

**RSM!** International

global excellence in audit, tax & consulting

# IFRS ILLUSTRATIVE CONSOLIDATED FINANCIAL STATEMENTS

FOR SMALL AND MEDIUM-SIZED ENTITIES  
FOR THE YEAR ENDED 31 DECEMBER 2010

# IFRS Illustrative Consolidated Financial Statements for Small and Medium-Sized Entities

RSM International Limited has prepared a model set of consolidated financial statements for a fictitious non-publicly accountable company called IFRS SME Limited which, for the purpose of the exercise, is described as a company incorporated and domiciled in a fictitious country, Newland. No such company or jurisdiction exists and preparers of financial statements will need to ensure that their financial statements comply with local laws as well as all relevant requirements of the International Financial Reporting Standard for Small and Medium-sized Entities (“IFRS for SMEs”).

The consolidated financial statements assume that IFRS SME Limited is a first time adopter of the IFRS for SMEs, and trades in its country of incorporation, with a subsidiary in another country.

Each item in the consolidated financial statements is referenced, in italics on the left, to the relevant paragraph of the IFRS for SMEs.

Whilst the model financial statements illustrate many presentation and disclosure requirements of the IFRS for SMEs, the financial statements do not purport to be all inclusive. No single set of model financial statements can illustrate all possible presentations or required disclosures. The model financial statements represent one form of presentation. Alternative presentations may be appropriate and acceptable under the IFRS for SMEs. For example, the illustrative consolidated statement of financial position is presented in increasing order of liquidity. In some jurisdictions, the sequencing is typically reversed (i.e. decreasing order of liquidity), and that is also permitted by the IFRS for SMEs.

The preparation of financial statements complying with the IFRS for SMEs is the responsibility of the management of the relevant entity and accordingly the model consolidated financial statements provided cannot be taken as a definitive reference and do not replace the need for professional judgement having regard to the standard and other requirements and all the relevant circumstances relating to the issue under review. For the avoidance of doubt, they are not based on any actual legal framework in any one jurisdiction.

Although the model consolidated financial statements have been prepared by RSM International Limited, the views expressed are the collective views of RSM IFRS Champions for illustrative purposes only and not those of any Member Firm of RSM International Limited itself.

The copyright in this published document shall belong and vest in RSM International Association and all its rights are reserved. No part of this publication may be reproduced, stored in any system or transmitted in any form or by any means whether electronic, mechanical, photocopying, recording or otherwise without prior permission in writing of RSM International Association.

The RSM International logo and name are registered trade marks of RSM International Association.

# The RSM IFRS Champions Group

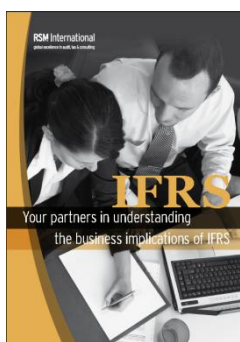
To help meet the IFRS needs of clients, RSM International has established an IFRS Champions Group drawn from its member firms around the globe.

This team operates regionally and meets regularly to develop IFRS technical expertise in the network, discuss leading edge developments on IFRS and share experiences arising from their IFRS work.

This publication has been prepared by the RSM International IFRS Leadership Group and has been reviewed by some RSM IFRS Champions from member firms of RSM International.

The IFRS Champions Group has produced a range of guides and technical articles on IFRS. These include 'A Guide Through IFRS for Small and Medium-Sized Entities (SMEs)' and 'Your partner in understanding the business implications of IFRS'. All publications can be downloaded from the RSM International website, [www.rsmi.com](http://www.rsmi.com). Alternatively, you can contact Ellen Costa in the RSM Executive Office at [ellen.costa@rsmi.com](mailto:ellen.costa@rsmi.com) or your local RSM member firm.

## IFRS Technical Publications Issued By RSM International



Your partner in understanding the business implications of IFRS



Designing share-based payment schemes - accounting and business considerations



RSM Reporting - technical newsletter covering global accounting and reporting



A Guide through IFRS for Small and Medium Sized Entities (SMEs)

**IFRS SME LIMITED**

CONSOLIDATED  
FINANCIAL  
STATEMENTS

FOR THE YEAR ENDED  
31 DECEMBER 2010

# Table of Contents

Consolidated financial statements		Page
	Consolidated Statement of Comprehensive Income	1
	Consolidated Statement of Financial Position	2
	Consolidated Statement of Changes in Equity	3
	Consolidated Statement of Cash Flows	4
	Notes	5-18
<b>APPENDICES</b>		
Appendix 1	Consolidated Statement of Comprehensive Income by nature of expense	19
Appendix 2	Consolidated Statement of Income and Retained Earnings	20

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

			2010	2009
				Restated
		Notes	CU'000	CU'000
3.17(b)(i)				
5.2(a)				
5.5(a)	<b>REVENUE</b>	4	373,910	324,810
5.9	Cost of sales		(309,217)	(272,129)
5.9	<b>Gross profit</b>		<b>64,693</b>	<b>52,681</b>
5.9	Other income	5	1,114	886
5.9	Distribution costs		(20,968)	(17,815)
5.9	Administrative expenses		(28,714)	(22,969)
5.9	Other operating expenses		(7,058)	(5,947)
5.5(b)	Finance costs	6	(2,863)	(3,381)
5.9	<b>Profit before tax</b>	<b>7</b>	<b>6,204</b>	<b>3,455</b>
5.5(d)	Tax expense	8	(2,119)	(1,209)
3.19	<b>Profit for the year</b>		<b>4,085</b>	<b>2,246</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS):</b>				
30.18(c)	Translation differences on consolidation		631	496
28.24(b)	Actuarial loss on employee benefit obligations, net of tax	17	(380)	(592)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<b>4,336</b>	<b>2,150</b>
<b>PROFIT (LOSS) ATTRIBUTABLE TO:</b>				
5.6(a)	Equity holders of the parent		4,421	2,511
	Non-controlling interest		(336)	(265)
			<b>4,085</b>	<b>2,246</b>
5.6(b)	<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>			
	Equity holders of the parent		4,708	2,473
	Non-controlling interest		(372)	(323)
			<b>4,336</b>	<b>2,150</b>

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2010**

3.17(a)

		2010	2009
	Notes	CU'000	Restated CU'000
<b>ASSETS</b>			
4.4	<b>NON-CURRENT ASSETS</b>		
4.2(e)	Property, plant and equipment	58,543	60,992
4.2(g)	Intangible assets	2,456	3,216
4.2(o)	Deferred tax asset	942	1,274
4.2(j)	Investment in associates	2,243	2,243
4.2(c)	Other financial assets	733	1,528
		<b>64,917</b>	<b>69,253</b>
4.4	<b>CURRENT ASSETS</b>		
4.2(d)	Inventories	16,154	15,495
4.2(b)	Trade and other receivables	26,688	24,122
4.2(a)	Cash and cash equivalents	673	922
		<b>43,515</b>	<b>40,539</b>
	<b>TOTAL ASSETS</b>	<b>108,432</b>	<b>109,792</b>
<b>EQUITY</b>			
4.11(f)	Share capital	7,500	5,000
4.3	Share premium	7,500	2,500
4.11(f)	Retained earnings	14,056	10,348
4.2(r)	<b>Total equity attributable to the owners of the parent</b>	<b>29,056</b>	<b>17,848</b>
4.2(q)	Non-controlling interest	2,136	2,508
	<b>TOTAL EQUITY</b>	<b>31,192</b>	<b>20,356</b>
<b>LIABILITIES</b>			
4.4	<b>NON-CURRENT LIABILITIES</b>		
4.2(m)	Borrowings	8,735	10,481
4.2(p)	Post-employment benefit obligations	15,962	14,898
4.2(o)	Deferred tax liability	5,435	5,776
		<b>30,132</b>	<b>31,155</b>
4.4	<b>CURRENT LIABILITIES</b>		
4.2(l)	Trade and other payables	30,388	27,720
4.2(n)	Current tax liability	2,198	132
4.2(p)	Post-employment benefit obligations	1,187	1,038
4.2(p)	Provision for terminal benefits	872	-
4.2(m)	Borrowings	12,463	29,391
		<b>47,108</b>	<b>58,281</b>
	<b>TOTAL LIABILITIES</b>	<b>77,240</b>	<b>89,436</b>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>108,432</b>	<b>109,792</b>



3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

			2010	2009
				Restated
		Notes	CU'000	CU'000
7.3	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
7.7(a)	Profit for the year		4,085	2,246
7.7(a)	Adjustments for:			
	Tax expense		2,119	1,209
7.8(b)	Depreciation of property, plant and equipment	9	5,272	4,944
	Impairment of property, plant and equipment	9	399	-
7.8(b)	Amortisation of intangible assets	10	1,048	925
	Impairment of goodwill	10	488	-
	Gain on sale of equipment	5	(192)	-
	Provision for post-employment benefit obligations	17	670	240
	Provision for terminal benefits		872	-
7.14	Interest income	5	(29)	(21)
7.14	Dividend income	5	(316)	(367)
	Fair value gain – quoted shares	5	(127)	(48)
7.14	Interest expense	6	2,173	3,259
7.8(a)	Changes in operating assets and liabilities:			
	Decrease (increase) in trade and other receivables		(2,581)	(1,739)
	Decrease (increase) in inventories		(663)	(3,504)
	Increase (decrease) in trade and other payables		2,682	1,578
	<b>Cash generated from operations</b>		<b>15,900</b>	<b>8,722</b>
7.15	Interest received		29	21
7.15	Interest paid		(2,173)	(3,259)
7.17	Income tax paid		(150)	(807)
7.3	<b>Net cash generated from operating activities</b>		<b>13,606</b>	<b>4,677</b>
7.3	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
7.5(a)	Purchase of property, plant and equipment	9	(3,208)	(4,507)
	Purchase of intangible asset	10	(776)	-
7.14	Dividend received		316	367
7.5(b)	Proceeds from disposal of property, plant and equipment		800	-
7.3	<b>Net cash used in investing activities</b>		<b>(2,868)</b>	<b>(4,140)</b>
7.3	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
7.6	Proceeds from issue of ordinary shares	15	7,500	-
	Proceeds from sale of quoted shares		922	-
	Net (repayment of) increase in borrowings		(1,574)	(840)
7.14	Dividends paid		(1,000)	(500)
7.3	<b>Net cash generated by (used in) financing activities</b>		<b>5,848</b>	<b>(1,340)</b>
	<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>16,586</b>	<b>(803)</b>
	<b>MOVEMENT IN CASH AND CASH EQUIVALENTS</b>			
	At start of year		(26,205)	(25,629)
	(Decrease)/increase		16,586	(803)
7.13	Effect of exchange rate changes on cash and cash equivalents		265	227
	<b>AT END OF YEAR</b>	<b>20</b>	<b>(9,354)</b>	<b>(26,205)</b>

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTES**

3.17(e)

**1 General information**

3.24(a)

IFRS SME Limited (“the Company”) is domiciled in Newland where it is incorporated as a limited liability company under the Newland Companies Act. The address of its registered office is Tower Block, Main Street, Big City, Newland. The company together with its subsidiaries (“the Group”) operates bakeries in six towns in Newland and one town in neighbouring Otherland, selling bread and cakes to retailers.

3.24(b)

32.9

These consolidated financial statements were approved for issue by the Board of Directors on 16 March 2011.

8.5

**2 Basis of preparation and summary of significant accounting policies**

3.3

These consolidated financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. They are presented in currency units (CU) of Newland, rounded to the nearest thousand. The measurement basis used is the historical cost basis, except where otherwise stated in the accounting policies below.

3.23(d)

3.23(e)

30.26

8.5(a)

35.12

The financial statements of the previous year were prepared in accordance with Newland GAAP. The consolidated statement of financial position at 1 January 2009 and the statement of comprehensive income for the year ended 31 December 2009 have been restated in accordance with the transition procedures set out in the IFRS for SMEs. A description of the nature of each change in accounting policy and reconciliations are set out in Note 21.

**Consolidation**

9.4

Subsidiaries are companies controlled by the parent. The consolidated financial statements incorporate the financial statements of the Company and its two subsidiaries. All intragroup transactions, balances, income and expenses are eliminated on consolidation.

9.2

9.13(a)

9.15

9.13(d)

Non-controlling interests in the profit or loss and net assets of subsidiaries are presented separately and consist of the amount of the controlling interest at the date of original combination together with the non-controlling interest’s share of changes in equity since the date of combination.

**Translation of foreign currencies**

30.2

The functional currency of the parent is Newland CU. Transactions in foreign currencies are initially recorded in the functional currency using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement are recognised in profit or loss. The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency with assets and liabilities translated at the closing rate at the reporting date, income and expenses translated at the average exchange rates for the year and all resulting exchange differences recognised in other comprehensive income.

30.7

30.10

30.18

23.30(a)

**Revenue recognition**

(a) Sales of bakery products

23.4

23.10

Revenue from sales of goods is recognised when the goods are delivered and title has passed. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the government of Newland.

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTES (CONTINUED)**

(b) Rental income

20.25 Rental income from investment properties is recognised on a straight-line basis over the respective lease term and is included in 'other income'.

(c) Interest income

23.29(a) Interest income is recognised using the effective interest method.

(d) Dividend income

23.29(c) Dividend income from investments, including associates, is recognised in the period in which the Group's right to receive payment has been established, and is included in 'other income'.

**Leases**

20.4 Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

20.9 Rights to assets held under finance leases are recognised as assets of the Group at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

20.12  
20.15 Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

**Borrowing costs**

25.2 All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Income tax**

Glossary Tax expense represents the aggregate amount included in profit or loss for the period in respect of current tax and deferred tax.

29.2 Current tax is the amount of income tax payable or refundable in respect of the taxable profit or loss for the current or prior periods.

29.9 A deferred tax asset or liability is recognised for tax recoverable or payable in future periods as a result of past transactions or events. Deferred tax arises from differences (known as temporary differences) between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their corresponding tax bases. The tax bases of assets are determined by the consequences of sale of the assets.

29.3(c)(i)

29.15  
29.16 Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future except those associated with goodwill. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future and any unused tax losses.

29.21  
29.22 Deferred tax assets are measured at the highest amount that is more likely than not to be recovered, based on current or estimated future taxable profit. The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTES (CONTINUED)**

29.19 Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which management expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

***Share capital, share premium, and dividends payable***

22.10 Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of the par value are classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.  
32.8

***Property, plant and equipment, including investment property***

17.31(a) Items of property, plant and equipment, including investment property, are measured at cost less accumulated depreciation and any accumulated impairment losses.

17.31(b) Freehold land is not depreciated. For all other assets depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

17.31(c)	Buildings	2.5%
	Plant and machinery	8.33 – 12.5%
	Motor vehicles	12.5 %

17.23 If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

17.30 On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in profit or loss, and included in 'other income' or 'other operating expenses'.  
17.28

***Intangible assets***

(a) Computer software

18.27 Purchased computer software is stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortised over its estimated life of five years using the straight-line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

(b) Goodwill

19.22 Goodwill is initially recognised at cost, being the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Subsequently, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged so as to allocate the cost of the goodwill over a period of ten years, using the straight-line method.  
19.23

14.12(a) ***Investments in associates***

14.2 An associate is a company over which the Group has significant influence and that is not a subsidiary.

14.5 Investments in associates are accounted for at cost less any accumulated impairment losses.

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTES (CONTINUED)**

***Impairment of non-financial assets***

27.7 At each reporting date, property, plant and equipment, investment property, intangible assets, and investments in associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

27.29 If an impairment loss for a non-financial asset other than goodwill subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

11.40 ***Financial instruments***

11.13 Trade and other receivables are initially recognised at the transaction price. All sales are made on the basis of normal credit terms, and the receivables do not bear interest. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

11.13 Financial liabilities are initially recognised at the transaction price (including transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

11.14(c)(i) Investments in quoted shares are initially recognised at the transaction price and subsequently measured at fair value, with changes in fair value being recognised in profit or loss. Fair value is determined using the quoted bid price at the reporting date.

11.14(c)(ii) Investments in unquoted shares are measured at cost less impairment, since their fair value cannot be measured reliably. If there is an indication of possible impairment, the carrying amount is reduced to management's best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

13.22(a) ***Inventories***

13.4 Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first-in, first-out (FIFO) method, and includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

***Employee benefits - post-employment benefit obligations***

28.41(a) Under the Group's Collective Bargaining Agreement with the Bakeries Workers Union, unionised employees in Newland who resign or retire after completing at least five years of service are entitled to fifteen days pay for each completed year of service. The Group does not fund this obligation in advance. The Group's unfunded obligations, both vested and unvested, to pay these defined benefit post-employment benefits are recognised based on employees' service up to the reporting date and on their salaries at that date. The net change in the obligation is recognised in profit or loss.

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTES (CONTINUED)**

28.15 The Group also operates a defined benefit plan for its non-unionised employees in Newland. The defined benefit plan, as specified  
28.18 in the agreement, defines an amount of pension benefit that an employee will receive upon retirement, depending upon one or more  
28.17 factors including age, years of service and compensation. The liability recognised in the consolidated statement of financial position  
28.24(b) is the present value of the obligation less the fair value of plan assets at the reporting date. The obligation is measured using the  
28.25(e) projected unit credit method. The present value of the obligations is the discounted estimated future payments using market yields  
on high-quality corporate bonds at the reporting date, which are denominated in the currency the benefits will be paid and maturity  
approximating the terms of the related liability. Actuarial gains and losses are charged or credited to other comprehensive income in  
the period they arise. Past service costs are recognised immediately in profit or loss.

28.13 The Group and its employees in Otherland contribute to the Newland National Social Security Fund, a defined contribution scheme  
operated by the government of Otherland. Contributions to the Fund are determined by statute and the Group's contributions are  
charged to profit or loss in the year to which they relate.

**Provision for terminal benefits**

28.34 Provisions for terminal benefits are recognised only when the entity is demonstrably committed to terminate an employee or group  
of employees before their normal retirement date.

**3 Judgements and key sources of estimation uncertainty**

8.6 No significant judgements have had to be made by management in preparing these financial statements. Management has,  
8.7 however, had to make key assumptions regarding the recoverable amount of impaired trade receivables. The recoverable amount  
of such receivables at the end of the reporting period has been estimated as CU 1,273,000. Key assumptions have also been made  
in determining the provision for post-employment benefit obligations, as disclosed in Note 17.

**4 Revenue**

23.30(b) Revenue comprises sales of bread and cakes.

**5 Other income**

	2010	2009
	CU'000	CU'000
Rental income from investment property	450	450
11.48(a)(iii) Interest income on bank balances	29	21
11.48(a)(i) Dividends received from investments in quoted shares	133	152
14.13 Dividends received from associates	183	215
11.48(a)(i) Fair value gain - quoted shares	127	48
Gain on disposal of property, plant and equipment	192	-
	<b>1,114</b>	<b>886</b>

**6 Finance costs**

	2010	2009
	CU'000	CU'000
11.48(a)(iv) Interest on bank loan and overdraft	1,621	2,597
Interest on finance leases	552	662
Exchange loss on foreign currency borrowings	690	122
	<b>2,863</b>	<b>3,381</b>

**7 Profit before tax**

The following items have been recognised as expenses in determining profit before tax:

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTES (CONTINUED)**

	2010	2009
	CU'000	CU'000
13.22(c) Cost of inventories recognised as expense	202,681	184,074
27.33(b) Impairment loss on property, plant and equipment (included in cost of sales)	399	-
27.33(c) Impairment of goodwill	488	-
11.48(c) Impairment loss on trade receivables	1,862	1,351
20.16(b) Operating lease rentals	2,429	2,073
30.25(a) Foreign exchange loss on trade payables	1,761	336
28.40 Expense for defined contribution plan	592	418
28.41(g)(i) Expense for defined benefit plans	1,947	1,428

**8 Tax expense**

	2010	2009
	CU'000	CU'000
29.31(a) Current tax	2,215	973
29.31(c) Deferred tax (Note 11)	(96)	184
29.31(b) Under-provision in prior year	-	52
	<b>2,119</b>	<b>1,209</b>

29.32(c) Income tax is calculated at 30 per cent (2009: 30 per cent) of the estimated assessable profit for the year.

29.32(b) Income tax expense for the year of CU 2,119,000 in 2010 (2009: CU 1,209,000) differs from the amount that would result from applying the tax rate of 30 per cent (both 2010 and 2009) to profit before tax because, under the tax laws of Newland, the dividends received from associates are not taxable, and the impairment charge for goodwill and expenses in respect of donations and fines that are recognised in measuring profit before tax are not tax-deductible.

4.11(a) **9 Property, plant and equipment**

	Land and buildings	Investment property	Plant and machinery	Motor vehicles	Total
	CU'000	CU'000	CU'000	CU'000	CU'000

**COST**

17.31(d) <b>At 1 January 2010</b>	33,238	7,398	23,977	25,748	90,361
17.31(e)(i) Additions	-	-	847	2,361	3,208
17.31(e)(ii) Disposals	-	-	(184)	(1,866)	(2,050)
Translation differences			405	456	861
17.31(d) <b>At 31 December 2010</b>	<b>33,238</b>	<b>7,398</b>	<b>25,045</b>	<b>26,699</b>	<b>92,380</b>

**ACCUMULATED DEPRECIATION AND IMPAIRMENT**

17.31(d) <b>At 1 January 2010</b>	1,322	1,388	11,992	14,667	29,369
17.31(e)(vi) Annual depreciation	331	185	1,527	3,229	5,272
17.31(e)(v) Impairment	-	-	399	-	399
17.31(e)(iii) Less accumulated depreciation on assets disposed of	-	-	(37)	(1,405)	(1,442)
Translation differences			109	130	239
17.31(d) <b>At 31 December 2010</b>	<b>1,653</b>	<b>1,573</b>	<b>13,990</b>	<b>16,621</b>	<b>33,837</b>

**CARRYING AMOUNT**

<b>AT 31 DECEMBER 2010</b>	<b>31,585</b>	<b>5,825</b>	<b>11,055</b>	<b>10,078</b>	<b>58,543</b>
----------------------------	---------------	--------------	---------------	---------------	---------------

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTES (CONTINUED)**

- 17.26 In December 2010 management took the decision to close the bakery in Old Town in the first quarter of 2011. The plant and machinery is to be sold. Management have assessed the recoverable value of this plant and machinery and an impairment loss of CU 399,000 has been recognised.
- 20.13(a) The carrying amount of the Group's plant and machinery includes an amount of CU 3,264,000 (2009: CU 4,028,000) in respect of assets held under finance leases.
- 17.32(b) Contractual commitments for the acquisition of property, plant and equipment amounted to CU 512,000 at 31 December 2010 (2009: CU 478,000).

**10 Intangible assets**

	Goodwill	Computer software	Total	
	CU'000	CU'000	CU'000	
18.27(e) 19.26				
	<b>COST</b>			
18.27(c)	<b>At 1 January 2010</b>	<b>5,397</b>	<b>1,763</b>	<b>7,160</b>
18.27(e)(i)	Additions	-	776	776
18.27(c)	<b>At 31 December 2010</b>	<b>5,397</b>	<b>2,539</b>	<b>7,936</b>

**ACCUMULATED AMORTISATION AND IMPAIRMENT**

18.27(c)	<b>At 1 January 2010</b>	<b>3,238</b>	<b>706</b>	<b>3,944</b>
	Annual amortisation (included in other operating expenses)	540	-	540
18.27(d)	Annual amortisation (included in administrative expenses)	-	508	508
19.26(b)	Impairment	488	-	488
18.27(c)	<b>At 31 December 2010</b>	<b>4,266</b>	<b>1,214</b>	<b>5,480</b>

**CARRYING AMOUNT**

	<b>AT 31 DECEMBER 2010</b>	<b>1,131</b>	<b>1,325</b>	<b>2,456</b>
--	----------------------------	--------------	--------------	--------------

- 18.28 The computer software comprises two items of application software: general ledger, with a carrying amount of CU 704,000 and remaining amortisation period of 2 years; and payroll with a carrying amount of CU 621,000 and remaining amortisation period of 4 years. The remaining amortisation period of the goodwill is 3 years.

Following the decision to close the bakery in Old Town, goodwill amounting to CU 488,000 related to that cash generating unit has been written down to nil.

**11 Deferred tax**

- 29.30 The deferred tax liabilities and assets are the tax effects of expected future income tax benefits relating to:
- (a) differences between the carrying amounts and tax written down values of property, plant and equipment;
  - (b) the post-employment benefit obligation (Note 17), which will not be tax-deductible until the benefit is actually paid but has already been recognised as an expense in measuring the Group's profit for the year;
  - (c) the foreign exchange loss on trade payables, which will not be tax-deductible until the payables are settled but has already been recognised as an expense in measuring the Group's profit for the year.

- 29.29 The deferred tax liability represents the net deferred tax liability of the parent and one subsidiary. The deferred tax asset represents the net deferred tax asset of the other subsidiary. The Group has not recognised a valuation allowance against the deferred tax asset because, on the basis of past years and future expectations, management considers it is probable that taxable profits will be available against which the future income tax deductions can be utilised.
- 29.31(g)

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTES (CONTINUED)**

29.32(d) The following are the net deferred tax liabilities recognised by the Group:

	Property, plant and equipment	Post- employment benefits	Foreign exchange loss	Total
	CU'000	CU'000	CU'000	CU'000
<b>At 1 January 2009</b>	<b>7,974</b>	<b>(3,529)</b>	<b>434</b>	<b>4,879</b>
Charge/(credit) to profit or loss for the year	1,097	(247)	183	1,033
(Credit) to other comprehensive income	-	(213)	-	(213)
Translation differences	152	(75)	-	77
<b>At 1 January 2010</b>	<b>9,223</b>	<b>(4,064)</b>	<b>617</b>	<b>5,776</b>
Charge/(credit) to profit or loss for the year	(57)	(281)	(114)	(452)
(Credit) to other comprehensive income	-	(139)	-	(139)
Translation differences	310	(60)	-	250
<b>AT 31 DECEMBER 2010</b>	<b>9,476</b>	<b>(4,544)</b>	<b>503</b>	<b>5,435</b>

The following are the net deferred tax assets recognised by the Group:

	Property, plant and equipment	Post- employment benefits	Tax losses carried forward	Total
	CU'000	CU'000	CU'000	CU'000
<b>At 1 January 2009</b>	<b>(288)</b>	<b>673</b>	<b>-</b>	<b>385</b>
(Charge)/credit to profit or loss for the year	(180)	4	1,025	849
Credit to other comprehensive income	-	40	-	40
<b>At 1 January 2010</b>	<b>(468)</b>	<b>717</b>	<b>1,025</b>	<b>1,274</b>
(Charge)/credit to profit or loss for the year	(748)	3	389	(356)
Credit to other comprehensive income	-	24	-	24
<b>AT 31 DECEMBER 2010</b>	<b>(1,216)</b>	<b>744</b>	<b>1,414</b>	<b>942</b>

29.32(e) The tax losses carried forward expire on 31 December 2014.

**12 Other financial assets**

	2010	2009
	CU'000	CU'000
Financial assets measured at fair value through profit or loss:		
Quoted investments (at quoted market price)	233	1,028
Financial assets measured at cost less impairment:		
Unquoted investments	500	500
	<b>733</b>	<b>1,528</b>

**13 Inventories**

	2010	2009
	CU'000	CU'000
Finished goods, held-for-sale	1,479	1,217
Work-in-progress	898	831
Raw materials and other consumables	13,777	13,447
	<b>16,154</b>	<b>15,495</b>

11.41(a)  
11.43  
11.41(c)  
  
4.11(c)  
13.22(b)  
  
4.11(c)(i)  
4.11(c)(ii)  
4.11(c)(iii)

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTES (CONTINUED)**

4.11(b)

**14 Trade and other receivables**

	2010	2009
	CU'000	CU'000
Trade receivables, net of provision for impairment	17,419	16,469
Amounts due from related parties	5,454	4,415
Value Added Tax recoverable	2,812	2,343
Prepayments	1,003	895
	<b>26,688</b>	<b>24,122</b>

4.11(f)

**15 Share capital**

4.12(a)(i)  
4.12(a)(ii)  
4.12(a)(iv)

	Number of shares issued	Issued and fully paid up capital	Share premium
		CU'000	CU'000
<b>At 1 January 2009 and 31 December 2009</b>	<b>50,000</b>	<b>5,000</b>	<b>2,500</b>
Shares issued for cash in 2010	25,000	2,500	5,000
<b>AT 31 DECEMBER 2010</b>	<b>75,000</b>	<b>7,500</b>	<b>7,500</b>

The total number of authorised ordinary shares at 31 December 2010 was 100,000 (2009: 100,000), each with a par value of CU 100.

4.12(b)

The share premium account represents the excess of the price paid for shares over the par value and is not distributable.

4.12(a)(iii)

On 13 March 2010 the issued and paid up capital was increased from CU 5,000,000 to CU 7,500,000 by an issue for cash of 25,000 ordinary shares at a premium of CU 200 per share.

**16 Borrowings**

	2010	2009
	CU'000	CU'000
<b>NON-CURRENT</b>		
Bank loan	5,171	6,204
Obligations under finance lease	3,564	4,277
	<b>8,735</b>	<b>10,481</b>
<b>CURRENT</b>		
Bank loan	1,723	1,551
Bank overdraft	10,027	27,127
Obligations under finance lease	713	713
	<b>12,463</b>	<b>29,391</b>
<b>TOTAL BORROWINGS</b>	<b>21,198</b>	<b>39,872</b>

11.46

The bank overdraft and loan are secured by a floating lien over land and buildings owned by the Group with a carrying amount of CU 37,410,000 at 31 December 2010 (2009: CU 37,926,000).

11.42

The bank loan is denominated in US dollars and is repayable in six-monthly instalments over the next four years.

11.42

Interest is payable on the bank overdraft at 200 points above the London Interbank Borrowing Rate (LIBOR). Interest is payable on the bank loan at a fixed rate of 5 per cent of the principal amount outstanding.

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTES (CONTINUED)**

**Obligations under finance lease**

20.13(c)  
20.13(b)

The Group holds bakery ovens with an estimated useful life of ten years under an eight-year finance lease with fixed lease payments. The future minimum lease payments are as follows:

	2010	2009
	CU'000	CU'000
Not later than one year	963	963
Later than one year but within five years	3,852	3,852
Later than five years	963	1,926
	<b>5,778</b>	<b>6,741</b>

4.11(e)

**17 Post-employment benefit obligations**

The liability in the statement of financial position comprises:

	2010	2009
	CU'000	CU'000
Unfunded obligation in respect of unionised staff	16,959	15,874
Defined benefit plan for non-unionised staff	190	62
	<b>17,149</b>	<b>15,936</b>

The total obligation is classified as:

Current liability	1,187	1,038
Non-current liability	15,962	14,898
<b>TOTAL</b>	<b>17,149</b>	<b>15,936</b>

28.41(f)

The movement in the provision for the unfunded obligations was as follows:

28.41(e)  
28.41(g)(i)  
28.41(f)(ii)  
28.41(e)

	2010	2009
	CU'000	CU'000
<b>At start of year</b>	<b>15,874</b>	<b>14,749</b>
Additional provision made during the year, charged to profit or loss	2,182	1,956
Benefits paid during the year	(1,097)	(831)
<b>AT END OF YEAR</b>	<b>16,959</b>	<b>15,874</b>

28.41(d)

A comprehensive actuarial valuation of the defined benefit plan was last carried out as at 31 December 2009. The adjustments made for the year ended 31 December 2010 are based on extrapolations provided by the actuary.

The amounts related to the defined benefit plan recognised in the consolidated statement of financial position are determined as follows:

	2010	2009
	CU'000	CU'000
Present value of defined benefit obligation	11,256	10,596
Fair value of plan assets	(11,066)	(10,534)
<b>LIABILITY IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>190</b>	<b>62</b>

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTES (CONTINUED)**

28.41(e) The movement in the defined benefit obligations over the year is as follows:

	2010	2009
	CU'000	CU'000
<b>At 1 January</b>	10,596	10,573
Benefits paid	(708)	(512)
All other changes	1,368	535
<b>AT 31 DECEMBER</b>	<b>11,256</b>	<b>10,596</b>

28.41(f) The movement in the fair value of plan assets in the year is as follows:

	2010	2009
	CU'000	CU'000
<b>At 1 January</b>	10,534	10,471
Contributions	1,000	729
Benefits paid	(708)	(512)
All other changes	240	(154)
<b>AT 31 DECEMBER</b>	<b>11,066</b>	<b>10,534</b>

29.32(a) Included in the changes in the net obligation under the defined benefit plan are actuarial losses of CU 543,000 (2009: CU 845,000), which have been recognised in 'other comprehensive income' net of deferred tax of CU 163,000 (2009: CU 253,000).

28.41(k) The principal actuarial assumptions used were as follows:

	2010	2009
28.41(k)(i) Discount rate	5.9%	5.5%
28.41(k)(ii) Expected rate of return on plan assets	6.3%	6.0%
28.41(k)(iii) Expected rate of salary increases	3.5%	3.0%
28.41(k)(v) Future pension increases	3.4%	3.1%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience.

**ASSUMED LIFE EXPECTANCY FOR PENSIONERS AT NORMAL RETIREMENT AGE**

	2010	2009
Retiring at the consolidated statement of financial position date:		
- Male	23	23
- Female	22	22
Retiring 20 years after the reporting date:		
- Male	25	25
- Female	26	26

28.41(h) Plan assets are comprised as follows

	2010	2009
Equity instruments	39%	27%
Debt instruments	28%	21%
Property	18%	28%
Other	15%	14%
	<b>100%</b>	<b>100%</b>

28.41(i) Pension plan assets do not include any financial instruments issued by the group or property assets owned or occupied by the group. The actual return on plan assets was 17.3%.

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTES (CONTINUED)**

4.11(d)

**18 Trade and other payables**

	2010	2009
	CU'000	CU'000
Trade payables	22,463	24,393
Amounts due to related parties	2,412	2,171
Accrued expenses	5,513	1,156
	<b>30,388</b>	<b>27,720</b>

4.11(e)

**19 Provision for terminal benefits**

28.43  
28.36

Following the decision to close the bakery in Old Town, management gave 25 employees 3 months' notice of redundancy. Provision has been made for management's best estimate of the terminal benefits due to these employees in accordance with Newland's labour laws.

7.20

**20 Cash and cash equivalents**

	2010	2009
	CU'000	CU'000
Cash at bank and in hand	673	922
Less: bank overdraft	(10,027)	(27,127)
	<b>(9,354)</b>	<b>(26,205)</b>

**21 Transition to the IFRS for SMEs**

The Group's consolidated financial statements for the year ended 31 December 2010 are its first annual consolidated financial statements prepared in accordance with IFRS for SMEs. The Group's transition date is 1 January 2009 and its opening IFRS for SMEs consolidated statement of financial position was prepared at that date.

35.13(a)

To comply with the IFRS for SMEs, the following changes in accounting policy have been made and applied retrospectively:

(i) The investments in associates are now carried at cost. Previously they were accounted for using the equity method, with the Group's share of the profit or loss of each associate being included in profit or loss. The investments in associates have therefore been restated at cost as at 1 January 2009, with retained earnings adjusted accordingly.

(ii) The provision for post-employment benefit obligations now includes both vested and unvested obligations. Previously only vested obligations were provided for. The provision and the related deferred tax asset have therefore been restated at 1 January 2009, with retained earnings adjusted accordingly.

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTES (CONTINUED)**

35.13(b) The effect on equity of these changes in accounting policy has been as follows:

	Attributable to equity holders of the parent					
	Share capital	Share premium	Retained earnings	Total	Non-controlling interest	Total
	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000
<b>At 1 January 2009</b>						
As previously reported	5,000	2,500	10,618	18,118	2,898	21,016
Investment in associates	-	-	(1,272)	(1,272)	-	(1,272)
Post-employment benefit obligations	-	-	(1,387)	(1,387)	(96)	(1,483)
Deferred tax on the above	-	-	416	416	29	445
<b>AS RESTATED</b>	<b>5,000</b>	<b>2,500</b>	<b>8,375</b>	<b>15,875</b>	<b>2,831</b>	<b>18,706</b>
<b>At 31 December 2009</b>						
As previously reported	5,000	2,500	13,192	20,692	2,587	23,279
Investment in associates	-	-	(1,738)	(1,738)	-	(1,738)
Post-employment benefit obligations	-	-	(1,580)	(1,580)	(113)	(1,693)
Deferred tax on the above	-	-	474	474	34	508
<b>AS RESTATED</b>	<b>5,000</b>	<b>2,500</b>	<b>10,348</b>	<b>17,848</b>	<b>2,508</b>	<b>20,356</b>

35.13(c) The effect on the consolidated profit or loss for the year ended 31 December 2009 has been as follows:

	CU'000
As previously reported	2,860
Investment in associates	(466)
Post-employment benefit obligations	(210)
Deferred tax on the above	62
<b>AS RESTATED</b>	<b>2,246</b>

**22 Commitments under operating leases**

20.16(c) The Group rents several bakery premises under operating leases. The leases are for an average period of five years, with fixed rentals over the same period.

20.16(a) At year-end, the Group has outstanding commitments under non-cancellable operating leases that fall due as follows:

	2010	2009
	CU'000	CU'000
Within one year	2,629	2,176
Later than one year but not later than five years	7,782	7,034
Later than five years	1,455	1,809
<b>TOTAL FUTURE MINIMUM LEASE PAYMENTS</b>	<b>11,866</b>	<b>11,019</b>

3.23(a)  
3.23(b)  
3.23(c)

**IFRS SME LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTES (CONTINUED)**

**23 Related party transactions**

33.9 The Group sells goods to its associates, as follows:

	2010	2009
	CU'000	CU'000
33.9(a) Sales of goods, included in revenue	35,295	25,985
33.9(b) Amounts receivable, included in trade and other receivables	5,454	4,415

33.9 The Group also purchases yeast from a company owned by a director of the parent company, as follows:

	2010	2009
	CU'000	CU'000
33.9(a) Purchases of raw materials	16,752	13,812
33.9(b) Amounts payable, included in trade and other payables	2,412	2,171

33.9(b)(iii) The payments under the finance lease (see Note 16) are personally guaranteed by a principal shareholder of the company. No charge has been requested for this guarantee.

33.7 The total remuneration of directors and other members of key management in 2010 (including salaries and other benefits) was CU 8,267,000 (2009: CU 6,954,000).

**24 Contingent liabilities**

21.15 During 2010, a customer initiated proceedings against a subsidiary for contaminated products supplied by that company. The customer has claimed damages amounting to CU 3,000,000 and has initiated litigation claiming this amount. Management consider the claim excessive and that any costs eventually incurred will not be significant.

**25 Events after the end of the reporting period**

32.10 On 7 January 2011, there was a fire in one of the Group's bakeries. The cost of refurbishment is expected to be CU 2,765,000. The reimbursements from insurance are estimated to be CU 2,000,000.

3.23(a)  
3.23(b)  
3.23(c)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME [by nature of expense, with no 'other comprehensive income']**

3.17(b)(i)  
5.2(a)

		2010	2009
			Restated
	Notes	CU'000	CU'000
<b>REVENUE</b>	4	373,910	324,810
Other income	5	1,114	886
Changes in inventories of finished goods and work-in-progress		329	181
Raw materials and consumables used		(202,681)	(184,074)
Employee salaries and other benefits		(122,056)	(101,507)
Depreciation and amortisation expense		(6,559)	(5,869)
Impairment of property, plant and equipment		(399)	-
Impairment of goodwill		(488)	-
Other expenses		(34,103)	(27,591)
Finance costs	6	(2,863)	(3,381)
<b>Profit before tax</b>	7	<b>6,204</b>	<b>3,455</b>
Tax expense	8	(2,119)	(1,209)
<b>Profit for the year</b>		<b>4,085</b>	<b>2,246</b>

5.6

**ATTRIBUTABLE TO:**

Equity holders of the parent		4,42	2,51
Non-controlling interest		(33)	(26)
		<b>4,08</b>	<b>2,24</b>

**Analysis of expenses**

5.11

Section 5.11 states that "an entity shall present an analysis of expenses using a classification based on either the nature of expenses or the function of expenses within the entity, whichever provides information that is reliable and more relevant". Under the 'nature of expenses' method, expenses are aggregated in the statement of comprehensive income according to their nature (e.g. depreciation, purchases of materials, transport cost, employee benefits and advertising costs). Under the 'function of expenses' method, expenses are aggregated according to their function as part of cost of sales or, for example, the costs of distribution or administrative activities.

3.23(a)  
3.23(b)  
3.23(c)

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS**

		2010	2009	
			Restated	
	Notes	CU'000	CU'000	
5.5(a)	<b>REVENUE</b>	4	373,910	324,810
5.9	Cost of sales		(309,217)	(272,129)
5.9	<b>Gross profit</b>		<b>64,693</b>	<b>52,681</b>
5.9	Other income	5	1,114	886
5.9	Distribution costs		(20,968)	(17,815)
5.9	Administrative expenses		(28,714)	(22,969)
5.9	Other operating expenses		(7,058)	(5,947)
5.5(b)	Finance costs	6	(2,863)	(3,381)
5.9	<b>Profit before tax</b>	<b>7</b>	<b>6,204</b>	<b>3,455</b>
5.5(d)	Tax expense	8	(2,119)	(1,209)
3.19	<b>Profit for the year</b>		<b>4,085</b>	<b>2,246</b>
6.5(a)	<b>RETAINED EARNINGS AT START OF YEAR:</b>			
	As previously reported		15,779	13,516
6.5(d)	Restatement on transition to IFRS for SMEs	21	(2,923)	(2,310)
	As restated		12,856	11,206
6.5(b)	Dividends		(1,000)	(500)
6.5(e)	<b>RETAINED EARNINGS AT END OF YEAR</b>		<b>15,941</b>	<b>12,952</b>

*Note: In this illustration there is no non-controlling interest or other comprehensive income, and no changes in share capital.*

*Section 3.18 allows presentation of a single 'statement of income and retained earnings' in place of the 'statement of comprehensive income' and 'statement of changes in equity' if the only changes to equity during the periods for which the financial statements are presented arise from profit or loss, payment of dividends, corrections of prior period errors, and changes in accounting policy.*

## Global Contacts

### Americas

#### Keith Parsons

T: +1 303 298 6478

E: keith.parsons@mcgladrey.com

### Europe

#### Marco Marcellan

T: +39 026 291 2198

E: marco.marcellan@rsmitaly.com

### Asia Pacific

#### Jane Meade

T: +61 2 8226 9518

E: jane.meade@rsmi.com.au

### Middle East

#### Chandra Sekaran

T: +965 2245 2680

E: chandra.sekaran@albazie.com

### Africa

#### Simon Fisher

T: +254 20 4451747/8/9

E: sfisher@ke.rsmashvir.com

### RSM Global Executive Office

#### Ellen Costa

T: +44 (0)20 7601 1080

E: ellen.costa@rsmi.com

### About RSM International

RSM International is a global network of independently owned and managed professional service firms, united by a common desire to provide the highest quality of services to their clients. We exist to make a positive difference to their futures. High standards, common work ethic and clear focus make our members valuable partners for a varied client base worldwide.

### Vision

For our members to be the provider of choice to internationally active growing organisations who are looking for accounting, tax, consulting and specialist advisory services that will create lasting success and help them reach their goals.

### Purpose

The RSM difference lies in the close and enduring relationships between our member firms, and is grounded on the quality and commitment of our people. RSM member firms share a common belief that it is through constantly striving for excellence and by working closely together that lasting success is generated.

#### RSM International

Global Executive Office, 2<sup>nd</sup> Floor, 11 Old Jewry, London EC2R 8DU, UK  
T: +44 (0)20 7601 1080 F: +44 (0)20 7601 1090

RSM International is the name given to a network of independent accounting and consulting firms each of which practices in its own right. RSM International does not exist in any jurisdiction as a separate legal entity. The network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 11 Old Jewry, London EC2R 8DU. Intellectual property rights used by members of the network including the trademark RSM International are owned by RSM International Association, an association governed by articles 60 et seq of the Civil Code of Switzerland whose seat is in Zug.