policy for revenue recognition, which is the approach A Layout has adopted in the narrative on the opposite pages.**

IFRS 15:119

Disclose information about performance obligations in contracts with customers, including a description of all of the following:

(a) when the entity typically satisfies its performance obligations (for example, upon shipment, upon delivery, as services are rendered or upon completion of service), including when performance obligations are satisfied in a bill-and-hold arrangement;
(b) the significant payment terms (for example, when payment is typically due, whether the contract has a significant financing component, whether the consideration amount is variable and whether the estimate of variable consideration is typically constrained in accordance with paragraphs 56–58);
(c) the nature of the goods or services that the entity has promised to transfer, highlighting any performance obligations to arrange for another party to transfer goods or services (ie if the entity is acting as an agent);
(d) obligations for returns, refunds and other similar obligations; and
(e) types of warranties and related obligations.

IFRS 15:123

Disclose the judgements, and changes in the judgements, made in applying this Standard that significantly affect the determination of the amount and timing of revenue from contracts with customers. In particular, an entity shall explain the judgements, and changes in the judgements, used in determining both of the following:

(a) the timing of satisfaction of performance obligations (see paragraphs 124–125); and
(b) the transaction price and the amounts allocated to performance obligations (see paragraph 126).

IFRS 15:124

For performance obligations that an entity satisfies over time, disclose both of the following:

(a) the methods used to recognise revenue (for example, a description of the output methods or input methods used and how those methods are applied); and
(b) an explanation of why the methods used provide a faithful depiction of the transfer of goods or services.

IFRS 15:125

For performance obligations satisfied at a point in time, disclose the significant judgements made in evaluating when a customer obtains control of promised goods or services.

44. Accounting policies - Revenue

Performance obligations and timing of revenue recognition

The majority of the group'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 group 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 Group 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
- A Layout (International) Group does not have the ability to use the product to direct it to another customer.

Some goods sold by the group include warranties which require the group 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 Group 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 Group and the contracts would require payment to be received for the time and effort spent by the group on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the group's failure to perform its obligations under the contract. On partially complete design contracts, A Layout (International) 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 group would be entitled based on its performance to date.

BDO Comment	**The information required by IFRS 15:119, 123 to 127 and 129 could be included as part of an overall accounting policy for revenue recognition, which is the approach A Layout has adopted in the narrative on the opposite pages**
IFRS 15:126	Disclose information about the methods, inputs and assumptions used for all of the following: (a) determining the transaction price, which includes, but is not limited to, estimating variable consideration, adjusting the consideration for the effects of the time value of money and measuring non-cash consideration; (b) assessing whether an estimate of variable consideration is constrained; (c) allocating the transaction price, including estimating stand-alone selling prices of promised goods or services and allocating discounts and variable consideration to a specific part of the contract (if applicable); and (d) measuring obligations for returns, refunds and other similar obligations.

Accounting policies – Revenue *(Continued)*

Determining the transaction price

Most of the group'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 group 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.
- For one key customer, the group accepts orders and is paid up to 2 years in advance of delivering the products. The group 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 group 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 Group 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 Group's behalf by retailers when the end customer buys one of the Group'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 group'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 Group 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 Group 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.

BDO Comment	**The information required by IFRS 15:119, 123 to 127 and 129 could be included as part of an overall accounting policy for revenue recognition, which is the approach A Layout has adopted in the narrative on the opposite pages**
IFRS 15:127	Describe both of the following: (a) the judgements made in determining the amount of the costs incurred to obtain or fulfil a contract with a customer (in accordance with paragraph 91 or 95); and (b) the method it uses to determine the amortisation for each reporting period
IFRS 15:129	If an entity elects to use the practical expedient in either paragraph 63 (about the existence of a significant financing component) or paragraph 94 (about the incremental cost of obtaining a contract), disclose that fact.
IFRS 15:C5	For any of the practical expedients in paragraph C5 that an entity uses, the entity shall apply that expedient consistently to all contracts within all reporting periods presented. In addition, the entity shall disclose all of the following information: (a) the expedients that have been used; and (b) to the extent reasonably possible, a qualitative assessment of the estimated effect of applying each of those expedients

Accounting policies – Revenue *(Continued)*

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 recoded 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.

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 Exemptions

The group has taken advantage of the practical exemptions:

- 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
- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

44. Accounting policies *(continued)*

Non-controlling interests

For business combinations completed prior to 1 January 2010, the Group initially recognised any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. For business combinations completed on or after 1 January 2010 the Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non-controlling interest such as outstanding share options are generally measured at fair value. The group has not elected to take the option to use fair value in acquisitions completed to date.

From 1 January 2010, the total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests. Before this date, unfunded losses in such subsidiaries were attributed entirely to the group. In accordance with the transitional requirements of IAS 27 (2008), the carrying value of non-controlling interests at the effective date of the amendment has not been restated.

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).
IAS 1:122	Disclose significant judgements management has made in applying the entity's accounting policies.

44. Accounting policies *(continued)*

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

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. 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'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

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 for goodwill is not reversed.

Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Judgement
Where the Group holds less than 20% of voting rights in an investment but the Group has the power to exercise significant influence, such an investment is treated as an associate. More information is disclosed in note 21. In the opposite situation where the Group holds over 20% of voting rights (but not over 50%) and the Group does not exercise significant influence, the investment is treated as a fair value through OCI investment. Details are given in note 24.

Note 44 Accounting policies (continued)

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).
IAS 1:122	Disclose significant judgements management has made in applying the entity's accounting policies.

44. Accounting policies *(continued)*

Joint arrangements

The group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:
- *Joint ventures*: where the group has rights to only the *net assets* of the joint arrangement
- *Joint operations*: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:
- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in Associates (i.e. using the equity method – refer above).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations. In accordance with IFRS 11 *Joint Arrangements*, the Group is required to apply all of the principles of IFRS 3 *Business Combinations* when it acquires an interest in a joint operation that constitutes a business as defined by IFRS 3.

Judgement
For all joint arrangements structured in separate vehicles the Group must assess the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether it has rights to the joint arrangement’s net assets (in which case it is classified as a joint venture), or rights to and obligations for specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). Factors the group must consider include:
- Structure
- Legal form
- Contractual agreement
- Other facts and circumstances.

Upon consideration of these factors, the Group has determined that all of its joint arrangements structured through separate vehicles give it rights to the net assets and are therefore classified as joint ventures.

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

44. Accounting policies *(continued)*

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "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, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

Exchange gains and losses arising on the retranslation of monetary financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary OCI financial assets form part of the overall gain or loss in OCI recognised in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into CU at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised in profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Note 44 Accounting policies (continued)

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

Financial assets

IFRS 7:21, B5	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: (a) for financial liabilities designated as at fair value through profit or loss: (i) the nature of the financial liabilities the entity has designated as at fair value through profit or loss; (ii) the criteria for so designating such financial liabilities on initial recognition; and (iii) how the entity has satisfied the conditions in paragraph 4.2.2 of IFRS 9 for such designation. (aa) for financial assets designated as measured at fair value through profit or loss: (i) the nature of the financial assets the entity has designated as measured at fair value through profit or loss; and (ii) how the entity has satisfied the criteria in paragraph 4.1.5 of IFRS 9 for such designation. (b) [deleted] (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).

44. Accounting policies

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value (see "Financial liabilities" section for out-of-money derivatives classified as liabilities). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group 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 receivables), 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 receivables 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 receivables 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 receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable 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 Group elects to renegotiate the terms of trade receivables 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 consolidated statement of comprehensive income (operating profit).

Note 44 Accounting policies (continued)

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

Financial assets, Financial liabilities

IFRS 7:11A	If an entity has designated investments in equity instruments to be measured at fair value through other comprehensive income, as permitted by paragraph 5.7.5 of IFRS 9, it shall disclose the reasons for using this presentation alternative.
IFRS 7:21, B5	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: (a) for financial liabilities designated as at fair value through profit or loss: (i) the nature of the financial liabilities the entity has designated as at fair value through profit or loss; (ii) the criteria for so designating such financial liabilities on initial recognition; and (iii) how the entity has satisfied the conditions in paragraph 4.2.2 of IFRS 9 for such designation. (aa) for financial assets designated as measured at fair value through profit or loss: (i) the nature of the financial assets the entity has designated as measured at fair value through profit or loss; and (ii) how the entity has satisfied the criteria in paragraph 4.1.5 of IFRS 9 for such designation. (b) [deleted] (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).

44. Accounting policies *(continued)*

Financial assets *(continued)*

Amortised cost (continued)

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

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 loans and borrowings in current liabilities on the consolidated statement of financial position.

Fair value through other comprehensive income

The Group has a number of strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

The Group has debt securities whose objective is achieved by both holding these securities in order to collect contractual cash flows and having the intention to sell the debt securities before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to profit or loss.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship (see below), the Group's accounting policy for each category is as follows:

Note 44 Accounting policies (continued)

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

Financial liabilities, Hedge accounting

IFRS 7:21, B5	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: (a) for financial liabilities designated as at fair value through profit or loss: (i) the nature of the financial liabilities the entity has designated as at fair value through profit or loss; (ii) the criteria for so designating such financial liabilities on initial recognition; and (iii) how the entity has satisfied the conditions in paragraph 4.2.2 of IFRS 9 for such designation. (aa) for financial assets designated as measured at fair value through profit or loss: (i) the nature of the financial assets the entity has designated as measured at fair value through profit or loss; and (ii) how the entity has satisfied the criteria in paragraph 4.1.5 of IFRS 9 for such designation. (b) [deleted] (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).

44. Accounting policies *(continued)*

Fair value through profit or loss

This category comprises out-of-the-money derivatives where the time value does not offset the negative intrinsic value (see "Financial assets" for in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

*Other financial liabilitie*s

Other financial liabilities include the following items:

Bank borrowings and the Group's redeemable preference shares 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 consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

- Liability components of convertible loan notes are measured as described further below.

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Hedge accounting

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge;

- The hedge relationship meets all of the hedge effectiveness requirements including that an economic relationship exists between the hedged item and the hedging instrument, the credit risk effect does not dominate the value changes, and the hedge ratio is designated based on actual quantities of the hedged item and hedging instrument.

Cash flow hedges

The effective part of forward contracts designated as a hedge of the variability in cash flows of foreign currency risk arising from firm commitments, and highly probable forecast transactions, are measured at fair value with changes in fair value recognised in other comprehensive income and accumulated in the cash flow hedge reserve. The Group uses such contracts to fix the cost of equipment, inventories and services, and the income from foreign currency sales, in the functional currency of the Group entity concerned.

Note 44 Accounting policies (continued)

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

Hedge accounting

IFRS 7:21, B5	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: (a) for financial liabilities designated as at fair value through profit or loss: (i) the nature of the financial liabilities the entity has designated as at fair value through profit or loss; (ii) the criteria for so designating such financial liabilities on initial recognition; and (iii) how the entity has satisfied the conditions in paragraph 4.2.2 of IFRS 9 for such designation. (aa) for financial assets designated as measured at fair value through profit or loss: (i) the nature of the financial assets the entity has designated as measured at fair value through profit or loss; and (ii) how the entity has satisfied the criteria in paragraph 4.1.5 of IFRS 9 for such designation. (b) [deleted] (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).

44. Accounting policies *(continued)*

Cash flow hedges (continued)

If a highly probable forecast transaction results in the recognition of a non-monetary asset, the cumulative loss/(gain) is added to/(subtracted from) the cost of the asset acquired ("basis adjustment"). The same approach is followed where a cash flow hedge of a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment to which fair value hedge accounting is applied. Otherwise the cumulative gain or loss recognised in other comprehensive income is reclassified from the cash flow hedge reserve to profit or loss at the same time as the hedged transaction affects profit or loss. The two transactions are recognised in the same line item.

If a forecast transaction is no longer considered highly probable but the forecast transaction is still expected to occur, the cumulative gain or loss recognised in other comprehensive income is frozen and recognised in profit or loss in accordance with the policy set out in the paragraph above. Subsequent changes in the fair value of the derivative are recognised in profit or loss. If the Group closes out its position before the transaction takes place (even though it is still expected to take place) the cumulative gain or loss on changes in fair value of the derivative is similarly recognised in accordance with the policy set out in the paragraph above. If, at any point, the hedged transaction is no longer expected to occur, the cumulative gain or loss is reclassified from the cash flow hedge reserve to profit or loss immediately.

The effective portion of gains and losses on derivatives used to manage cash flow interest rate risk (such as floating to fixed interest rate swaps) are also recognised in other comprehensive income and accumulated in the cash flow hedge reserve. However, if the Group closes out its position early, the cumulative gains and losses recognised in other comprehensive income are frozen and reclassified from the cash flow hedge reserve to profit or loss using the effective interest method. The ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk are recognised in profit or loss within finance expense or finance income.

Fair value hedges

Where derivatives are used to hedge the Group's exposure to fair value interest rate risk (such as fixed to floating rate swaps), the hedged item is remeasured to take into account the gain or loss attributable to the hedged risk (in the case of a fixed rate loan, the hedged risk is changes in the fair value of interest rates) with the gains or losses arising recognised in profit or loss. This offsets the gain or loss arising on the hedging instrument which is measured at fair value through profit or loss.

Hedges of a net investment in a foreign operation

The Group enters into derivative currency contracts to hedge changes in the net investment of foreign operations arising from movements in the forward exchange rate. To the extent that the hedge is effective, gains and losses arising on the derivative are recognised in other comprehensive income. The ineffective portion of such hedges is recognised in profit or loss.

Note 44 Accounting policies (continued)

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

Convertible debt

IFRS 7:21, B5	Discloses, the measurement basis (or bases) of the entity's financial instruments.

44. Accounting policies *(continued)*

Share capital

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

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

Convertible debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Convertible debt option reserve" within shareholders' equity, net of income tax effects.

Borrowing costs

Borrowing costs are capitalised, net of interest received on cash drawn down yet to be expended when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Defined benefit schemes

Defined benefit scheme surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities and are denominated in the same currency as the post-employment benefit obligations; less
- The effect of minimum funding requirements agreed with scheme trustees.

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

44. Accounting policies *(continued)*

Defined benefit schemes *(continued)*

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:
- Actuarial gains and losses
- Return on plan assets (interest exclusive)
- Any asset ceiling effects (interest exclusive).

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period.
Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

Other long-term service benefits

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the projected unit credit method and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement and are denominated in the same currency as the post-employment benefit obligations.

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

Share-based payment

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.

44. Accounting policies *(continued)*

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. 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 consolidated statement of comprehensive income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

The Group also operates a phantom share option scheme (a cash settled share-based payment). An option pricing model is used to measure the Group's liability at each reporting date, taking into account the terms and conditions on which the bonus is awarded and the extent to which employees have rendered service. Movements in the liability (other than cash payments) are recognised in the consolidated statement of comprehensive income.

Leases

The majority of the Group’s accounting policies for leases are set out in note 15.

Identifying Leases

The Group 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 Group obtains substantially all the economic benefits from use of the asset; and
(c) The Group has the right to direct use of the asset.

The Group 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 Group obtains substantially all the economic benefits from use of the asset, the Group 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 Group has the right to direct use of the asset, the Group 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 Group 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 Group applies other applicable IFRSs rather than IFRS 16.

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

Investment property

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

Externally acquired intangible assets

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

44. Accounting policies *(continued)*

Investment property

The Group's investment property is revalued annually to open market value, with changes in the carrying value recognised in the consolidated statement of comprehensive income.

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

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

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

In-process research and development programmes acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for development costs below are not met.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Licences and trademarks	10 years	Multiple of estimated revenues and profits
Non-contractual customer relationships	2-4 years	Estimated discounted cash flow
Contractual relationships	Term of contract (up to 5 years)	Estimated discounted cash flow

Note 44 Accounting policies (continued)

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

44. Accounting policies *(continued)*

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 Group 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 amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the cost of sales line *[or administrative expenses, please amend as appropriate]* in the consolidated statement of comprehensive income.

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

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM. [*This depends on the relevant laws and regulations of the respective jurisdiction and needs to be tailored accordingly]*.

Dividends on the 7% preference shares, which are classified as a financial liability, are treated as finance costs and are recognised on an accruals basis when an obligation exists at the reporting date.

Note 44 Accounting policies (continued)

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

44. Accounting policies *(continued)*

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- Investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

In respect of deferred tax assets arising from investment property measured at fair value, the presumption that recovery will be through sale rather than use has not been rebutted.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

When there is uncertainty concerning the Group's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Group:

- Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or

- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Note 44 Accounting policies (continued)

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

Property, plant and equipment

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

Treasury shares

BDO Comment	**Alternatively, rather than having a separate component of equity, the entity could disclose the amount of treasury shares held in the notes (see IAS 32:34).** **Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to equity. The relevant jurisdiction might require a specific component of equity to be credited (e.g. share premium rather than retained earnings).**

44. Accounting policies *(continued)*

Property, plant and equipment

Items of property, plant and equipment 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	-	2% per annum straight line
Plant and machinery	-	15%-25% per annum straight line
Fixtures and fittings	-	20% per annum straight line
Computer equipment	-	33% per annum straight line
Motor vehicles	-	33% 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 consolidated 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.

Treasury shares

Consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the "treasury share reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to retained earnings.

[*Although the credit to equity is a requirement of the international accounting standard, the precise treatment will depend on the laws and regulations of the relevant jurisdiction]*

Employee Share Ownership Plan (ESOP)

As the company is deemed to have control of its ESOP trust, it is treated as a subsidiary and consolidated for the purposes of the consolidated financial statements. The ESOP's assets (other than investments in the company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The ESOP's investment in the company's shares is deducted from equity in the consolidated statement of financial position as if they were treasury shares.

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

Inventories

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

44. Accounting policies *(continued)*

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale
- Management is committed to a plan to sell
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn
- An active programme to locate a buyer has been initiated
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value, and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

General

IAS 1:117(b)	Disclose accounting policies that are relevant to understanding the financial statements (i.e. those for material items).

Government grants

IAS 20:39(a)	Disclose the accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements.
BDO Comment	**A Layout (International) Group Ltd received no such government grants.** **The accounting policy has been inserted for illustrative purposes only.**

44. Accounting policies *(continued)*

Government grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of comprehensive income or netted against the asset purchased.

Provisions

The group has recognised provisions for liabilities of uncertain timing or amount including those for onerous leases, 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. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

Five year record (Not part of the audited financial statements)

IFRS 1:22 In instances where the entity presents non-IFRS comparative information:

- Label the previous GAAP information prominently as not being prepared in accordance with IFRSs
- Disclose the nature of the main adjustments that would make it comply with IFRSs. An entity need not quantify those adjustments.

A Layout (International) Group Ltd

Five year record

	2021	2020	2019	2018	2017
					Other
	IFRSs	IFRSs	IFRSs	IFRSs	GAAP
	CU'000	CU'000	CU'000	CU'000	CU'000
Revenue	175,278	166,517	144,870	141,972	143,392
Profit from operations	9,983	8,306	7,081	6,940	7,009
Profit before tax	11,184	9,886	8,455	8,286	8,369
Profit after tax	8,402	5,677	6,264	6,139	6,201
Basic earnings per share (in CU cents)	11.06	6.62	7.63	7.47	7.55

All amounts shown relate to continuing activities.

The following GAAP differences would have affected profit for the year in 2017 had adopted IFRSs been applied at the time:

a) Investment property gains were not included within the Other GAAP profit figures as movements were recorded directly in equity. Under adopted IFRSs these gains are recognised within profit or loss.

b) Development costs written off under Other GAAP would have been required to be capitalised under adopted IFRSs.

c) Borrowing costs in relation to construction of fixed assets were written off under Other GAAP. Under adopted IFRSs these are required to be capitalised.

d) Under Other GAAP, lease incentives received are required to be spread only over the period to the first rent review. Under adopted IFRSs, these incentives are spread over the full lease term.

BDO Comment	**Please note that the disclosures required by IFRS 13 must be tailored:**
	(a) Item by item
IFRS 13.93(d)	**(b) Technique-by-technique**
IFRS 13.93 (h)(i)-(ii)i	**(c) Entity-by-entity.**
	The adjacent disclosures are purely for illustrative purposes only.

APPENDIX A - IFRS 13 *Fair Value Measurement*

The following table sets out the valuation techniques used in the determination of fair values within level 3 including the key unobservable inputs used and the relationship between unobservable inputs to fair value **[IFRS 13.93(d)(h)(i)(ii])**.

Item and valuation approach	Key unobservable inputs	Relationship between unobservable inputs to fair value
Unlisted equity securities Fair value is determined by discounted cash flow	– Weighted average cost of capital (X% to X%; weighted average X%) – Long term revenue growth rate (X% to X%; weighted average X%) – Long-term pre-tax operating margin (X% to X%; weighted average X%) – Discount for lack of marketability (X% to X%; weighted average X%) – Control premium (X% to X%; weighted average X%)	Increased long term revenue growth rate and long-term pre-tax operating margin by X% and lower weighted average cost of capital (-X%) would increase FV by $XX; lower long term revenue growth rate and long-term pre-tax operating margin (-X%) and higher weighted average cost of capital (X%) would decrease FV by $X
Investment property Fair value is determined by applying the income approach based on the estimated rental value of the property. Discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by an external valuer or management based on comparable transactions and industry data.	– Discount rate (X% to X%; weighted average X%) – Terminal yield (X% to X%; weighted average X%) – Expected vacancy rate (X% to X%; weighted average X%) – Rental growth rate (X% to X%; weighted average X%)	The higher the discount rate, terminal yield and expected vacancy rate the lower the fair value. The higher the rental growth rate, the higher the fair value.
Buildings Fair value is determined by applying the income approach based on the estimated rental value of the property. Discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by an external valuer or management based on comparable transactions and industry data.	– Discount rate (X% to X%; weighted average X%) – Terminal yield (X% to X%; weighted average X%) – Expected vacancy rate (X% to X%; weighted average X%) – Rental growth rate (X% to X%; weighted average X%)	The higher the discount rate, terminal yield and expected vacancy rate the lower the fair value. The higher the rental growth rate, the higher the fair value.

BDO Comment	**Please note that the disclosures required by IFRS 13 must be tailored:**
	– Item by item
IFRS 13.93(d)	**– Technique-by-technique**
IFRS 13.93 (h)(i)-(ii)i	**– Entity-by-entity.**
	The adjacent disclosures are purely for illustrative purposes only.

The following table set out the valuation technique used in determination of fair values within Level 2 including the key inputs used **[IFRS 13.93(d)].**

Item	Valuation approach and inputs used
Derivatives at FVTPL	The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of forward exchange contracts is determined based on the forward exchange rates as at reporting date.
Land	The fair values of land are derived using the sale comparison approach. Sale prices of comparable land in similar location are adjusted for differences in key attributes such as land size. The valuation model is based on price per square metre.
Land held for sale	The fair values of land are derived using the sale comparison approach. Sale prices of comparable land in similar location are adjusted for differences in key attributes such as land size. The valuation model is based on price per square metre.

The following table sets out the assets and liabilities for which fair values are disclosed in the notes.

Item	Fair value	Valuation technique	Fair value hierarchy level	Significant unobservable inputs
Trade receivables and payables	XX	*Current* The carrying amount of short term (less than 12 months) trade receivable and payables approximates its fair values. *Non-current* The carrying amount of non-current trade receivables at floating interest rates approximates fair value. Fair values of non-current receivables are based on cash flows discounted using an estimated current lending rate of X% and loans to related parties and key management personnel X%.	Level 3	*Current* N/A *Non-current* Discount rate X% for other receivables. Discount rate of X% for related parties and key management personnel
Non-current borrowings	XX	The fair value of non-current borrowings in note X, is estimated by discounting the future contractual cash flows at the current market interest rates.	Level 2	Discount rate range X-X%

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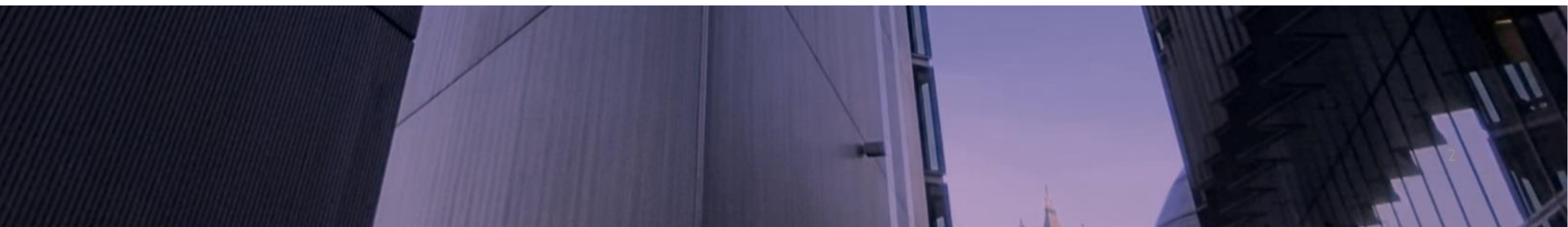

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