



ILLUSTRATIVE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012
International Financial Reporting Standards



A Layout (International) Group Plc
Annual report and financial statements
For the year ended 31 December 2012

IFRSs for ongoing users

A Layout (International) Group Plc
Annual report and financial statements
For the year ended 31 December 2012

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New and updated for December 2012 year ends

There are no significant changes in this version of A Layout from the 2011 publication.

International Financial Reporting Standards (IFRSs)

A Layout (International) Group Plc prepares its financial statements International Financial Reporting Standards as adopted for use in the European Union ('adopted IFRSs'). There are no differences between adopted IFRSs and IFRSs as published by the IASB which would have affected these financial statements.

A Layout (International) Group Plc is an existing preparer of adopted IFRS consolidated financial statements. Therefore, IFRS 1(Revised 2008) 'First time adoption of IFRSs' is NOT applicable. These consolidated financial statements include the disclosures required by adopted IFRSs that are applicable for financial years beginning on or after 1 January 2012.

Additional disclosures may be required in order to comply with local laws, national financial reporting standards and/or stock exchange regulations. For instance, in the UK, this would mean additional disclosures in respect of the AIM rules or the DTR and Listing Rules and the Companies Act 2006 which are not reflected in these illustrative accounts.

Financial Statements

- IAS 1(R):10 A complete set of financial statements comprises:
- (a) a statement of financial position as at the end of the period;
 - (b) a statement of comprehensive income for the period;
 - (c) a statement of changes in equity;
 - (d) a statement of cash flows;
 - (e) notes, comprising a summary of significant accounting policies and other explanatory notes; and
 - (f) a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.
- An entity may use titles for the statements other than those used in the standard.
- IAS 1(R):49 Clearly identify and distinguish financial statements from other information in the same published document.
- IAS 1(R):51 Clearly identify each component of the financial statements. In addition, display the following information prominently, and repeat when it is necessary for a proper understanding of the information presented:
- (a) name of the reporting entity or other means of identification, and any change in that information from the preceding reporting date;
 - (b) whether the financial statements cover the individual entity or a group of entities;
 - (c) the reporting date or the period covered by the financial statements, whichever is appropriate to that component of the financial statements;
 - (d) the presentation currency as defined in IAS 21 'The Effects of Changes in Foreign Exchange Rates'; and
 - (e) the level of rounding used in presenting amounts in the financial statements.
- IAS 1(R):138 If not disclosed elsewhere in information published with the financial statements, disclose:
- (a) the domicile and legal form of the entity, its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office);
 - (b) a description of the nature of the entity's operations and its principal activities;
 - (c) the name of the parent and ultimate parent of the group.

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Country of incorporation of parent company:	United Kingdom
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]

Statement of comprehensive income

- IAS 1(R):81 Present all items of income and expense recognised in a period:
- (a) in a single statement of comprehensive income (see page 9); or
 - (b) in two statements displaying components of profit or loss (separate income statement) and a second statement beginning with profit or loss displaying components of other comprehensive income (statement of comprehensive income - see page 13)
- IAS 1(R):82 As a minimum present on the face of the statement of comprehensive income the following line items:
- (a) revenue;
 - (b) finance costs [NB IFRIC have indicated that finance income and finance expense should be presented separately on the face of the statement of comprehensive income even in the light of the IFRS 7:20 requirement];
 - (c) share of profits of associates and joint ventures accounted for using the equity method [NB A Layout (International) Group Plc accounts for jointly controlled entities using proportionate consolidation];
 - (d) tax expense;
 - [also IFRS 5:33(a)] (e) a single amount comprising the total of:
 - (i) the post-tax profit or loss of discontinued operations; and
 - (ii) the post-tax gain or loss 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;
 - (f) profit or loss;
 - (g) each component of other comprehensive income classified by nature (excluding the share of the other comprehensive income of associates and joint ventures accounted for using the equity method);
 - (h) share of the other comprehensive income of associations and joint ventures accounted for using the equity method; and
 - (i) total comprehensive income.
- IAS 1(R):85 Present additional line items, headings and sub-totals on the face of the statement of comprehensive income when such presentation is relevant to an understanding of the entity's financial performance.
- IAS 1(R):87 Do not present any items of income and expense as extraordinary items, either on the face of the statement of comprehensive income or the separate income statement if presented, or in the notes.
- IAS 1(R):99-100 Present an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information which is more reliable and more relevant. Entities are encouraged to present this analysis on the face of the statement of comprehensive income or separate income statement.
- IAS 28:38 The investor's share of the profit or loss of associates shall be separately disclosed. The investor's share of any discontinued operations of associates shall also be separately disclosed.

A Layout (International) Group Plc

Consolidated statement of comprehensive income
(Single statement approach, analysed by function of expense)
For the year ended 31 December 2012

	Note	2012 £'000	2011 £'000 As restated, note 38
Revenue	4	175,278	166,517
Cost of sales		(138,410)	(131,579)
Gross profit		<u>36,868</u>	<u>34,938</u>
Other operating income	5	1,283	1,203
Administrative expenses		(9,164)	(9,919)
Distribution expenses		(9,624)	(10,101)
Other expenses		(9,380)	(7,815)
Profit from operations	6	<u>9,983</u>	<u>8,306</u>
Finance expense	9	(584)	(842)
Finance income	9	825	1,491
Share of post-tax profits of associates		960	931
Profit before tax		<u>11,184</u>	<u>9,886</u>
Tax expense	10	(2,782)	(4,209)
Profit from continuing operations		<u>8,402</u>	<u>5,677</u>
Profit / (loss) on discontinued operation, net of tax	11	374	(410)
Profit		<u>8,776</u>	<u>5,267</u>
Other comprehensive income			
Loss on property revaluation	14	(4,460)	(1,154)
Available-for-sale investments		(358)	1,542
Cash flow hedges		73	601
Exchange gains arising on translation of foreign operations		2,084	1,024
Share of associates' other comprehensive income		-	412
Actuarial gains on defined benefit pension schemes	35	266	157
Tax relating to components of other comprehensive income	10	810	(389)
Total other comprehensive income		<u>(1,585)</u>	<u>2,193</u>
Total comprehensive income		<u><u>7,191</u></u>	<u><u>7,460</u></u>

**Statement of
comprehensive
income
(continued)**

IFRS 5:34	Re-present the above statement of comprehensive income disclosures for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the reporting date for the latest period presented.
IAS 1(R):91	An entity may present components of other comprehensive income either: (a) net of related tax effects, or (b) before related tax effects with one amount shown for the aggregate amount of income tax relating to those components.
IFRS 7:23(c)	For cash flow hedges, an entity shall disclose the amount that was recognised in other comprehensive income during the period.
IFRS 7:23(d)	For cash flow hedges, an entity shall disclose 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.
IFRS 7:23(e)	For cash flow hedges, an entity shall disclose 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 7:20(a)(ii)	An entity shall disclose the following items of income, expense, gains or losses either on the face of the financial statements or in the notes: (a) net gains or net losses on: (ii) available-for-sale financial assets, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified from equity and recognised in profit or loss for the period.
Note	A Layout (International) Group Plc has chosen to make the disclosures required by IFRS 7.20(a)(ii) and 23(c)-(d) in the statement of comprehensive income. This analysis could have been given in a note.
IAS 28:39	The investors' share of changes in other comprehensive income by the associate shall be recognised by the investor in other comprehensive income.

A Layout (International) Group Plc

**Consolidated statement of comprehensive income
(Single statement approach, analysed by function of expense)
For the year ended 31 December 2012 (Continued)**

	Note	2012 £'000	2011 £'000 As restated, note 38
Profit for the year attributable to:			
Owners of the parent		8,296	4,919
Non-controlling interest		480	348
		<u>8,776</u>	<u>5,267</u>
Total comprehensive income attributable to:			
Owners of the parent		6,711	7,112
Non-controlling interest		480	348
		<u>7,191</u>	<u>7,460</u>
Earnings per share attributable to the ordinary equity holders of the parent	12		
Profit or loss			
Basic (pence)		11.06	6.62
Diluted (pence)		9.93	6.34
		<u>11.06</u>	<u>6.62</u>
Profit or loss from continuing operations			
Basic (pence)		10.57	7.17
Diluted (pence)		9.50	6.83
		<u>10.57</u>	<u>7.17</u>

**Statement of
comprehensive
income
(continued)**

IAS 1(R):83	<p>Disclose the following items in the statement of comprehensive income as allocations for the period:</p> <p>(a) Profit or loss attributable to:</p> <ul style="list-style-type: none">(i) non-controlling interest; and(ii) owners of the parent. <p>(b) Total comprehensive income for the period attributable to:</p> <ul style="list-style-type: none">(i) non-controlling interest; and(ii) owners of the parent.
IAS 33:66	<p>An entity shall present in the statement of comprehensive income basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity and for profit or loss attributable to the ordinary equity holders of the parent entity for the period for each class of ordinary shares that has a different right to share in profit for the period. An entity shall present basic and diluted earnings per share with equal prominence for all periods presented.</p>
IAS 33:67A	<p>If an entity presents the components of profit or loss in a separate income statement as described in paragraph 81 of IAS 1 (as revised in 2007), it presents basic and diluted earnings per share, as required in paragraphs 66 and 67, in that separate statement.</p>
IAS 33:68	<p>An entity that reports a discontinued operation shall disclose the basic and diluted amounts per share for the discontinued operation either in the statement of comprehensive income or in the notes.</p>
Note	<p>A Layout (International) Group Plc has chosen to make the disclosures required by IAS 33:68 in note 12 to the financial statements. This analysis could have been given in the statement of comprehensive income.</p>
IAS 33:69	<p>Disclose basic and diluted EPS even if the amounts so disclosed are negative (i.e. a loss per share).</p>
IAS 1(R):113	<p>Cross-reference each item in the statement of comprehensive income or separate income statement (if presented) to any related information in the notes.</p>

A Layout (International) Group Plc

**Consolidated income statement (Two statement approach, analysed by nature of expense)
For the year ended 31 December 2012**

	Note	2012 £'000	2011 £'000 As restated, note 38
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		(106,228)	(97,896)
Staff costs	7	(32,263)	(36,632)
Depreciation and amortisation expense		(10,962)	(10,775)
Research and development		(2,541)	(1,547)
Other expenses		(9,894)	(8,637)
Profit from operations		9,983	8,306
Finance expense	9	(584)	(842)
Finance income	9	825	1,491
Share of post-tax profits of associates		960	931
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	4,919
Non-controlling interest		480	348
		8,776	5,267
Earnings per share attributable to the ordinary equity holders of the parent	12		
Profit or loss			
Basic (pence)		11.06	6.62
Diluted (pence)		9.93	6.34
Profit or loss from continuing operations			
Basic (pence)		10.57	7.17
Diluted (pence)		9.50	6.83

**Statement
of comprehensive
income**

See narrative on previous pages.

A Layout (International) Group Plc

**Consolidated statement of comprehensive income (Two statement approach)
For the year ended 31 December 2012**

	Note	2012 £'000	2011 £'000 As restated, note 38
Profit		8,776	5,267
Other comprehensive income			
Loss on property revaluation	14	(4,460)	(1,154)
Available-for-sale investments		(358)	1,542
Cash flow hedges		73	601
Exchange gains arising on translation of foreign operations		2,084	1,024
Share of associates' other comprehensive income		-	412
Actuarial gains on defined benefit pension schemes	35	266	157
Tax relating to components of other comprehensive income	10	810	(389)
		<hr/>	<hr/>
Total other comprehensive income		(1,585)	2,193
		<hr/>	<hr/>
Total comprehensive income		7,191	7,460
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to:			
Owners of the parent		6,711	7,112
Non-controlling interest		480	348
		<hr/>	<hr/>
		7,191	7,460
		<hr/> <hr/>	<hr/> <hr/>

Statement of financial position

- IAS 1(R):113 Cross-reference each item on the face of the statement of financial position to any related information in the notes.
- IAS 1(R):60 An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, an entity shall present all assets and liabilities in order of liquidity.
- IAS 1(R):61 Whichever method of presentation is adopted, for each asset and liability item that combines amounts expected to be recovered or settled:
- (a) no more than 12 months from the reporting date, and
 - (b) more than 12 months after the reporting date, disclose the amount expected to be recovered or settled after more than 12 months.
- IAS 1(R):54 As a minimum, the face of the statement of financial position should include line items which present the following amounts:
- (a) property, plant and equipment;
 - (b) investment property;
 - (c) intangible assets;
 - (d) financial assets (excluding investments accounted for using the equity method, trade and other receivables, and cash/cash equivalents);
 - (e) investments accounted for using the equity method;
 - (f) biological assets;
 - (g) inventories;
 - (h) trade and other receivables;
 - (i) cash and cash equivalents;
 - (j) the total of assets classified as held for sale and assets included in disposal groups classified as held for sale;
 - (k) liabilities included in disposal groups classified as held for sale;
 - (l) trade and other payables;
 - (m) provisions;
 - (n) financial liabilities (excluding amount shown under trade and other payables and provisions);
 - (o) current tax liabilities and assets;
 - (p) deferred tax liabilities and assets;
 - (q) non-controlling interest, presented within equity; and
 - (r) issued capital and reserves attributable to owners of the parent.

Note IAS 1:57 states that “This Standard does not prescribe the order or format in which an entity presents items. Paragraph 54 simply lists items that are sufficiently different in nature or function to warrant separate presentation in the statement of financial position”. In consequence other formats and layouts may be appropriate in the statement of financial position under certain circumstances.

A Layout (International) Group Plc
Consolidated statement of financial position
As at 31 December 2012

	Note	2012 £'000	2011 £'000 As restated, note 38
Assets			
Non-current assets			
Property, plant and equipment	14	47,501	42,153
Investment property	15	2,649	5,838
Intangible assets	16	5,917	3,162
Investments in equity-accounted associates	19	2,685	2,009
Available-for-sale investments	22	3,125	4,021
Derivative financial assets	23	625	666
Other receivables	24	180	104
Deferred tax assets	29	211	365
		<u>62,893</u>	<u>58,318</u>
Current assets			
Inventories	21	21,194	19,425
Trade and other receivables	24	16,693	14,452
Available-for-sale investments	22	448	62
Derivative financial assets	23	2,314	1,551
Cash and cash equivalents	42	21,765	17,775
		<u>62,414</u>	<u>53,265</u>
Assets in disposal groups classified as held for sale	30	5,316	8,756
		<u>67,730</u>	<u>62,021</u>
Total assets		<u><u>130,623</u></u>	<u><u>120,339</u></u>
Liabilities			
Current liabilities			
Trade and other payables	25	14,584	15,571
Loans and borrowings	26	15,230	16,076
Derivative financial liabilities	23	69	48
Corporation tax liability		2,644	2,342
Employee benefits	27	2,817	1,696
Provisions	28	256	375
		<u>35,600</u>	<u>36,108</u>
Liabilities directly associated with assets in disposal groups classified as held for sale	30	327	546
		<u>35,927</u>	<u>36,654</u>

**Statement of
financial position
(continued)**

IFRS 5:40	For non-current assets and assets and liabilities of disposal groups classified in the current period as held for sale do NOT reclassify or re-present comparatives to reflect their classification in the current period as held for sale.
IAS 1(R):55	Present additional line items, headings and sub-totals on the face of the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.
IAS 28:38	Classify investments in associates accounted for using the equity method as non-current assets.
IFRS 7:8	<p>The carrying amounts of each of the following categories, as defined in IAS 39, shall be disclosed either on the face of the statement of financial position or in the notes:</p> <ul style="list-style-type: none">(a) financial assets at fair value through profit or loss, showing separately<ul style="list-style-type: none">(i) those designated as such upon initial recognition and(ii) those classified as held for trading in accordance with IAS 39;(b) held-to-maturity investments;(c) loans and receivables;(d) available-for-sale financial assets;(e) financial liabilities at fair value through profit or loss, showing separately<ul style="list-style-type: none">(i) those designated as such upon initial recognition and(ii) those classified as held for trading in accordance with IAS 39; and(f) financial liabilities measured at amortised cost.
Note	The components of equity illustrated in the financial statements of A Layout (International) Group Plc may not be relevant in all jurisdictions. Examples of such reserves that may not arise are the share premium reserve and capital redemption reserve.

A Layout (International) Group Plc
Consolidated statement of financial position
As at 31 December 2012 *(Continued)*

	Note	2012 £'000	2011 £'000 As restated, note 38
Non-current liabilities			
Loans and borrowings	26	14,292	10,176
Derivative financial liabilities	23	43	56
Employee benefits	27	8,452	6,785
Provisions	28	1,303	930
Deferred tax liability	29	1,451	1,706
		<hr/>	<hr/>
		25,541	19,653
		<hr/>	<hr/>
Total liabilities		61,468	56,307
		<hr/> <hr/>	<hr/> <hr/>
NET ASSETS		69,155	64,032
		<hr/> <hr/>	<hr/> <hr/>
Issued capital and reserves attributable to owners of the parent			
Share capital	31	7,568	7,428
Share premium reserve		23,220	22,434
Shares to be issued	37	2,500	-
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
Available-for-sale reserve		1,217	1,516
Cash flow hedging reserve		939	1,080
Foreign exchange reserve		6,519	4,435
Retained earnings		23,176	20,327
		<hr/>	<hr/>
Non-controlling interest		65,568	60,925
		3,587	3,107
		<hr/>	<hr/>
TOTAL EQUITY		69,155	64,032
		<hr/> <hr/>	<hr/> <hr/>

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]
Director

Statement of cash flows

- IAS 1(R):113 Cross-reference each item on the face of the statement of cash flows to any related information in the notes.
- IAS 7:10 Report cash flows classified by operating, investing and financing activities.
- IAS 7:18 Report cash flows from operating activities using either:
- (a) the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or
 - (b) the indirect method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.
- Note** **A Layout (International) Group Plc prepares its statement of cash flows using the indirect method.**
- IAS 7:21 An entity shall report separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities, except to the extent that cash flows described in paragraphs 22 and 24 are reported on a net basis.
- IAS 7:22 Cash flows arising from the following operating, investing or financing activities may be reported on a net basis:
- (a) cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity; and
 - (b) cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short.
- IAS 7:26 The cash flows of a foreign subsidiary shall be translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.
- IAS 7:31 Disclose cash flows from interest and dividends received and paid separately, and classify each in a consistent manner from period to period as either operating, investing or financing activities.
- IAS 7:35 Disclose and classify cash flows arising from taxes on income separately within operating activities unless they can be separately identified with financing and investing activities.
- IAS 7:39 The aggregate cash flows arising from obtaining or losing control of subsidiaries or other businesses shall be presented separately and classified as investing activities.

A Layout (International) Group Plc
Consolidated statement of cash flows
For the year ended 31 December 2012

	Note	2012 £'000	2011 £'000 As restated, note 38
Cash flows from operating activities			
Profit for the year		8,776	5,267
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	14	9,753	9,165
Impairment of property, plant and equipment	14	1,000	1,000
Amortisation of intangible fixed assets	16	410	410
Impairment losses on intangible assets	16	100	500
Change in value of investment property	15	2,837	1,478
Finance income	9	(825)	(1,491)
Finance expense	9	584	842
Share of profit from associates		(960)	(931)
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	36	1,464	1,695
Income tax expense	10	2,782	4,209
		<hr/>	<hr/>
		25,908	22,059
Increase in trade and other receivables		(1,857)	(5,622)
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
		<hr/>	<hr/>
Cash generated from operations		24,897	10,524
Income taxes paid		(1,658)	(1,367)
		<hr/>	<hr/>
Net cash flows from operating activities		23,239	9,157

**Statement of cash
flows (continued)**

See narrative on previous pages.

A Layout (International) Group Plc
Consolidated statement of cash flows
For the year ended 31 December 2012 (Continued)

	Note	2012 £'000	2011 £'000 As restated, note 38
Net cash flows from operating activities brought forward		23,239	9,157
Investing activities			
Acquisition of subsidiary, net of cash acquired	37,38	(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	16	(650)	(895)
Purchases of available-for-sale financial assets	22	(148)	(52)
Sales of available for sale financial assets	22	400	-
Interest received		244	272
Dividends from associates		284	43
Net cash used in investing activities		(14,241)	(6,326)
Financing activities			
Issue of ordinary shares, net of issue costs		976	-
Purchase of ordinary shares for cancellation		(250)	(250)
Purchase of treasury and ESOP shares		-	(1,230)
Issue of convertible debt, net of issue costs		-	8,500
Proceeds from bank borrowings		10,800	9,400
Repayment of bank borrowings		(8,210)	(2,537)
Payments to finance lease creditors		(810)	(537)
Interest paid on convertible loan notes		(450)	(450)
Dividends paid on shares classified as liabilities	9	(9)	(8)
Dividends paid to the holders of the parent	13	(6,463)	(4,980)
Net cash (used in)/from financing activities		(4,416)	7,908
Net increase in cash and cash equivalents		4,582	10,739
Cash and cash equivalents at beginning of year		17,775	6,276
Exchange (losses) / gains on cash and cash equivalents		(592)	760
Cash and cash equivalents at end of year	42	21,765	17,775

Statement of changes in equity

- IAS 1(R):106 Present a statement of changes in equity which includes the following information:
- (a) total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests;
 - (b) for each component of equity, the effect of retrospective application or retrospective restatement in accordance with IAS 8; and
 - (c) [Deleted]
 - (d) for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing changes resulting from:
 - (i) profit or loss;
 - (ii) other comprehensive income; and
 - (iii) transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.
- IAS 1(R):106A For each component of equity an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item (see paragraph 106(d)(ii)).
- IAS 32:39 Disclose the amount of transaction costs accounted for as a deduction from equity separately.
- IAS 12:82(a) Disclose the aggregate current and deferred tax relating to items that are charged or credited to equity.
- IAS 12:61A Current tax and deferred tax shall be recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognised, in the same or a different period:
- (a) in other comprehensive income, shall be recognised in other comprehensive income; and
 - (b) directly in equity, shall be recognised directly in equity.

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Consolidated statement of changes in equity
For the year ended 31 December 2012

	Share capital	Share premium	Shares to be issued	Capital redemption reserve	Treasury shares/ shares held by ESOP	Convertible debt option reserve	Revaluation reserve	Available-for-sale reserve	Cash flow hedging reserve	Foreign exchange reserve	Retained earnings (restated)	Total attributable to equity holders of parent (restated)	Non-controlling interest	Total equity (restated)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2011	7,428	22,434	-	50	(1,230)	559	4,326	1,516	1,080	4,435	20,327	60,925	3,107	64,032
Comprehensive Income for the year														
Profit	-	-	-	-	-	-	-	-	-	-	8,296	8,296	480	8,776
Other comprehensive Income (Note 33)	-	-	-	-	-	-	(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
Contributions by and distributions to owners														
Dividends	-	-	-	-	-	-	-	-	-	-	(6,463)	(6,463)	-	(6,463)
Issue of share capital	190	786	-	-	-	(56)	-	-	-	-	56	976	-	976
Shares to be issued as part of consideration in business combination	-	-	2,500	-	-	-	-	-	-	-	-	2,500	-	2,500
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	2,500	50	164	(56)	-	-	-	-	(5,652)	(2,068)	-	(2,068)
31 December 2012	7,568	23,220	2,500	100	(1,066)	503	892	1,217	939	6,519	23,176	65,568	3,587	69,155

**Statement of
changes in equity
(continued)**

See narrative on previous pages.

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Consolidated statement of changes in equity
For the year ended 31 December 2012 (Continued)

	Share capital	Share premium	Shares to be issued	Capital redemption reserve	Treasury shares/ shares held by ESOP	Convertible debt option reserve	Revaluation reserve	Available-for-sale reserve	Cash flow hedging reserve	Foreign exchange reserve	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2010	7,478	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 33)	-	-	-	-	-	-	(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
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 2011 as restated (note 38)	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
financial
statements**

IAS 1(R):112

The notes shall:

- (a) present information about the basis of preparation of the financial statements and specific accounting policies used in accordance with paragraphs 117-124;
- (b) disclose the information required by IFRSs that is not presented elsewhere in the financial statements; and
- (c) provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.

IAS 1(R):113

As far as practicable, present notes in a systematic manner.

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Notes forming part of the financial statements
For the year ended 31 December 2012

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Note 1
Accounting policies

General

- IAS 1(R):16 An entity whose financial statements comply with IFRSs shall make an explicit and unreserved statement of such compliance in the notes. Do not describe financial statements as complying with IFRSs unless they comply with all the requirements of IFRSs.
- IAS 1(R):18 Inappropriate accounting treatments are not rectified either by disclosure of the accounting policies used or by notes or explanatory material.
- IAS 1(R):112(a) Present in the notes to the financial statements information about the basis of preparation of the financial statements and the specific accounting policies selected and applied for significant transactions and events.
- IAS 1(R):117 Disclose in the summary of significant accounting policies:
- (a) the measurement basis (or bases) used in preparing the financial statements; and
 - (b) the accounting policies that are relevant to an understanding of the financial statements.
- IAS 34:26 If an estimate of an amount reported in an interim period is changed significantly during the final interim period of the financial year, but a separate financial report is not published for that final interim period, disclose the nature and amount of that change in estimate in a note to the annual financial statements.
- IAS 8:28 When initial application of an IFRS has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:
- (a) the title of the IFRS;
 - (b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions;
 - (c) the nature of the change in accounting policy;
 - (d) when applicable, a description of the transitional provisions;
 - (e) when applicable, the transitional provisions that might have an effect on future periods;
 - (f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:
 - (i) for each financial statement line item affected; and
 - (ii) if IAS 33 Earnings per Share applies to the entity, for basic and diluted earnings per share;
 - (g) the amount of the adjustment relating to periods before those presented, to the extent practicable; and
 - (h) if retrospective application required by paragraph 19(a) or (b) is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

Financial statements of subsequent periods need not repeat these disclosures.

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Notes forming part of the financial statements For the year ended 31 December 2012

1 Accounting policies

Basis of preparation

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

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

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2012

None of the new standards, interpretations and amendments, effective for the first time from 1 January 2012, have had a material effect on the financial statements.

Note 1
Accounting policies
(continued)

*New standards and
amendments*

The following new standards, amendments and interpretations are also effective for the first time in these financial statements but none have had a material effect on the group so have not been included in the illustrative disclosures on the facing page:

- Disclosures - Transfers of Financial Assets (Amendments to IFRS 7)
- Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1)
- Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)

IAS 8:30

When an entity has not applied a new Standard or Interpretation that has been issued but is not yet effective, the entity shall disclose:

- (a) this fact; and
- (b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Standard or Interpretation will have on the entity's financial statements in the period of initial application.

Note

Please note that the disclosures required by IAS 8:30, summarised above, have not been included in these illustrative financial statements as they are subject to frequent change. A full list of new standards amendments and interpretations and their EU endorsement status can be found at:

http://www.efrag.org/Front/c1-306/Endorsement-Status-Report_EN.aspx.

A Layout (International) Group Plc
Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

1 Accounting policies (*Continued*)

Changes in accounting policies (Continued)

b) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Group's future financial statements:

- [Give a brief description of the nature and potential effect of new standards, interpretations and amendments not yet effective which will or may have an effect on the Group's future financial statements]

None of the other new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2012 and which have not been adopted early, are expected to have a material effect on the Group's future financial statements.

Note 1
Accounting policies
(continued)

Revenue

IAS 18:35(a) Disclose the accounting policies adopted for the recognition of revenue including the methods adopted to determine the stage of completion of transactions involving the rendering of services.

Note 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 of activities the group is engaged in. An accounting policy should be included for each significant source of revenue.

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Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

1 Accounting policies (*Continued*)

Revenue

Revenue from the sales of goods is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Group will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right of return, the Group defers recognition of revenue until the right to return has lapsed. However, where high volumes of sales are made to established wholesale customers, revenue is recognised in the period where the goods are delivered less an appropriate provision for returns based on past experience. The same policy applies to warranties.

Provided the amount of revenue can be measured reliably and it is probable that the Group will receive any consideration, revenue for services is recognised in the period in which they are rendered.

Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. 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 purchase 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 control ceases.

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.

Note 1
Accounting policies
(continued)

See narrative on previous pages.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

1 Accounting policies (*Continued*)

Goodwill

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2010, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, in the case of business combinations completed on or after 1 January 2010, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

For business combinations completed prior to 1 January 2010, cost comprised the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. Changes in the estimated value of contingent consideration arising on business combinations completed by this date were treated as an adjustment to cost and, in consequence, resulted in a change in the carrying value of goodwill.

For business combinations completed on or after 1 January 2010, 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.

Note 1
Accounting policies
(continued)

Joint ventures

IAS 31:57 Disclose the method used to recognise interests in jointly controlled entities.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

1 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 the synergies of the combination giving 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. The Group's share of post-acquisition profits and losses is recognised in the consolidated statement of comprehensive income, except that losses in excess of the Group's investment in the associate are not recognised 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.

Joint ventures

Jointly controlled entities are included in the financial statements using proportionate consolidation. The share of each of the jointly controlled entity's assets, liabilities, income and expenses are combined on a line-by-line basis with those of the Group.

Note 1
Accounting policies
(continued)

See narrative on previous pages.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

1 Accounting policies (*Continued*)

Joint ventures (Continued)

Profits and losses arising on transactions between the Group and jointly controlled entities are recognised only to the extent of unrelated investors' interests in the entity. The investor's share in the jointly controlled entity's profits and losses resulting from these transactions is eliminated against the asset or liability of the jointly controlled entity arising on the transaction.

The Group includes the assets it controls, its share of any income and the liabilities and expenses of jointly controlled operations and jointly controlled assets in accordance with the terms of the underlying contractual arrangement.

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 available for sale 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 available for sale financial assets form part of the overall gain or loss recognised in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into sterling 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 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 1
Accounting policies
(continued)

*Financial assets,
financial liabilities
and convertible
debt*

- IFRS 7:21 In accordance with paragraph 117 of IAS 1(R) 'Presentation of Financial Statements', an entity discloses, in the summary of significant accounting policies, 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.
- IFRS 7: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 assets or financial liabilities designated as at fair value through profit or loss:
 - (i) the nature of the financial assets or financial liabilities the entity has designated as at fair value through profit or loss;
 - (ii) the criteria for so designating such financial assets or financial liabilities on initial recognition; and
 - (iii) how the entity has satisfied the conditions in paragraph 9, 11A or 12 of IAS 39 for such designation. For instruments designated in accordance with paragraph (b)(i) of the definition of a financial asset or financial liability at fair value through profit or loss in IAS 39, that disclosure includes a narrative description of the circumstances underlying the measurement or recognition inconsistency that would otherwise arise. For instruments designated in accordance with paragraph (b)(ii) of the definition of a financial asset or financial liability at fair value through profit or loss in IAS 39, that disclosure includes a narrative description of how designation at fair value through profit or loss is consistent with the entity's documented risk management or investment strategy.
 - (b) the criteria for designating financial assets as available for sale.
 - (c) whether regular way purchases and sales of financial assets are accounted for at trade date or at settlement date (see paragraph 38 of IAS 39).
 - (d) when an allowance account is used to reduce the carrying amount of financial assets impaired by credit losses:
 - (i) the criteria for determining when the carrying amount of impaired financial assets is reduced directly (or, in the case of a reversal of a write-down, increased directly) and when the allowance account is used; and
 - (ii) the criteria for writing off amounts charged to the allowance account against the carrying amount of impaired financial assets (see paragraph 16).
 - (e) how net gains or net losses on each category of financial instrument are determined (see paragraph 20(a)), for example, whether the net gains or net losses on items at fair value through profit or loss include interest or dividend income.
 - (f) the criteria the entity uses to determine that there is objective evidence that an impairment loss has occurred (see paragraph 20(e)).
 - (g) when the terms of financial assets that would otherwise be past due or impaired have been renegotiated, the accounting policy for financial assets that are the subject of renegotiated terms (see paragraph 36(d)).

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

1 Accounting policies (*Continued*)

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. The Group has not classified any of its financial assets as held to maturity.

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 only in-the-money derivatives (see "Financial liabilities" section for out-of-money derivatives). 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.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. 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 are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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).

The Group's loans and receivables 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.

Note 1
Accounting policies
(continued)

See narrative on previous pages.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

1 Accounting policies (*Continued*)

Financial assets (Continued)

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognised in other comprehensive income and accumulated in the available-for-sale reserve. Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method are recognised in profit or loss.

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit or loss.

Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve.

On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

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:

Fair value through profit or loss

This category comprises only out-of-the-money derivatives (see "Financial assets" for in the money derivatives). 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 liabilities

Other financial liabilities include the following items:

- Bank borrowings and the Group's perpetual 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. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Note 1
Accounting policies
(continued)

*Fair value
measurement
hierarchy*

Note that, where an entity has only a small number of financial instruments held at fair value, it may be clearer to include a brief description of the fair value measurement hierarchy in the investment note rather than as a separate accounting policy. For example:

“A Layout (International) Plc Group has an investment in the ordinary shares of X Plc which are classified as available for sale. The investment is measured directly using a quoted price in an active market (Level 1 in the IFRS 7 fair value measurement hierarchy).”

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

1 Accounting policies (*Continued*)

Other financial liabilities (Continued)

- 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.

IFRS 7 fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

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.
- For cash flow hedges, the hedged item in a forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.
- The cumulative change in the fair value of the hedging instrument is expected to be between 80-125% of the cumulative change in the fair value or cash flows of the hedged item attributable to the risk hedged (i.e. it is expected to be highly effective).
- The effectiveness of the hedge can be reliably measured.
- The hedge remains highly effective on each date tested. Effectiveness is tested quarterly.

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. 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"). 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.

Note 1
Accounting policies
(continued)

See narrative on previous pages.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

1 Accounting policies (*Continued*)

Cash flow hedges (Continued)

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 1
Accounting policies
(continued)

Retirement
benefits: Defined
benefit schemes

IAS 19:120A(a) Disclose the entity's accounting policy for recognising actuarial gains and losses arising on defined post-employment benefit plans.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

1 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

Interest incurred on the bank loan used to fund the construction of the Group's new head office is being capitalised as part of its cost, net of interest received on cash drawn down yet to be expended. The Group does not incur any other interest costs that qualify for capitalisation.

Retirement benefits: 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.

Retirement benefits: 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; plus
- unrecognised past service costs; less
- the effect of minimum funding requirements agreed with scheme trustees.

Note 1
Accounting policies
(continued)

*Share-based
payment*

IFRS 2:46

An entity shall disclose information that enables users of the financial statements to understand how the fair value of the goods or services received, or the fair value of the equity instruments granted, during the period was determined.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

1 Accounting policies (*Continued*)

Retirement benefits: Defined benefit schemes (Continued)

Any difference between the expected return on assets and that actually achieved, and any changes in the liabilities over the year due to changes in assumptions or experience within the scheme, are recognised in other comprehensive income in the period in which they arise.

Past service costs are recognised directly in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time. In this case, the past service costs are amortised on a straight line basis over the vesting period.

Group schemes are subject to minimum funding requirements (MFR) that impose contribution obligations on the group. If the effect of meeting a MFR would result in the scheme showing a net surplus (because the MFR is determined on a more prudent basis than IAS 19 requires) and the group is not able to benefit from such a surplus in the form of refunds or reductions in future contributions, the defined benefit asset/(liability) recognised is reduced/(increased) accordingly.

Other long-term service benefits

Employees in certain jurisdictions have a statutory entitlement to 3 months' paid leave (or the cash equivalent) after 10 years' of continued service to the Group, but no entitlement if the employee leaves earlier. The obligation is calculated using the projected unit credit method and is discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement.

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.

Note 1
Accounting policies
(continued)

Leases

IAS 17:20, IAS 17:33 and SIC 15:5 The accounting policy in relation to the classification of assets held under leasing arrangements should be given as well as the treatment of lease incentives, if any, that are received.

Note that under IFRS a lease that involves both land and buildings will need to be separately evaluated for the land and the building components. In the case of long leases there may well be an operating lease commitment in respect of the interest in the land and a finance lease obligation in relation to the use of the building. This may also be the case for shorter term leases of older buildings.

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) and (b) For each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets, disclose:

- (a) whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortisation rates used; and
- (b) the amortisation methods used for intangible assets with finite useful lives.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

1 Accounting policies (*Continued*)

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

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 spread 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.

Note 1
Accounting policies
(continued)

See narrative on previous pages.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (Continued)

1 Accounting policies (Continued)

Externally acquired intangible assets (Continued)

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

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.

Note 1
Accounting policies
(continued)

Deferred taxation

IAS 12:15 A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- (a) the initial recognition of goodwill; or
- (b) the initial recognition of an asset or liability in a transaction which:
 - (i) is not a business combination; and
 - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

IAS 12:39 An entity shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- (a) the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- (b) it is probable that the temporary difference will not reverse in the foreseeable future.

IAS 12:24 A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- (a) is not a business combination; and
- (b) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

IAS 12:46 Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

IAS 12:47 Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Dividends

IAS 10:12 If an entity declares dividends to holders of equity instruments (as defined in IAS 32 *Financial Instruments: Presentation*) after the reporting period, the entity shall not recognise those dividends as a liability at the end of the reporting period.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

1 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 jointly controlled entities 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.

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).

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.

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 there is a legal liability to pay at the reporting date.

Note 1
Accounting policies
(continued)

Property, plant and equipment

- IAS 16:73(a)-(c) Disclose for each class of property, plant and equipment:
- (a) measurement bases for determining the gross carrying amount
 - (b) depreciation methods used
 - (c) useful lives or the depreciation rates used.
- IAS 16:31 After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be 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.
- IAS 16:77(f) When items of property, plant and equipment are stated at revalued amounts, disclose the revaluation surplus, indicating the change for the period.
- IAS 36:126(c) For each class of asset, disclose the amount of impairment losses on revalued assets recognised in other comprehensive income during the period.

Treasury shares

- Note** **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).**

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (Continued)

1 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.

Note 1
Accounting policies
(continued)

Inventories

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

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

1 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 to sell.

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.

Note 2
Critical
accounting
estimates and
judgements

Government grants

IAS 20:39(a) Disclose the accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements.

Note **A Layout (International) Group Plc received no such government grants. The accounting policy has been inserted for illustrative purposes only.**

Critical accounting
estimates and
judgements

IAS 1(R):122 Disclose in the summary of significant accounting policies the judgements management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Note **The areas identified and disclosed in response to the above requirement are specific to the financial statements of A Layout (International) Group Plc. 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.**

IAS 1(R):125 An entity shall disclose in the notes information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:

- (a) their nature; and
- (b) their carrying amount as at the reporting date.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

1 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.

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

(a) Revenue recognition

The Group has recognised revenue amounting to £5,350,000 for sales of goods to Timmy's Toys Ltd in the UK during 2012. The buyer has the right to return the goods if its own customers are dissatisfied with the products. The Group believes that, based on past experience with similar sales, the dissatisfaction rate will not exceed 2%. Therefore, the Group considers that it only retained insignificant risks of ownership and has therefore recognised revenue on this transaction with corresponding provision against revenue for estimated returns. If the estimate changes by 1%, revenue would be reduced/increased by £54,000.

(b) Power to exercise significant influence

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 19. 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 an available-for-sale investment. Details are given in note 22.

Note 2
Critical
accounting
estimates and
judgements
(continued)

IAS 40:75(d) and
(e)

Disclose:

- (d) the methods and significant assumptions applied in determining the fair value of investment property, including a statement whether the determination of fair value was supported by market evidence or was more heavily based on other factors (which the entity shall disclose) because of the nature of the property and lack of comparable market data.
- (e) the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation 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. If there has been no such valuation, that fact shall be disclosed.

IFRS 7:27

Disclose for each class of financial instrument the methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates. If there has been a change in the valuation technique, the entity shall disclose that change and the reasons for making it.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

2 Critical accounting estimates and judgements (*Continued*)

Estimates and assumptions

(a) Valuation of investment property and freehold land and buildings

The Group obtains valuations performed by external valuers in order to determine the fair value of its investment properties. These valuations are based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties.

Further information in relation to the valuation of investment property is disclosed in note 15 and in relation to the valuation of freehold land and buildings in note 14.

(b) Impairment of goodwill

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 choice of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in note 17.

(c) Fair value of financial instruments

The Group determines the fair value of financial instruments that are not quoted, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

The methods and assumptions applied, and the valuation techniques used, are disclosed in notes 22 to 23.

(d) Pension 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 35. 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.

(e) Legal proceedings

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 2
Critical
accounting
estimates and
judgements
(continued)**

See narrative on previous pages.

**Note 3
Financial
instruments - risk
management**

- IFRS 7:31 An entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date.
- IFRS 7:33 For each type of risk arising from financial instruments, an entity shall disclose:
- (a) the exposures to risk and how they arise;
 - (b) its objectives, policies and processes for managing the risk and the methods used to measure the risk; and
 - (c) any changes in (a) or (b) from the previous period.

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Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

2 Critical accounting estimates and judgements (*Continued*)

Estimates and assumptions (Continued)

(f) Income taxes

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 company 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 that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. 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. 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.

3 Financial instruments - Risk Management

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

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price risk
- 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.

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 (United Kingdom and overseas)
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Fixed rate bank loans
- Interest rate swaps
- Forward currency contracts

Note 3
Financial
instruments - risk
management
(continued)

IFRS 7:8

The carrying amounts of each of the following categories, as defined in IAS 39, shall be disclosed either on the face of the statement of financial position or in the notes:

- (a) financial assets at fair value through profit or loss, showing separately:
 - (i) those designated as such upon initial recognition; and
 - (ii) those classified as held for trading in accordance with IAS 39;
- (b) held-to-maturity investments;
- (c) loans and receivables;
- (d) available-for-sale financial assets;
- (e) financial liabilities at fair value through profit or loss, showing separately:
 - (i) those designated as such upon initial recognition; and
 - (ii) those classified as held for trading in accordance with IAS 39; and
- (f) financial liabilities measured at amortised cost.

Note

Cash and cash equivalents may also be classified as available-for-sale.

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Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)

3 Financial instruments - Risk Management (Continued)

Principal financial instruments (Continued)

A summary of the financial instruments held by category is provided below:

Financial assets

	Financial assets at fair value through profit or loss		Loans and receivables		Available-for-sale	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Cash and cash equivalents	-	-	21,765	17,775	-	-
Trade and other receivables	-	-	16,306	13,990	-	-
Derivatives	1,353	1,275	-	-	-	-
Equity investments	-	-	-	-	3,573	4,083
	<u>1,353</u>	<u>1,275</u>	<u>38,071</u>	<u>31,765</u>	<u>3,573</u>	<u>4,083</u>
Total financial assets	1,353	1,275	38,071	31,765	3,573	4,083

Financial liabilities

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade and other payables	-	-	13,578	14,666
Loans and borrowings	-	-	29,522	26,252
Derivatives	112	104	-	-
	<u>112</u>	<u>104</u>	<u>43,100</u>	<u>40,918</u>
Total financial liabilities	112	104	43,100	40,918

Note 3
Financial
instruments - risk
management
(continued)

IFRS 7:27B

For fair value measurements recognised in the statement of financial position an entity shall disclose for each class of financial instruments:

- (a) the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in paragraph 27A.
- (b) any significant transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for those transfers. Transfers into each level shall be disclosed and discussed separately from transfers out of each level. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities.
- (c) for fair value measurements in Level 3 of the fair value hierarchy, a reconciliation from the beginning balances to the ending balances, disclosing separately changes during the period attributable to the following:
 - (i) total gains or losses for the period recognised in profit or loss, and a description of where they are presented in the statement of comprehensive income or the separate income statement (if presented);
 - (ii) total gains or losses recognised in other comprehensive income;
 - (iii) purchases, sales, issues and settlements (each type of movement disclosed separately); and
 - (iv) transfers into or out of Level 3 (e.g. transfers attributable to changes in the observability of market data) and the reasons for those transfers. For significant transfers, transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.
- (d) the amount of total gains or losses for the period in (c)(i) above included in profit or loss that are attributable to gains or losses relating to those assets and liabilities held at the end of the reporting period and a description of where those gains or losses are presented in the statement of comprehensive income or the separate income statement (if presented).
- (e) for fair value measurements in Level 3, if changing one or more of the inputs to reasonably possible alternative assumptions would change fair value significantly, the entity shall state that fact and disclose the effect of those changes. The entity shall disclose how the effect of a change to a reasonably possible alternative assumption was calculated. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in other comprehensive income, total equity.

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Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)

3 Financial instruments - Risk Management (Continued)

Financial instruments measured at fair value

	Fair value measurements at 31 December using					
	Level 1		Level 2		Level 3	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Financial assets						
Derivative financial assets - Designated hedge instruments	-	-	1,586	942	-	-
Derivative financial assets - FVTPL	-	-	1,353	1,275	-	-
Equity investments	2,072	2,369	-	-	1,501	1,714
	<u>2,072</u>	<u>2,369</u>	<u>2,939</u>	<u>2,217</u>	<u>1,501</u>	<u>1,714</u>
Financial liabilities						
Derivative financial liabilities - FVTPL	-	-	112	104	-	-
	<u>-</u>	<u>-</u>	<u>112</u>	<u>104</u>	<u>-</u>	<u>-</u>

Level 3 fair value measurements at 31 December

	Unlisted available-for-sale investments	
	2012 £'000	2011 £'000
Opening balance	1,714	1,177
Net gains and losses recognised in other comprehensive income	(110)	537
Disposals	(103)	-
	<u>1,501</u>	<u>1,714</u>
Closing balance	1,501	1,714

The fair value of the unlisted 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 (2012: 6% to 7%; 2011: 5.5% to 6.7%). Were the risk premium adjustments to be increased by 2%, the fair value of the level 3 assets would have been reduced by £50,000 (2011: £62,000).

Note 3
Financial
instruments - risk
management
(continued)

- IFRS 7:32A Providing qualitative disclosures in the context of quantitative disclosures enables users to link related disclosures and hence form an overall picture of the nature and extent of risks arising from financial instruments. The interaction between qualitative and quantitative disclosures contributes to disclosure of information in a way that better enables users to evaluate an entity's exposure to risks.
- IFRS 7:33 For each type of risk arising from financial instruments, an entity shall disclose:
- (a) the exposures to risk and how they arise;
 - (b) its objectives, policies and processes for managing the risk and the methods used to measure the risk; and
 - (c) any changes in (a) or (b) from the previous period.
- IFRS 7:34 For each type of risk arising from financial instruments, an entity shall disclose:
- (a) summary quantitative data about its exposure to that risk at the reporting date. This disclosure shall be based on the information provided internally to key management personnel of the entity (as defined in IAS 24 Related Party Disclosures), for example the entity's board of directors or chief executive officer.
 - (b) the disclosures required by paragraphs 36-42, to the extent not provided in accordance with (a).
 - (c) concentrations of risk if not apparent from the disclosures made in accordance with (a) and (b).
- IFRS 7:36 An entity shall disclose by class of financial instrument:
- (a) the amount that best represents its maximum exposure to credit risk at the reporting date without taking account of any collateral held or other credit enhancements (e.g. netting agreements that do not qualify 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 of other credit enhancements, and their financial effect (e.g. a 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).
 - (c) information about the credit quality of financial assets that are neither past due nor impaired.

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Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

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 24.

Note 3
Financial
instruments - risk
management
(continued)

IFRS 7:22

An entity shall disclose the following separately for each type of hedge described in IAS 39 (i.e. fair value hedges, cash flow hedges, and hedges of net investments in foreign operations):

- (a) a description of each type of hedge;
- (b) a description of the financial instruments designated as hedging instruments and their fair values at the reporting date; and
- (c) the nature of the risks being hedged.

IFRS 7:40, IG36

Disclose:

- (a) a sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date;
- (b) the methods and assumptions used in preparing the sensitivity analysis; and
- (c) changes from the previous period in the methods and assumptions used, and the reasons for such changes.

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Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

3 Financial instruments - Risk Management (*Continued*)

Cash in bank

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

	Rating at 31 December 2012	Balance at 31 December 2012	Rating at 31 December 2011	Balance at 31 December 2011
Trusted Bank Plc	A	15,417	A	13,437

The Risk Management Committee monitors the utilisation of the credit limits regularly and at the reporting date does not expect any losses from non-performance by the counterparties.

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).

Fair value and cash flow 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 finance lease payables) 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 2012 and 2011, the Group's borrowings at variable rate were denominated in Euro and Sterling.

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]) would be an increase of £1,350,000 (2011: £1,780,000) or a decrease of £1,260,000 (2011: £1,580,000). 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 23). Normally the Group raises long-term borrowings at floating rates and swaps them into fixed.

Note 3
Financial
instruments - risk
management
(continued)

See narrative on previous pages.

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Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

3 Financial instruments - Risk Management (*Continued*)

Fair value and cash flow interest rate risk (continued)

At 31 December 2012, if interest rates on Euro-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, profit after tax for the year would have been £540,000 (2011: £460,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings. At 31 December 2012, if interest rates on Pound Sterling-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 £350,000 (2011: £290,000) 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 Euro and Sterling 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 (primarily Euro or Pound Sterling) 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 the Euro-zone. Purchases from this supplier are made on a central basis and the risk is hedged using forward exchange contracts. 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)

See narrative on previous pages.

A Layout (International) Group Plc
Notes forming part of the financial statements
For the year ended 31 December 2012 *(Continued)*

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									
	Sterling		Euro		US Dollar		Other		Total	
	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000
Net foreign currency financial Assets/(liabilities)										
Sterling	-	-	1,015	387	1,521	1,025	2,163	-	4,699	1,412
Euro	1,783	8,393	-	-	(1,446)	(700)	-	1,399	337	9,092
US Dollar	1,929	2,205	200	1,001	-	-	-	82	2,129	3,288
Other	939	(236)	-	-	(1,521)	-	-	-	(582)	(236)
<i>Total net exposure</i>	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)

See narrative on previous pages.

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Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

3 Financial instruments - Risk Management (*Continued*)

Foreign exchange risk (Continued)

The effect of a 20% strengthening of the Euro against Sterling at the reporting date on the Euro-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 £827,000 (2011: £876,000). A 20% weakening in the exchange rate would, on the same basis, have increased post-tax profit and increased net assets by £629,000 (2011: £684,000).

The effect of fluctuations in exchange rates on the Euro-denominated trade payables is partially offset through the use of forward exchange contracts. The effect of a 20% strengthening of the Euro against Sterling 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 £542,000 (2011: £315,000). A 20% weakening in the exchange rate would, on the same basis, have decreased post-tax profit and decreased in net assets by £457,000 (2011: £394,000).

Other market price risk

The Group holds some strategic equity investments in other companies where those complement the Group's operations (see note 22). 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 available for sale reserve and net assets of £357,300 (2011: £408,300). A 10% decrease in their value would, on the same basis, have decreased the available for sale reserve and net assets by the same amount.

Note 3
Financial
instruments - risk
management
(continued)

IFRS 7:39

An entity shall disclose:

- (a) a maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities.
- (b) a maturity analysis for derivatives financial liabilities. The maturity analysis shall include the remaining contractual maturities for those derivative financial liabilities for which contracted maturities are essential for an understanding of the timing of the cash flows.
- (c) a description of how it manages the liquidity risk inherent in (a) and (b).

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Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

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 £5,000,000 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:

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 year £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 December 2012					
Trade and other payables	9,810	4,774	-	-	-
Loans and borrowings	1,900	5,871	14,958	5,485	7,314
Derivative financial liabilities	17	52	43	-	-
Total	11,727	10,697	15,001	5,485	7,314
	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 year £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 December 2011					
Trade and other payables	10,371	5,200	-	-	-
Loans and borrowings	4,046	12,505	6,616	5,408	7,211
Derivative financial liabilities	12	36	56	-	-
Total	14,429	17,741	6,672	5,408	7,211

Note 3
Financial
instruments - risk
management
(continued)

IAS 1(R):134 An entity shall disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

IAS 1(R):135 To comply with paragraph 134, the entity discloses the following:

- (a) qualitative information about its objectives, policies and processes for managing capital, including (but not limited to):
 - (i) a description of what it manages as capital;
 - (ii) when an entity is subject to externally imposed capital requirements, the nature of those requirements and how those requirements are incorporated into the management of capital; and
 - (iii) how it is meeting its objectives for managing capital.
- (b) summary quantitative data about what it manages as capital. Some entities regard some financial liabilities (e.g. some forms of subordinated debt) as part of capital. Other entities regard capital as excluding some components of equity (e.g. components arising from cash flow hedges).
- (c) any changes in (a) and (b) from the previous period.
- (d) whether during the period it complied with any externally imposed capital requirements to which it is subject.
- (e) when the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

These disclosures shall be based on the information provided internally to the entity's key management personnel.

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Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

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.

Note 3
Financial
instruments - risk
management
(continued)

See narrative on previous pages.

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Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

3 Financial instruments - Risk Management (*Continued*)

Capital Disclosures (Continued)

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% (2011: 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 2012 and at 31 December 2011 were as follows:

	2012	2011
	£'000	£'000
Loans and borrowings	29,522	26,252
Less: cash and cash equivalents	(21,765)	(17,775)
	<hr/>	<hr/>
Net debt	7,757	8,477
	<hr/>	<hr/>
Total equity	69,155	64,032
Less: Amounts in the cash flow hedging reserve	(939)	(1,080)
	<hr/>	<hr/>
Total adjusted capital	68,216	62,952
	<hr/>	<hr/>
Debt to adjusted capital ratio (%)	11.37%	13.47%

The decrease in the debt to adjusted capital ratio during 2012 resulted primarily from the increase in equity due to the profit and the increase of cash resulting from operating activities and the disposal of discontinued activities. As a result of this reduction in net debt, the company was in the position to increase dividend payments to £6,463,000 for 2012 from £4,980,000 for 2011.

Note 4
Revenue

IAS 18:35(b) & (c) An entity shall disclose:

- (b) the amount of each significant category of revenue recognised during the period, including revenue arising from:
 - (i) the sale of goods;
 - (ii) the rendering of services;
 - (iii) interest;
 - (iv) royalties;
 - (v) dividends; and
- (c) the amount of revenue arising from exchanges of goods or services included in each significant category of revenue.

Note 5 Operating
income

IAS 40:75(f)(i) & (ii) Disclose:

- (i) rental income from investment property
- (ii) direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period.

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Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

4 Revenue

Revenue arises from:	2012 £'000	2011 £'000
Sale of goods	171,772	163,130
Provision of services	3,506	3,387
	<u>175,278</u>	<u>166,517</u>

Included in provision of services is an amount of £15,000 (2011: £5,000) relating to barter transactions.

5 Other operating income

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

	2012 £'000	2011 £'000
Rental income from investment property	1,200	1,120
Sub-lease rental income	83	83
	<u>1,283</u>	<u>1,203</u>

Note 6
Expenses by
nature

IAS 1(R):104	Where expenses are classified by function, disclose additional information on the nature of expenses, including depreciation, amortisation expense and employee benefits expense.
Note	IAS 1(R):104 does not require a full analysis of expense by their nature so the level of detail included in note 6 is greater than is strictly required.
IAS 1(R):97	Disclose the nature and amount of material items of income and expense separately.
IAS 20:39(b)	Disclose the nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the entity has directly benefited.
IAS 16:74(d)	If it is not presented separately on the face of the statement of comprehensive income, disclose the amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in profit or loss.
IAS 2:36(d)	Disclose the amount of inventories recognised as an expense during the period.
IAS 2:36(e)	Disclose the amount of any write-down of inventories to fair value less costs to sell recognised as an expense in the period.
IAS 17:35(c)	In respect of operating leases, the lessee should disclose lease and sublease payments recognised as an expense in the period.
IAS 36:126(a)	Disclose the amount of impairment losses recognised in profit or loss during the period and the line item(s) of the statement of comprehensive income in which those impairment losses are included.
IAS 21:52(c)	Disclose the amount of exchange differences recognised in profit or loss except for those arising on financial instruments measured at fair value through profit or loss in accordance with IAS 39.
IAS 38:126	Disclose the aggregate amount of research and development expenditure recognised as an expense during the period.
IAS 40:76(d)	Disclose net gains or losses from fair value adjustments of investment properties.
IFRS 7:20(e)	Disclose the amount of any impairment loss for each class of financial asset.
IAS 38:118(d)	For each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets, disclose: (d) the line item(s) of the statement of comprehensive income in which any amortisation of intangible assets is included.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)

6 Expenses by nature	2012 £'000	2011 £'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
Staff costs (see note 7)	32,263	36,632
Depreciation of property, plant and equipment (incl. impairment)	10,553	9,865
Amortisation of intangible assets*	410	410
Goodwill impairment charge**	100	500
Research and development costs	2,541	1,547
Foreign exchange (gains)	(1,744)	(984)
Operating lease expense:		
Plant and machinery	16	14
Property	24	21
(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	2,663
Advertising expenses	4,251	3,073
Other costs	715	1,276
Total cost of sales, administrative expenses, distribution expenses and other operating expenses	166,578	159,414

* Amortisation charges on the group's intangible assets are recognised in the administrative expenses line item in the [income statement/statement of comprehensive income].

** Goodwill impairment charges have been recognised in the other expenses line item in the [income statement/statement of comprehensive income].

Note 7
Staff costs

IAS 19:23	IAS 19 does not require specific disclosures about short-term employee benefits. The breakdown provided by A Layout (International) Group Plc is considered appropriate to its circumstances.
IFRS 2:51(a)	Disclose the total expense recognised immediately in profit and loss arising from share-based payment transactions.
IAS 19:46	Disclose the amount recognised as an expense for defined contribution plans (including a multi-employer plan that is not accounted for using defined benefit accounting).
IAS 24:17	Disclose key management personnel compensation in total and for each of the following categories: (a) short-term employee benefits; (b) post-employment benefits; (c) other long-term benefits; (d) termination benefits; and (e) share-based payment.

A Layout (International) Group Plc

**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

7 Staff costs

	2012	2011
	£'000	£'000
Staff costs (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 pension cost (note 35)	2,983	2,736
Other long-term employee benefits	293	339
Share-based payment expense (note 36)	1,464	1,695
Social security contributions and similar taxes	2,342	2,712
	32,263	36,632
	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 7 and the Financial Controller of the company.

	2012	2011
	£'000	£'000
Salary	850	750
Other long-term benefits	3,228	-
Total pension and other post-employment benefit costs	1,953	2,147
Compensations for loss of office	10	10
Share based payment expense	1,464	1,695
	7,505	4,602
	7,505	4,602

**Note 8
Segment
information**

- IFRS 8:16 If there is "all other segments" category as permitted by IFRS 8:16, need to name the segments included in this category.
- IFRS 8:20 An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
- IFRS 8:22 An entity shall disclose the following general information:
- (a) factors used to identify the entity's reportable segments, including the basis of organisation (for example, whether management has chosen to organise the entity around differences in products and services, geographical areas, regulatory environments, or a combination of factors and whether operating segments have been aggregated), and
 - (b) types of products and services from which each reportable segment derives its revenues.
- IFRS 8:27 An entity shall provide an explanation of the measurements of segment profit or loss, segment assets and segment liabilities for each reportable segment. At a minimum, an entity shall disclose the following:
- (a) the basis of accounting for any transactions between reportable segments.
 - (b) the nature of any differences between the measurements of the reportable segments' profits or losses and the entity's profit or loss before income tax expense or income and discontinued operations (if not apparent from the reconciliations described in paragraph 28). Those differences could include accounting policies and policies for allocation of centrally incurred costs that are necessary for an understanding of the reported segment information.
 - (c) the nature of any differences between the measurements of the reportable segments' assets and the entity's assets (if not apparent from the reconciliations described in paragraph 28). Those differences could include accounting policies and policies for allocation of jointly used assets that are necessary for an understanding of the reported segment information.
 - (d) the nature of any differences between the measurements of the reportable segments' liabilities and the entity's liabilities (if not apparent from the reconciliations described in paragraph 28). Those differences could include accounting policies and policies for allocation of jointly utilised liabilities that are necessary for an understanding of the reported segment information.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

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:

- *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% (2011: 67%) of its external revenues.
- *Board games division* - This division is involved in the manufacture and distribution of board games and similar products and contributed 21% (2011: 20%) of the Group's external revenue and has seen steady growth over the past ten years.
- *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% (2011: 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 (2011: 1%)). Also included in other segments in 2011 is the Group's Abstract Art division that has now been discontinued. In May 2012, 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% (2011: 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 EU Adopted 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 8:27
- (e) the nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any, of those changes on the measure of segment profit or loss.
 - (f) the nature and effect of any asymmetrical allocations to reportable segments. For example, an entity might allocate depreciation expense to a segment without allocating the related depreciable assets to that segment.

IFRS 8:23

An entity shall report a measure of profit or loss for each reportable segment. An entity shall report a measure of total assets and liabilities for each reportable segment if such amounts are regularly provided to the chief operating decision maker.

An entity shall also disclose the following about each reportable segment if the specified amounts are included in the measure of segment profit or loss reviewed by the chief operating decision maker, or are otherwise regularly provided to the chief operating decision maker, even if not included in that measure of segment profit or loss:

- (a) revenues from external customers;
- (b) revenues from transactions with other operating segments of the same entity;
- (c) interest revenue;
- (d) interest expense;
- (e) depreciation and amortisation;
- (f) material items of income and expense disclosed in accordance with paragraph 97 of IAS 1(R) Presentation of Financial Statements;
- (g) the entity's interest in the profit or loss of associates and joint ventures accounted for by the equity method;
- (h) income tax expense or income; and
- (i) material non-cash items other than depreciation and amortisation.

An entity shall report interest revenue separately from interest expense for each reportable segment unless a majority of the segment's revenues are from interest and the chief operating decision maker relies primarily on net interest revenue to assess the performance of the segment and make decisions about resources to be allocated to the segment. In that situation, an entity may report that segment's interest revenue net of its interest expense and disclose that it has done so.

IFRS 8:28(a) & (b)

An entity shall provide reconciliations of all of the following:

- (a) the total of the reportable segments' revenues to the entity's revenue.
- (b) the total of the reportable segments' measures of profit or loss to the entity's profit or loss before tax expense (tax income) and discontinued operations. However, if an entity allocates to reportable segments items such as tax expense (tax income), the entity may reconcile the total of the segments' measures of profit or loss to the entity's profit or loss after those items.

All material reconciling items shall be separately identified and described. For example, the amount of each material adjustment needed to reconcile reportable segment profit or loss to the entity's profit or loss arising from different accounting policies shall be separately identified and described.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

8 Segment information (*Continued*)

	Toys 2012 £'000	Board games 2012 £'000	Outdoor games 2012 £'000	All other segments 2012 £'000	Total 2012 £'000
<i>Revenue</i>					
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 profits in associates					960
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)

See narrative on previous pages.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

8 Segment information (*Continued*)

	Toys 2011 £'000	Board games 2011 £'000	Outdoor games 2011 £'000	All other segments 2011 £'000	Total 2011 £'000
<i>Revenue</i>					
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 profits in associates					931
Finance expense					(842)
Finance income					1,491
Segment loss included in discontinued operations					548
Group profit before tax and discontinued operations					9,886

Note 8
Segment
information
(continued)

IFRS 8:28(c)-(e)

An entity shall provide reconciliations of all of the following:

- (c) the total of the reportable segments' assets to the entity's assets.
- (d) the total of the reportable segments' liabilities to the entity's liabilities if segment liabilities are reported in accordance with paragraph 23.
- (e) the total of the reportable segments' amounts for every other material item of information disclosed to the corresponding amount for the entity.

All material reconciling items shall be separately identified and described. For example, the amount of each material adjustment needed to reconcile reportable segment profit or loss to the entity's profit or loss arising from different accounting policies shall be separately identified and described.

IFRS 8:24

An entity shall disclose the following about each reportable segment if the specified amounts are included in the measure of segment assets reviewed by the chief operating decision maker or are otherwise regularly provided to the chief operating decision maker, even if not included in the measure of segment assets:

- (a) the amount of investment in associates and joint ventures accounted for by the equity method, and
- (b) the amounts of additions to non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

8 Segment information (*Continued*)

	Toys 2012 £'000	Board games 2012 £'000	Outdoor games 2012 £'000	All other segments 2012 £'000	Total 2012 £'000
Additions to non-current assets	16,552	7,448	2,359	682	27,041
Reportable segment assets	81,537	24,914	5,797	5,467	117,715
Investment in associates					2,685
Available for sale 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)					27,645
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					61,468

Note 8
Segment
information
(continued)

See narrative on previous pages.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

8 Segment information (*Continued*)

	Toys 2011 £'000	Board games 2011 £'000	Outdoor games 2011 £'000	All other segments 2011 £'000	Total 2011 £'000
Additions to non-current assets	5,197	2,337	797	297	8,628
	=====	=====	=====	=====	=====
Reportable segment assets	54,001	21,600	10,800	21,514	107,915
	=====	=====	=====	=====	
Investment in associates					2,009
Available for sale 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
					=====

Note 8
Segment
information
(continued)

IFRS 8:33

An entity shall report the following geographical information, unless the necessary information is not available and the cost to develop it would be excessive:

- (a) revenues from external customers (i) attributed to the entity's country of domicile and (ii) attributed to all foreign countries in total from which the entity derives revenues. If revenues from external customers attributed to an individual foreign country are material, those revenues shall be disclosed separately. An entity shall disclose the basis for attributing revenues from external customers to individual countries.
- (b) non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts (i) located in the entity's country of domicile and (ii) located in all foreign countries in total in which the entity holds assets. If assets in an individual foreign country are material, those assets shall be disclosed separately.

The amounts reported shall be based on the financial information that is used to produce the entity's financial statements. If the necessary information is not available and the cost to develop it would be excessive, that fact shall be disclosed. An entity may provide, in addition to the information required by this paragraph, subtotals of geographical information about groups of countries.

IFRS 8:34

An entity shall provide information about the extent of its reliance on its major customers. If revenues from transactions with a single external customer amount to 10 per cent or more of an entity's revenues, the entity shall disclose that fact, the total amount of revenues from each such customer, and the identity of the segment or segments reporting the revenues. The entity need not disclose the identity of a major customer or the amount of revenues that each segment reports from that customer. For the purposes of this IFRS, a group of entities known to a reporting entity to be under common control shall be considered a single customer. However, judgement is required to assess whether a government (including government agencies and similar bodies whether local, national or international) and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic integration between those entities.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

8 Segment information (*Continued*)

	External revenue by location of customers		Non-current assets by location of assets	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
United Kingdom	78,874	74,934	27,786	25,567
France	43,820	41,629	17,540	17,290
Germany	35,056	33,303	11,803	10,559
USA	10,500	9,651	4,928	3,871
Other	7,028	7,000	-	-
	<u>175,278</u>	<u>166,517</u>	<u>62,057</u>	<u>57,287</u>

Revenues from one customer total £20,023,000 (2011: £17,154,000). 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 on: <ul style="list-style-type: none">(i) financial assets or financial liabilities at fair value through profit or loss, showing separately those on financial assets or financial liabilities designated as such upon initial recognition, and those on financial assets or financial liabilities that are classified as held for trading in accordance with IAS 39;(ii) available-for-sale financial assets, showing separately the amount of gain or loss recognised other comprehensive income during the period and the amount reclassified from equity and recognised in profit or loss for the period;(iii) held-to-maturity investments;(iv) loans and receivables; and(v) financial liabilities measured at amortised cost.
IFRS 7:20(b) and (c)	Disclose: <ul style="list-style-type: none">(b) total interest income and total interest expense (calculated using the effective interest method) for financial assets or financial liabilities that are not at fair value through profit or loss.(c) disclose fee income and expense (other than amounts included in determining the effective interest rate) arising from:<ul style="list-style-type: none">(i) financial assets or financial liabilities that are not at fair value through profit or loss; and(ii) trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trusts, retirement benefit plans, and other institutions.
IFRS 7:20(d) and (e)	Disclose: <ul style="list-style-type: none">(d) interest income on impaired financial assets accrued in accordance with paragraph AG93 of IAS 39; and(e) the amount of any impairment loss for each class of financial asset.
IFRS 7:23(d)	For cash flow hedges, an entity shall disclose the amount that was removed from equity and included in profit or loss for the period, showing the amount included in each line item in the statement of comprehensive income.
IFRS 7:24(a)	An entity shall disclose separately: <ul style="list-style-type: none">(a) in fair value hedges, gains or losses:<ul style="list-style-type: none">(i) on the hedging instrument; and(ii) on the hedged item attributable to the hedged risk.
IAS 37:84(e)	Disclose the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.
IAS 21:52(a)	Disclose the amount of exchange differences recognised in profit or loss except for those arising on financial instruments measured at fair value through profit or loss in accordance with IAS 39.
IAS 18:35(b)(v)	Disclose the amount of each significant category of revenue recognised during the period, including revenue arising from dividends.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)

9 Finance income and expense

Recognised in profit or loss

	2012	2011
	£'000	£'000
Finance income		
Interest received on bank deposits	200	250
Interest income on available-for-sale financial assets	45	12
Dividend income on available-for-sale financial assets	34	45
Net gain on disposal of available-for-sale 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**

	2012	2011
	£'000	£'000

Finance expense		
Finance leases (interest portion)	54	123
Interest expense on financial liabilities measured at amortised cost	641	631
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

584 **842**

Net finance income recognised in profit or loss

241 649

Note 9
Finance income
and expense
(continued)

See narrative on previous pages.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

9 Finance income and expense (*Continued*)

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

	2012 £'000	2011 £'000
Total interest income on financial assets	200	250
Total interest expense on financial liabilities	(660)	(719)
	<hr/>	<hr/>
	(460)	(469)
	<hr/> <hr/>	<hr/> <hr/>

Note 10
Tax expense

IAS 12:79 and 80

Disclose the major components of tax expense/income separately. These components may include:

- (a) current tax expense/(income)
- (b) any adjustments recognised in the period for current tax of prior periods
- (c) the amount of deferred tax expense/(income) relating to the origination and reversal of temporary differences
- (d) the amount of deferred tax expense/(income) relating to changes in tax rates or the imposition of new taxes
- (e) the amount of the benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce current tax expense
- (f) the amount of the benefit from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce deferred tax expense
- (g) deferred tax expense arising from the write-down, or reversal of a previous write-down, of a deferred tax asset
- (h) the amount of tax expense/(income) relating to those changes in accounting policies and errors that are included in profit or loss in accordance with IAS 8, because they cannot be accounted for retrospectively.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

10 Tax expense	2012 £'000	2011 £'000
Current tax expense		
Current tax on profits for the year	2,552	2,036
Adjustment for under provision in prior periods	94	100
	2,646	2,136
Deferred tax expense		
Origination and reversal of temporary differences (Note 29)	224	2,142
Recognition of previously unrecognised deferred tax assets	-	(200)
	224	1,942
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates	2,870	4,078
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
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates	2,870	4,078
Income tax on gain on sale of discontinued operation (Note 11)	27	24
Share of tax charge of equity accounted associates	192	186
	3,089	4,288
Total tax expense	3,089	4,288

Note 10
Tax expense
(continued)

IAS 12:81(c)

Disclose an explanation of the relationship between tax and accounting result in either or both of the following forms:

- (i) a numerical reconciliation between tax charge/(income) and the product of accounting profit multiplied by the applicable tax rate(s), disclosing also the basis on which the applicable tax rates are computed; or
- (ii) a numerical reconciliation between the average effective tax rate and the applicable tax rate, disclosing also the basis on which the applicable tax rate is computed.

A Layout (International) Group Plc

**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

10 Tax expense (Continued)

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

	2012	2011
	£'000	£'000
Profit for the year	8,776	5,267
Income tax expense (including income tax on associate and discontinued operation)	3,089	4,288
	11,865	9,555
Profit before income taxes		
Expected tax charge based on the standard rate of United Kingdom corporation tax at the domestic rate of 24.5% (2011: 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)
	3,089	4,288
Total tax expense		

Changes in tax rates and factors affecting the future tax charge

Finance Act 2012 includes provision for the main rate of corporation tax to reduce from 26% to 24% on 1 April 2012, and to 23% on 1 April 2013. It has also been announced that there will be a further 1% reduction to bring the main rate to 22% from 1 April 2014. This will reduce the Company's future tax charge accordingly. The rate of 24% was substantially enacted on the 26 March 2012 and the rate of 23% substantially enacted on 6 July 2012. Accordingly, deferred tax balances have been recognised at 23%, the rate of corporation tax enacted in Finance Act 2012 to apply from 1 April 2013.

Note 10
Tax expense
(continued)

- IAS 1(R):90 An entity shall disclose the amount of income tax relating to each component of other comprehensive income, including reclassification adjustments, either in the statement of comprehensive income or in the notes.
- IAS 12:81(ab) Disclose separately amount of income tax relating to each component of other comprehensive income (see paragraph 62 and IAS 1(R)).
- IAS 12:81 (d) Disclose changes in applicable tax rates compared to the previous accounting period

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Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

10 Tax expense (*Continued*)

Tax on each component of other comprehensive income is as follows (see note 33):

	Before tax £'000	2012 Tax £'000	After tax £'000	Before tax £'000	2011 Tax £'000	After tax £'000
Loss on property revaluation	(4,460)	1,026	(3,434)	(1,154)	289	(865)
Available-for-sale investments:						
Valuation (losses)/gains on available-for-sale investments	(258)	59	(199)	1,542	(386)	1,156
Transferred to profit or loss on sale	(100)	-	(100)	-	-	-
Cash flow hedges:						
Gains recognised on hedging instruments	931	(214)	717	601	(150)	451
Transferred to profit or loss for the year	(200)	-	(200)	-	-	-
Transferred to initial carrying amount of hedged items	(658)	-	(658)	-	-	-
Exchange gains arising on translation of foreign operations	2,084	-	2,084	1,024	-	1,024
Share of associates' other comprehensive income	-	-	-	412	(103)	309
Actuarial gain on defined benefit pension schemes	266	(61)	205	157	(39)	118
	<u>(2,395)</u>	<u>810</u>	<u>(1,585)</u>	<u>2,582</u>	<u>(389)</u>	<u>2,193</u>

Note 11
Discontinued
operations

IFRS 5:33

An entity shall disclose:

- (a) a single amount on the face of the statement of comprehensive income comprising the total of:
 - (i) the post-tax profit or loss of discontinued operations and
 - (ii) the post-tax 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.

- (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.

IAS 7:40

Disclose, in aggregate, in respect of both obtaining and losing control of subsidiaries or other business units during the period each of the following:

- (a) the total consideration paid or received;
- (b) the portion of the consideration consisting of cash and cash equivalents;
- (c) the amount of cash and cash equivalents in the subsidiaries or other businesses over which control is obtained or lost; and
- (d) the amount of the assets and liabilities other than cash or cash equivalents in subsidiaries or other businesses over which control is obtained or lost, summarised by each major category.

A Layout (International) Group Plc

**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

11 Discontinued operations

In February 2011, the Group sold assets, as part of the Group's disposal of its Abstract Art segment, for a cash consideration of £700,000.

In May 2012, 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 2012. Klimt Limited was classified as held for sale in December 2011 (see note 30).

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

	2012	2011
<i>Consideration received (and net cash inflow):</i>	£'000	£'000
Cash	6,300	700
	6,300	700
<i>Net assets disposed (other than cash):</i>		
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)
	63	55

Note 11
Discontinued
operations
(continued)

- IFRS 5:33(c) Disclose the net cash flows attributable to the operating, investing and financing activities of discontinued operations. These disclosures may be presented either in the notes or in the financial statements. These disclosures are not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition.
- IFRS 5:34 An entity shall re-present the disclosures in paragraph 33 for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.
- IAS 27:41(f) If control of a subsidiary is lost, the parent shall disclose the gain or loss, if any, recognised in accordance with paragraph 34, and:
- (i) the portion of that gain or loss attributable to recognising any investment retained in the former subsidiary at its fair value at the date when control is lost; and
 - (ii) the line item(s) in the statement of comprehensive income in which the gain or loss is recognised (if not presented separately in the statement of comprehensive income).

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**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

11 Discontinued operations (Continued)

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

Result of discontinued operations	2012 £'000	2011 £'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
	<hr/>	<hr/>
Profit/(loss) for the year	374	(410)
	<hr/> <hr/>	<hr/> <hr/>
Earnings per share from discontinued operations	2012 Pence	2011 Pence
Basic earnings/(loss) per share	0.50	(0.55)
Diluted earnings/(loss) per share	0.42	(0.47)
	<hr/> <hr/>	<hr/> <hr/>

Statement of cash flows

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

	2012 £'000	2011 £'000
Operating activities	311	(465)
Investing activities	6,300	700
Financing activities	(52)	(48)
	<hr/>	<hr/>
Net cash from discontinued operations	6,559	187
	<hr/> <hr/>	<hr/> <hr/>

Note 12
Earnings per share

IAS 33:68 An entity that reports a discontinued operation shall disclose the basic and diluted amounts per share for the discontinued operation either in the statement of comprehensive income or in the notes.

Note **A Layout (International) Group Plc has chosen to make the disclosures required by IAS 33:68 in note 12.**

IAS 33:70 Disclose:

- (a) the amounts used as the numerators in calculating basic and diluted earnings per share, and a reconciliation of those amounts to profit or loss attributable to the parent entity for the period. Include in the reconciliation the individual effect of each class of instruments that affects earnings per share
- (b) the weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share, and a reconciliation of these denominators to each other. Include in the reconciliation the individual effect of each class of instruments that affects earnings per share
- (c) instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive [e.g. when there is a loss for the year, additional shares would decrease the loss per share] for the periods presented
- (d) a description of ordinary share transactions or potential ordinary share transactions, that occur after the end of the financial period and that would have changed significantly the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period. (NB Where, after the year-end, the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, this disclosure does not apply. This is because the denominator used in the calculation of basic and diluted earnings per share presented on the face of the statement of comprehensive income already reflect those changes).

IAS 33:73 If an entity discloses, in addition to basic and diluted earnings per share, amounts per share using a reported component of the statement of comprehensive income other than one required by this Standard, such amounts shall be calculated using the weighted average number of ordinary shares determined in accordance with this Standard. Basic and diluted amounts per share relating to such a component shall be disclosed with equal prominence and presented in the notes. An entity shall indicate the basis on which the numerator(s) is/(are) determined, including whether amounts per share are before tax or after tax. If a component of the statement of comprehensive income is used that is not reported as a line item in the statement of comprehensive income, a reconciliation shall be provided between the component used and a line item that is reported in the statement of comprehensive income.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

12 Earnings per share

	Continuing operations 2012 £'000	Discontinued operations 2012 £'000	Total 2012 £'000	Continuing operations 2011 £'000	Discontinued operations 2011 £'000	Total 2011 £'000
<i>Numerator</i>						
Profit for the year and earnings used in basic EPS	7,922	374	8,296	5,329	(410)	4,919
Add interest on convertible debt	606	-	606	596	-	596
Less tax effect of above items	(158)	-	(158)	(169)	-	(169)
Earnings used in diluted EPS	8,370	374	8,744	5,756	(410)	5,346
<i>Denominator</i>	'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 (2011: 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. The total number of options in issue is disclosed in note 36.

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

IAS 1(R):107 Disclose in the statement of changes in equity, or in the notes, the amount of dividends recognised as distributions to equity holders during the period, and the related amount dividends per share.

IAS 1(R):137(a) Disclose the amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to equity holders during the period, and the related amount per share.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

13 Dividends

	2012 £'000	2011 £'000
Final dividend of 6.9 pence (2011: 6.0 pence) 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 pence (2011: 0.7 pence) per ordinary share paid during the year	1,263	493
	<u>6,463</u>	<u>4,980</u>

The directors are proposing a final dividend of 5.1 pence (2011: 6.9 pence) per share totalling £3,824,000 (2011: £5,200,000). 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 gross carrying amount and accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period.
- IAS 16:73(e) Disclose for each class of property, plant and equipment a reconciliation of the carrying amount at the beginning and end of the period, showing:
- (i) additions;
 - (ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposals;
 - (iii) acquisitions through business combinations;
 - (iv) increases or decreases resulting from revaluations and from impairment losses recognised or reversed directly in equity in accordance with IAS 36;
 - (v) impairment losses recognised in profit or loss in accordance with IAS 36;
 - (vi) impairment losses reversed in profit or loss in accordance with IAS 36;
 - (vii) depreciation;
 - (viii) net exchange differences arising on the retranslation of the financial statements from the functional currency into a different presentation currency, including the translation of a foreign operation into the presentation currency of the reporting entity; and
 - (ix) other changes.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

14 Property, plant and equipment

	Land and buildings	Plant, machinery and motor vehicles	Fixtures and fittings	Computer equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Cost or valuation</i>						
Balance at 1 January 2011	29,250	35,897	4,000	2,530	2,000	73,677
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)
Revaluations	(1,454)	-	-	-	-	(1,454)
Transfer from assets under construction	-	2,000	-	-	(2,000)	-
Foreign exchange rate movements	541	321	87	-	-	949
Balance at 31 December 2011	<u>23,430</u>	<u>40,074</u>	<u>3,525</u>	<u>2,379</u>	<u>-</u>	<u>69,408</u>
Balance at 1 January 2012	23,430	40,074	3,525	2,379	-	69,408
Additions	-	15,000	1,000	500	3,500	20,000
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)
Revaluations	(4,660)	-	-	-	-	(4,660)
Foreign exchange rate movements	156	713	184	276	-	1,329
Balance at 31 December 2012	<u>17,447</u>	<u>53,274</u>	<u>4,202</u>	<u>3,286</u>	<u>3,500</u>	<u>81,709</u>

Note 14
Property, plant
and equipment
(continued)

- IAS 16:74(a) Disclose the existence and amounts of restrictions on title, and property, plant and equipment pledged as security for liabilities.
- IAS 16:74(b) Disclose the amount of expenditures recognised in the carrying amount of an item of property, plant and equipment in the course of its construction.
- IAS 16:74(c) Disclose the amount of contractual commitments for the acquisition of property, plant and equipment.
- IAS 38:126 Disclose the amount of borrowing costs capitalised during the period.
- IAS 16:77 If items of property, plant and equipment are stated at revalued amounts, disclose:
- (a) the effective date of the revaluation;
 - (b) whether an independent valuer was involved;
 - (c) the methods and significant assumptions applied in estimating the items' fair values;
 - (d) the extent to which the items' fair values were obtained directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques; and
 - (e) for each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model.
- IAS 17:31(a) Disclose, for each class of asset, the net carrying amount at the end of the reporting period.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

14 Property, plant and equipment (*Continued*)

	Land and buildings	Plant, machinery and motor vehicles	Fixtures and fittings	Computer equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Accumulated depreciation</i>						
Balance at 1 January 2011	-	18,562	1,500	1,000	-	21,062
Depreciation charge for the year	300	7,179	800	886	-	9,165
Adjustment due to 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 rate movements	-	300	100	50	-	450
Balance at 31 December 2011	-	23,901	1,582	1,772	-	27,255
Balance at 1 January 2012	-	23,901	1,582	1,772	-	27,255
Depreciation charge for the year	200	8,015	705	833	-	9,753
Adjustment due to 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	-	(2,400)	(150)	-	-	(2,550)
Foreign exchange rate movements	-	400	200	50	-	650
Balance at 31 December 2012	-	29,726	1,912	2,570	-	34,208
Net book value						
At 1 January 2011	29,250	17,335	2,500	1,530	2,000	52,615
At 31 December 2011	23,430	16,173	1,943	607	-	42,153
At 31 December 2012	17,447	23,548	2,290	716	3,500	47,501

Note 14
Property, plant
and equipment
(continued)

Note 15
Investment
property

- IAS 40:75(d) and (e) For investment properties disclose:
- (d) the methods and significant assumptions applied in determining the fair value of investment property (as measured or disclosed in the financial statements) including a statement whether the determination of fair value was supported by market evidence or was more heavily based on other factors (which the entity should disclose) because of the nature of the property and lack of comparable market data.
 - (e) the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation 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. If there has been no such valuation, that fact should be disclosed.
- IAS 40:76 Disclose a reconciliation between the carrying amount of investment property at the beginning and end of the period.
- IAS 40:77 When a valuation obtained for investment property is adjusted significantly for the purpose of the financial statements, for example to avoid double-counting of assets or liabilities that are recognised as separate assets and liabilities, disclose a reconciliation between the valuation obtained and the adjusted valuation included in the financial statements, showing separately the aggregate amount of any recognised lease obligations that have been added back, and any other significant adjustments.
- IAS 40:75(f) Disclose the amounts recognised in profit or loss for:
- (i) rental income from investment property;
 - (ii) direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period;
 - (iii) direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period; and
 - (iv) the cumulative change in fair value recognised in profit or loss on a sale of investment property from a pool of assets in which the cost model is used into a pool in which the fair value model is used (see paragraph 32C).
- IAS 40:75(g) Disclose the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.
- IAS 40:75(h) Disclose contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

A Layout (International) Group Plc

**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

14 Property, plant and equipment (Continued)

Bank borrowings are secured on the Group's freehold land and buildings. Interest capitalised during the year amounted to £120,000 (2011: £nil).

The net book value of assets under construction includes an amount of £2,000,000 (2011: £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 (additional) cost to completion of the property, and to which the Group is contractually committed, is £1,000,000 (2011: £3,000,000).

The Group's freehold and long-leasehold properties were last valued at 31 December 2012 on an open market value basis by qualified valuers from Wheeler and Dealer LLP, an independent firm of chartered surveyors. The valuations were carried out in accordance with guidance issued by the Royal Institution of Chartered Surveyors.

Had the revalued properties been measured on a historical cost basis, their net book value would have been £16,586,000 (2011: £20,273,000). The revaluation surplus (gross of tax) amounted to £3,155,000 (2011: £7,815,000).

The net carrying amount of property, plant and equipment includes the following amounts in respect of *assets held under finance leases* (note 34):

	2012	2011
	£'000	£'000
Buildings	200	220
Machines	1,000	1,400
Motor vehicles	600	-
Computer equipment	230	280
	2,030	1,900
	2,030	1,900

15 Investment property

	2012	2011
	£'000	£'000
At beginning of period	5,838	8,960
Reclassified to assets held-for-sale	(1,000)	(2,000)
Foreign exchange rate movements	848	606
Change in fair value	(2,837)	(1,478)
	2,849	6,088
Lease incentive given (included in prepayments)	(200)	(250)
	2,649	5,838
	2,649	5,838

Note 16
Intangible assets

- IAS 38:118(c) For each class of intangible asset, distinguishing between internally generated intangible assets (such as capitalised development costs) and other intangible assets, disclose the gross carrying amount and the accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the period.
- IAS 38:118(e) For each class of intangible asset, distinguishing between internally generated intangible assets (such as capitalised development costs) and other intangible assets, disclose a reconciliation of the carrying amount at the beginning and end of the period showing:
- (i) additions, indicating separately those from internal development, those acquired separately, and those acquired through business combinations;
 - (ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposals;
 - (iii) increases or decreases during the period resulting from revaluations under paragraphs 75, 85 and 86 and from impairment losses recognised or reversed in other comprehensive income in accordance with IAS 36 (if any);
 - (iv) impairment losses recognised in profit or loss during the period in accordance with IAS 36;
 - (v) impairment losses reversed in profit or loss during the period in accordance with IAS 36;
 - (vi) amortisation recognised during the period;
 - (vii) net exchange differences arising on the translation of the financial statements into the presentation currency, and on the translation of a foreign operation into the presentation currency of the entity; and
 - (viii) other changes in the carrying amount during the period.
- IFRS 3(R):B67(d) Disclose a reconciliation of the carrying amount of goodwill at the beginning and end of the period, showing separately:
- (i) the gross amount and accumulated impairment losses at the beginning of the period;
 - (ii) additional goodwill recognised during the period except goodwill included in a disposal group that, on acquisition, meets the criteria to be classified as held for sale in accordance with IFRS 5;
 - (iii) adjustments resulting from the subsequent recognition of deferred tax assets;
 - (iv) goodwill included in a disposal group classified as held for sale in accordance with IFRS 5 and goodwill derecognised during the period without having been included in a disposal group classified as held for sale;
 - (v) impairment losses recognised during the period in accordance with IAS 36;
 - (vi) net exchange differences arising during the period in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates;
 - (vii) any other changes in the carrying amount during the period; and
 - (viii) the gross amount and accumulated impairment losses at the end of the period.

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Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)

15 Investment property (Continued)

The investment properties were valued on 31 December 2012 and 31 December 2011 on an open market basis [if using valuation techniques, please identify as appropriate] by qualified valuers from Wheeler and Dealer LLP, an independent firm of chartered surveyors. The valuations were carried out in accordance with guidance issued by the Royal Institution of Chartered Surveyors. There are currently no obligations to purchase, construct, or develop the investment properties.

During the year £1,200,000 (2011: £1,120,000) 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 £900,000 (2011: £840,000). Direct operating expenses, including repairs and maintenance, arising from investment property that did not generate rental income during the year amounted to £nil (2011: £nil).

At 31 December 2012, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal (2011: none).

At 31 December 2012, contractual obligations to purchase investment property amounted to £500,000 (2011: £nil).

16 Intangible assets

	Goodwill [restated, note 38]	Development costs	Customer relationships	Trade-marks & Licences [restated, note 38]	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
Balance at 1 January 2011	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
Balance at 31 December 2011	1,863	1,539	200	1,150	4,752
Balance at 1 January 2012	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
Balance at 31 December 2012	2,458	2,029	400	3,150	8,037

Note 16
Intangible assets
(continued)

- IAS 38:122(a) If an intangible is assessed as having an indefinite useful life, disclose the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life. In giving these reasons, describe the factor(s) that played a significant role in determining that the asset has an indefinite useful life.
- IAS 38:122(b) Disclose a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements.
- IAS 38:122(e) Disclose the amount of contractual commitments for the acquisition of intangible assets.

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Notes forming part of the financial statements
for the year ended 31 December 2012 (Continued)

16 Intangible assets (Continued)

	Goodwill [restated, note 38] £'000	Development costs £'000	Customer relationships £'000	Trade-marks & Licences [restated, note 38] £'000	Total £'000
<i>Accumulated amortisation and impairment</i>					
Balance at 1 January 2011	-	200	150	320	670
Amortisation charge for the year	-	300	50	60	410
Impairment losses	500	-	-	-	500
Foreign exchange rate movements	-	10	-	-	10
Balance at 31 December 2011	500	510	200	380	1,590
Balance at 1 January 2012	500	510	200	380	1,590
Amortisation charge for the year	-	300	60	50	410
Impairment losses	100	-	-	-	100
Foreign exchange rate movements	-	20	-	-	20
Balance at 31 December 2012	600	830	260	430	2,120
<i>Net book value</i>					
At 1 January 2011	1,520	674	50	80	2,324
At 31 December 2011	1,363	1,029	-	770	3,162
At 31 December 2012	1,858	1,199	140	2,720	5,917

The Group has contractual commitments for development costs of £nil (2011: £nil).

Current estimates of useful economic live of intangible assets are as follows:

Goodwill	Indefinite
Development costs (internally generated)	5 years
Contractual and non-contractual customer relationships	2-5 years
Trademarks & Licences	10 years

Note 17
Goodwill and
impairment

IAS 36:130

An entity shall disclose the following for each material impairment loss recognised or reversed during the period for an individual asset, including goodwill, or a cash-generating unit:

- (a) the events and circumstances that led to the recognition or reversal of the impairment loss.
- (b) the amount of the impairment loss recognised or reversed.
- (c) for an individual asset:
 - (i) the nature of the asset; and
 - (ii) if the entity reports segment information in accordance with IFRS 8, the reportable segment to which the asset belongs.
- (d) for a cash-generating unit:
 - (i) a description of the cash-generating unit (such as whether it is a product line, a plant, a business operation, a geographical area, or a reportable segment as defined in IFRS 8);
 - (ii) the amount of the impairment loss recognised or reversed by class of assets and, if the entity reports segment information in accordance with IFRS 8, by reportable segment; and
 - (iii) if the aggregation of assets for identifying the cash-generating unit has changed since the previous estimate of the cash-generating unit's recoverable amount (if any), a description of the current and former way of aggregating assets and the reasons for changing the way the cash-generating unit is identified.
- (e) whether the recoverable amount of the asset (cash-generating unit) is its fair value less costs to sell or its value in use.
- (f) if recoverable amount is fair value less costs to sell, the basis used to determine fair value less costs to sell (such as whether fair value was determined by reference to an active market).
- (g) if recoverable amount is value in use, the discount rate(s) used in the current estimate and previous estimate (if any) of value in use.

IAS 36:134(a)-(c)

For each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, disclose:

- (a) the carrying amount of goodwill allocated to the unit (group of units)
- (b) the carrying amount of intangible assets with indefinite useful lives allocated to the unit (group of units)
- (c) the basis on which the unit's (group of units') recoverable amount has been determined (i.e. value in use or fair value less costs to sell).

A Layout (International) Group Plc

**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

17 Goodwill and impairment

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 £76,000. The (pre tax) discount rate used to measure the CGU's value in use was 9%.

Further impairment adjustments to goodwill of £24,000 were necessary due to business combinations in prior years (note 38).

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

	Goodwill carrying amount	
	2012	2011
	£'000	£'000
Toys - Western Europe	637	395
Toys - Eastern Europe	796	705
Board games	361	92
Outdoor games	64	171
	1,858	1,363
	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 2017. Other major assumptions are as follows:

	Toys - Western Europe	Toys - Eastern Europe	Board games	Outdoor games
	%	%	%	%
2012				
Discount rate	5	8	5	5
Operating margin	5	5	5	7
Growth rate*	2	6	2	3
2011	%	%	%	%
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.

Note 17
Goodwill and
impairment
(continued)

- IAS 36:134(d) If the recoverable amount of the unit (group of units) is based on value in use, disclose:
- (i) a description of each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets / forecasts. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive.
 - (ii) a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information.
 - (iii) the period over which management has projected cash flows based on financial budgets/forecasts approved by management and, when a period greater than five years is used in the cash flow projections of a cash-generating unit (group of units), an explanation of why that longer period is justified.
 - (iv) the growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts, and the justification for using any growth rate that exceeds the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market to which the unit (group of units) is dedicated.
 - (v) the discount rate(s) applied to the cash flow projections.
- IAS 36:134(f) If a reasonably possible change in a key assumption on which management has based its determination of the unit's (group of units') recoverable amount would cause the unit's (group of units') carrying amount to exceed its recoverable amount, disclose for each such cash-generating unit:
- (i) the amount by which the unit's (group of units') recoverable amount exceeds its carrying amount
 - (ii) the value assigned to the key assumption
 - (iii) the amount by which the value assigned to the key assumption must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the unit's (group of units') recoverable amount to be equal to its carrying amount.
- IAS 36:135 If some or all of the carrying amount of goodwill or intangible assets with indefinite useful lives is allocated across multiple cash-generating units (groups of units), and the amount so allocated to each unit (group of units) is not significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, that fact shall be disclosed, together with the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to those units (groups of units).

A Layout (International) Group Plc

**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

17 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 for the CGU,

- Toys - Western Europe exceeds its carrying amount by £541,000 (2011: £458,000); and
- Toys - Eastern Europe exceeds its carrying amount by £643,000 (2011: £754,000).

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 2012 %	Toys - Eastern Europe 2012 %	Board games 2012 %	Outdoor games 2012 %
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 17
Goodwill and
impairment
(continued)

IAS 36:135
(Continued)

In addition, if the recoverable amounts of any of those units (groups of units) are based on the same key assumption(s) and the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to them is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, an entity shall disclose that fact, together with:

- (a) the aggregate carrying amount of goodwill allocated to those units (groups of units).
- (b) the aggregate carrying amount of intangible assets with indefinite useful lives allocated to those units (groups of units).
- (c) a description of the key assumption(s).
- (d) a description of management's approach to determining the value(s) assigned to the key assumption(s), whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information and, if not, how and why they differ from past experience or external sources of information.
- (e) if a reasonably possible change in the key assumption(s) would cause the aggregate of the units' (group of units') carrying amounts to exceed the aggregate of their recoverable amounts:
 - (i) the amount by which the aggregate of the unit's (group of units') recoverable amounts exceeds the aggregate of their carrying amounts
 - (ii) the values assigned to the key assumptions
 - (iii) the amount by which the value assigned to the key assumption(s) must change, after incorporating any consequential effects of the change on the other variables used to measure recoverable amount, in order for the aggregate of the units' (group of units') recoverable amounts to be equal to the aggregate of their carrying amounts.

Note 18
Subsidiaries

IAS 27:41(a)

Disclose in consolidated financial statements the nature of the relationship between the parent and a subsidiary when the parent does not own, directly or indirectly through subsidiaries, more than half of the voting power.

IAS 24:13

Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been any transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (Continued)

18 Subsidiaries

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

Name	Country of incorporation	Proportion of ownership interest at 31 December	
		2012	2011
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%
Model Partners Limited	United Kingdom	43% *	43%*
Spielzeug GmbH	Germany	90% **	90%**
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%
Colour Sarl	France	100%	-
Zebra Games Limited	Japan	100%	100%

* Options exercisable at 31 December 2012 over the shares of Model Partners Limited would result in the Group's interest increasing to 68%. Consequently, the Group considers it has the power to control this company and has, therefore been consolidated.

** 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 Plc is 100%. The Group's proportion of voting rights in all other subsidiaries is the same as its ownership interest.

Note 19
Associates

IAS 28:37(c) to (e) Disclose:

- (c) the reasons why the presumption that an investor does not have significant influence is overcome if the investor holds, directly or indirectly through subsidiaries, less than 20 per cent of the voting or potential voting power of the investee but concludes that it has significant influence;
- (d) the reasons why the presumption that an investor has significant influence is overcome if the investor holds, directly or indirectly through subsidiaries, 20 per cent or more of the voting or potential voting power of the investee but concludes that it does not have significant influence;
- (e) the end of the reporting period of the financial statements of an associate, when such financial statements are used in applying the equity method and are as of a date or for a period that is different from that of the investor, and the reason for using a different date or different period.

A Layout (International) Group Plc

**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

19 Investments in associates

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

Name	Country of incorporation	Proportion of voting rights held at 31 December	
		2012	2011
Farbenindustrien GmbH	Germany	25%	25%
Ball Sports (UK) Limited	United Kingdom	17%*	17%*

* Although the Group's ownership interest in Ball Sports (UK) Limited is less than 20%, the Group has warrants giving 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. The directors of A Layout (International) Group Plc therefore consider they have the power to exercise significant influence and have treated the interest in Ball Sports (UK) Limited as an associate.

Aggregated amounts relating to associates are as follows:

	2012 £'000	2011 £'000
Total assets	42,000	35,500
Total liabilities	29,500	25,000
Revenues	15,000	14,500
Profit	4,000	3,850
	<u> </u>	<u> </u>
Unrecognised share of losses		
- arising during the year	-	-
- in aggregate	-	-
	<u> </u>	<u> </u>

Note 20
Joint ventures

- IAS 31:56 A venturer shall disclose a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities. A venturer that recognises its interests in jointly controlled entities using the line-by-line reporting format for proportionate consolidation or the equity method shall disclose the aggregate amounts of each of current assets, long-term assets, current liabilities, long-term liabilities, income and expenses related to its interests in joint ventures.
- IAS 31:55 Disclose the aggregate amount of the following commitments in respect of interests in joint ventures separately from other commitments:
- (a) any capital commitments of the venturer in relation to its interests in joint ventures and its share in the capital commitments that have been incurred jointly with other venturers
 - (b) its share of the capital commitments of the joint ventures themselves.
- IAS 31:54 A venturer shall disclose the aggregate amount of the following contingent liabilities, unless the probability of loss is remote, separately from the amount of other contingent liabilities:
- (a) any contingent liabilities that the venturer has incurred in relation to its interests in joint ventures and its share in each of the contingent liabilities that have been incurred jointly with other venturers;
 - (b) its share of the contingent liabilities of the joint ventures themselves for which it is contingently liable; and
 - (c) those contingent liabilities that arise because the venturer is contingently liable for the liabilities of the other venturers of a joint venture.

Note 21
Inventories

- IAS 2:36(b) and (c) Disclose:
- (b) the total carrying amount of inventories and the carrying amount in appropriate classifications to the entity
 - (c) the carrying amount of inventories carried at fair value less costs to sell.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

20 Joint ventures

The Group has a 33% (2011: 33%) interest in jointly controlled entity, Garden Plastic Toys Limited which has been included in the consolidated financial statements using the proportionate consolidation method. The following amounts have been recognised in the Group's consolidated statement of financial position relating to this JCE.

	2012 £'000	2011 £'000
Non-current assets	4,841	3,654
Current assets	1,025	987
Current liabilities	(736)	(954)
Non-current liabilities	(2,548)	(2,684)
	2,582	1,003
Income	3,167	2,375
Expenses	(2,507)	(2,135)
	660	240

The Group's share of Garden Plastic Toys Limited's contingent liabilities and capital commitments is £nil (2011: £nil) and £500,000 (2011: £750,000) 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 2012. The venturers have jointly and severally agreed to underwrite the amount owed. At 31 December 2012, the cumulative amount owed by Garden Plastic Toys Limited to the supplier was £645,000 (2011: £321,000). The Group's share of this liability is therefore £215,000 (2011: £107,000), although it could be liable for the full amount in the unlikely event that the other 2 venturers were unable to pay their share.

The venturers have each agreed to inject a further £2,000,000 (2011: £2,000,000) of capital if Garden Plastic Toys Limited successfully develops a prototype by 31 December 2012, the money to be used principally for marketing and Garden Plastic Toys Limited's working capital needs.

21 Inventories

	2012 £'000	2011 £'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 £95,000 (2011: £84,000) carried at fair value less costs to sell.

Note 22
Available-for-sale
investments

- IFRS 7:8(d) The carrying amounts of each of the following categories, as defined in IAS 39, shall be disclosed in the statement of financial position or in the notes: available-for-sale financial assets.
- IFRS 7:20(a)(ii) Disclose net gains or losses on available-for-sale financial assets, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified from equity to profit or loss for the period.
- IFRS 7:27 Disclose for each class of financial instrument, the methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates. If there has been a change in valuation technique, the entity shall disclose that change and the reasons for making it.

A Layout (International) Group Plc

**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

22 Available-for-sale investments

	2012	2011
	£'000	£'000
1 January	4,083	2,489
Exchange differences	-	-
Additions	148	52
Disposals	(400)	-
Net (losses)/gains transferred to equity	(258)	1,542
	3,573	4,083
31 December	3,573	4,083
Less: non-current portion	(3,125)	(4,021)
	448	62
	448	62

Available-for-sale financial assets include the following:

	2012	2011
	£'000	£'000
Quoted:		
Equity securities - UK	1,358	1,552
Equity securities - Euro-zone	643	735
Cumulative 5% preference shares	71	82
Unquoted:		
Equity securities - UK	929	1,062
Equity securities - Euro-zone	572	652
	3,573	4,083
	3,573	4,083

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 (2012: 6% to 7%; 2011: 5.5% to 6.7%).

Available-for-sale financial assets are denominated in the following currencies:

	2012	2011
	£'000	£'000
Sterling	1,929	2,205
Euro	1,215	1,388
US Dollar	357	408
Other currencies	72	82
	3,573	4,083
	3,573	4,083

Note 22
Available-for-sale
investments
(continued)

IAS 28:37(d) Disclose the reasons why the presumption that an investor has significant influence is overcome if the investor holds, directly or indirectly through subsidiaries, 20% or more of the voting or potential voting power of the investee but concludes that it does not have significant influence.

Note 23
Derivative
financial
instruments

IFRS 7:22 An entity shall disclose the following separately for each type of hedge described in IAS 39 (i.e. fair value hedges, cash flow hedges, and hedges of net investments in foreign operations):

- (a) a description of each type of hedge;
- (b) a description of the financial instruments designated as hedging instruments and their fair values at the reporting date; and
- (c) the nature of the risks being hedged.

IFRS 7:36 An entity shall disclose by class of financial instrument:

- (a) the amount that best represents its maximum exposure to credit risk at the reporting date without taking account of any collateral held or other credit enhancements (e.g. netting agreements that do not qualify 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 of other credit enhancements, and their financial effect (e.g. a 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).
- (c) information about the credit quality of financial assets that are neither past due nor impaired.

IFRS 7:31 An entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date.

IFRS 7:23 For cash flow hedges, an entity shall disclose the periods when the cash flows are expected to occur and when they are expected to affect profit or loss.

IFRS 7:8(a) and (e) The carrying amounts of each of the following categories, as defined in IAS 39, shall be disclosed in the statement of financial position or in the notes:

- (a) Financial assets at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition and (ii) those classified as held for trading in accordance with IAS 39.
- (e) Financial liabilities at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition and (ii) those classified as held for trading in accordance with IAS 39.

A Layout (International) Group Plc

**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

22 Available-for-sale investments (Continued)

One of the Group's strategic investments is a 23% interest in Quoits & Co Limited. This company is not accounted for on an equity basis 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.

23 Derivative financial instruments

	2012	2011
Derivative financial assets	£'000	£'000
Derivatives not designated as hedging instruments		
Interest rate swaps	897	926
Forward foreign exchange contracts	456	349
	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
	1,586	942
Total derivative financial assets	2,939	2,217
Less non-current portion		
Interest rate swaps	(261)	(214)
Forward foreign exchange contracts	(364)	(452)
	2,314	1,551
Current portion	2,314	1,551

The fair value of a derivative financial instrument is split between current and non-current depending on the remaining maturity of the derivative contract and its contractual cash flows. The fair value of the Group's interest rate and foreign exchange derivatives is based on broker quotes.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the consolidated statement of financial position.

Note 23
Derivative
financial
instruments

See narrative on previous pages.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

23 Derivative financial instruments (*Continued*)

Derivative financial liabilities	2012 £'000	2011 £'000
Derivatives not designated as hedging instruments		
Interest rate swaps	112	104
Forward foreign exchange contracts	-	-
	<hr/>	<hr/>
Total derivatives not designated as hedging instruments	112	104
	<hr/>	<hr/>
Total derivative financial liabilities	112	104
Less non-current portion		
Interest rate swaps	(43)	(56)
Forward foreign exchange contracts	-	-
	<hr/>	<hr/>
Current portion	69	48
	<hr/> <hr/>	<hr/> <hr/>

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 notional principal amounts of outstanding floating to fixed interest rate swap contracts designated as hedging instruments in cash flow interest rate hedges of variable rate debt at 31 December 2012 totalled £10,000,000 (2011: £9,000,000). Their fair value was £546,000 (2011: £352,000).

The ineffective portion recognised in the finance expense that arises from cash flow hedges amounts to a loss of £50,000 (2011: £50,000).

At 31 December 2012, 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 2012 will be released to the consolidated statement of comprehensive income as the related interest expense is recognised.

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.

The notional principal amounts of the outstanding interest rate swap contracts designated as hedging instruments in fair value interest rate hedges of fixed rate debt at 31 December 2012 amount to £8,000,000 (2011: £5,000,000). Their fair value is £712,000 (2011: £341,000).

The ineffective portion recognised in the consolidated statement of comprehensive income that arises from fair value hedges amounts £nil (2011: £nil). Gains and losses on the hedged item attributable to the hedged risk amount to £371,000 (2011: £180,000).

At 31 December 2012, the fixed interest rates vary from 6.5% to 7.2 % (2011: 5.9% to 7.0%). Information on the maturities of the loans is provided in note 26.

Note 23
Derivative
financial
instruments

See narrative on previous pages.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

23 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 notional principal amounts of outstanding forward foreign exchange contracts at 31 December 2012 were £2,000,000 (2011: £1,500,000). Their fair value is £328,000 (2011: £249,000).

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 2012 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 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.

Note 24
Trade and other
receivables

IAS 1(R):77	Disclose either in the statement of financial position or in the notes, further sub-classifications of the line items presented, classified in a manner appropriate to the entity's operations
IAS 1(R):78(b)	Disclose receivables disaggregated into amounts receivable from trade customers, receivables from related parties, prepayments and other amounts.
IAS 24:18(b) and (c)	If there have been transactions between related parties, an entity shall disclose: (b) the amount of outstanding balances and: (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement (ii) details of any guarantees given or received (c) provisions for doubtful debts related to the amount of outstanding balances
IFRS 7:8(c)	The carrying amounts of each of the following categories, as defined in IAS 39, shall be disclosed either in the statement of financial position or in the notes: loans and receivables.
IFRS 7:36	An entity shall disclose by class of financial instrument: (a) the amount that best represents its maximum exposure to credit risk at the reporting date without taking account of any collateral held or other credit enhancements (e.g. netting agreements that do not qualify 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 of other credit enhancements, and their financial effect (e.g. a 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). (c) information about the credit quality of financial assets that are neither past due nor impaired.
IFRS 7:25	Disclose for each class of financial assets and financial liabilities the fair value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount.
IFRS 7:26	In disclosing fair values, an entity shall group financial assets and financial liabilities into classes, but shall offset them only to the extent that their carrying amounts are offset in the statement of financial position.
IFRS 7:27	Disclose for each class of financial instrument the methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities. For example, rates of estimated credit losses, and interest rates or discount rates. If there has been a change in valuation technique, the entity shall disclose that absence and the reasons for making it.
IFRS 7:14	Disclose 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 37(a) of IAS 39; and the terms and conditions relating to its pledge.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

24 Trade and other receivables	2012 £'000	2011 £'000
Trade receivables	15,463	12,846
Less: provision for impairment of trade receivables	(851)	(896)
	<hr/>	<hr/>
Trade receivables - net	14,612	11,950
Receivables from related parties	1,243	1,781
Loans to related parties	451	259
	<hr/>	<hr/>
Total financial assets other than cash and cash equivalents classified as loans and receivables	16,306	13,990
Prepayments	200	250
Other receivables	367	316
	<hr/>	<hr/>
Total trade and other receivables	16,873	14,556
Less: non-current portion - Loan to related parties	(180)	(104)
	<hr/>	<hr/>
Current portion	16,693	14,452
	<hr/> <hr/>	<hr/> <hr/>

The fair values of trade and other receivables classified as loans and receivables are not materially different to their carrying values.

Trade receivables amounting to £1,500,000 (2011: £nil) were pledged to the World Bank as collateral to secure a loan of £1,000,000 (2011: £nil) (see note 26).

Note 24
Trade and other
receivables
(continued)

- IFRS 7:13 An entity may have transferred financial assets in such a way that part or all of the financial assets do not qualify for derecognition (see paragraphs 15-37 of IAS 39). The entity shall disclose for each class of such financial assets:
- (a) the nature of the assets;
 - (b) the nature of the risks and rewards of ownership to which the entity remains exposed;
 - (c) when the entity continues to recognise all of the assets, the carrying amounts of the assets and of the associated liabilities; and
 - (d) when the entity continues to recognise the assets to the extent of its continuing involvement, the total carrying amount of the original assets, the amount of the assets that the entity continues to recognise, and the carrying amount of the associated liabilities.
- IFRS 7:15 When an entity holds collateral (of financial or non-financial assets) and is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, it shall disclose:
- (a) the fair value of the collateral held;
 - (b) the fair value of any such collateral sold or repledged, and whether the entity has an obligation to return it; and
 - (c) the terms and conditions associated with its use of the collateral.
- IFRS 7:37(a) Disclose an analysis of the age of financial assets that are past due as at the reporting date but not impaired.
- IFRS 7:36(c) Disclose information about the credit quality of financial assets that are neither past due nor impaired.
- IFRS 7:37(b) Disclose an analysis of financial assets that are individually determined to be impaired as at the reporting date, including the factors the entity considered in determining that they are impaired.

A Layout (International) Group Plc

**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

24 Trade and other receivables (Continued)

At 31 December 2012, £250,000 (2011: £nil) 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. The proceeds from transferring the debts of £221,000 (2011: £nil) 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.

As at 31 December 2012 trade receivables of £773,000 (2011: £642,000) were past due but not impaired. They relate to the customers with no default history. The ageing analysis of these receivables is as follows:

	2012	2011
	£'000	£'000
Up to 3 months	618	514
3 to 6 months	116	96
6 to 12 months	39	32
	773	642
	773	642

As at 31 December 2012 trade receivables of £851,000 (2011: £896,000) were past due and fully impaired. 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 that the amounts due are impaired are that the customers are unlikely to be able to recommence trading for some time, the debts are 3 months and 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:

	2012	2011
	£'000	£'000
3 to 6 months	808	841
6 to 12 months	43	55
	851	896
	851	896

All non-current receivables are due within 3 years of 31 December 2012.

Note 24
Trade and other
receivables
(continued)

- IFRS 7:16 When financial assets are impaired by credit losses and the entity records the impairment in a separate account (e.g. an allowance account used to record individual impairments or a similar account used to record a collective impairment of assets) rather than directly reducing the carrying amount of the asset, it shall disclose a reconciliation of changes in that account during the period for each class of financial assets.
- IFRS 7:20(e) Disclose the amount of any impairment loss for each class of financial asset
- IFRS 7:36(a) Disclose the amount that best represents its maximum exposure to credit risk at the reporting date without taking account of any collateral held or other credit enhancements (e.g. netting agreements that do not qualify 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.

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Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

24 Trade and other receivables (*Continued*)

Movements on the group provision for impairment of trade receivables are as follows:

	2012 £'000	2011 £'000
At 1 January	896	401
Provided during the year	851	661
Receivable written off during the year as uncollectible	(896)	(108)
Unused amounts reversed	-	(58)
	<hr/>	<hr/>
At 31 December	851	896
	<hr/> <hr/>	<hr/> <hr/>

The movement on the provision for impaired receivables has been included in the cost of sales line in the consolidated statement of comprehensive income.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

Note 25
Trade and other
payables

- IAS 1(R):77 Disclose either in the statement of financial position or in the notes, further sub-classifications of the line items presented, classified in a manner appropriate to the entity's operations.
- IFRS 7:8(f) The carrying amounts of each of the categories, as defined in IAS 39, shall be disclosed either on the face of the statement of financial position or in the notes: financial liabilities measured at amortised cost.
- IFRS 7:27 An entity shall disclose, for each class of financial instrument, the methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates. If there has been a change in valuation technique, the entity shall disclose that change and the reason for making it.
- IFRS 7:26 In disclosing fair values, an entity shall group financial assets and financial liabilities into classes, but shall offset them only to the extent that their carrying amounts are offset in the statement of financial position.

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Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

25 Trade and other payables	2012 £'000	2011 £'000
Trade payables	12,789	11,487
Other payables	643	1,781
Accruals	146	1,398
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	13,578	14,666
Other payables - tax and social security payments	743	481
Deferred income	213	364
Dividends payable	50	60
Total Trade and other payables	14,584	15,571

Book values approximate to fair value at 31 December 2012 and 2011.

Note 26
Loans and
borrowings

IAS 1(R):77	Disclose in the statement of financial position or in the notes, further sub-classifications of the line items presented, classified in a manner appropriate to the entity's operations.
IFRS 7:31	An entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date.
IFRS 7:25	For each class of financial assets and financial liabilities, an entity shall disclose the fair value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount.
IFRS 7:29(a)	Disclosures of fair value not required when the carrying amount is a reasonable approximation of fair value, for example, for financial instruments such as short-term trade receivables and payables.
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 37(a) of IAS 39; and (b) the terms and conditions relating to its pledge.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

26 Loans and borrowings

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

	Book value 2012 £'000	Fair value 2012 £'000	Book value 2011 £'000	Fair value 2011 £'000
Non-Current				
<i>Bank loans</i>				
secured	10,000	9,940	8,000	8,096
unsecured	2,000	1,988	1,000	1,012
Collateralised borrowings	1,000	994	-	-
Redeemable preference shares	128	127	113	114
Finance lease creditor (note 34)	1,164	1,164	1,063	1,064
	<hr/>	<hr/>	<hr/>	<hr/>
	14,292	14,213	10,176	10,286
	<hr/>	<hr/>	<hr/>	<hr/>
Current				
Overdrafts	-	-	100	100
<i>Bank loans</i>				
secured	4,500	4,511	5,500	5,459
unsecured	800	802	600	595
Collateralised borrowings	1,535	1,574	1,235	1,279
Convertible debt	7,682	7,636	8,086	8,183
Finance lease creditor (note 34)	713	713	555	555
	<hr/>	<hr/>	<hr/>	<hr/>
	15,230	15,236	16,076	16,171
	<hr/>	<hr/>	<hr/>	<hr/>
Total loans and borrowings	29,522	29,449	26,252	26,457
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Note 26
Loans and
borrowings
(continued)

See narrative on the previous pages.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)

26 Loans and borrowings (Continued)

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

	2012 £'000	2011 £'000
Sterling	14,761	15,750
US Dollars	2,952	1,313
Euros	10,333	7,876
Other	1,476	1,313
	<u>29,522</u>	<u>26,252</u>

The rate at which sterling floating liabilities are payable is 4% (2011: 3%) above LIBOR. The rate at which euro floating liabilities are payable is 4.5% (2011: 3.5%) above EURIBOR.

Bank Borrowings

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:

2012	Floating rate £'000	Fixed rate £'000	Total £'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
	<u>5,000</u>	<u>5,000</u>	<u>10,000</u>
Total	<u>5,000</u>	<u>5,000</u>	<u>10,000</u>
	<u>5,000</u>	<u>5,000</u>	<u>10,000</u>
2011	Floating rate £'000	Fixed rate £'000	Total £'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
	<u>8,000</u>	<u>10,000</u>	<u>18,000</u>
Total	<u>8,000</u>	<u>10,000</u>	<u>18,000</u>
	<u>8,000</u>	<u>10,000</u>	<u>18,000</u>

The facilities expiring within 1 year are annual facilities subject to renewal at various dates during 2011 and 2012 respectively.

Note 26
Loans and
Borrowings
(continued)

- IFRS 7:17 If an entity has issued an instrument that contains both a liability and an equity component (see paragraph 28 of IAS 32) and the instrument has multiple embedded derivatives whose values are interdependent (such as a callable convertible debt instrument), it shall disclose the existence of those features.
- IFRS 7:27 An entity shall disclose, for each class of financial instrument, the methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates. If there has been a change in valuation technique, the entity shall disclose that change and the reasons for making it.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

26 Loans and borrowings (*Continued*)

Convertible debt

In January 2011 the parent company issued 10,000 notes of 4.5% convertible loan at a face value of £1,000 each. The loan is repayable in 10 years from the issue date at its total face value of £10,000,000 or can be converted at any time into shares at the holder's option at the rate of 1 share per £1 of loan. 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%.

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 2012. The shares become mandatory redeemable in nine years from the issue date and pay dividends at 7%.

Note 27
Employee benefits

- IAS 1(R):77 Disclose in the statement of financial position or in the notes, further sub-classifications of the line items presented, classified in a manner appropriate to the entity's operations.
- IFRS 2:51(b)(i) For liabilities arising from share-based payment transactions, disclose the total carrying amount at the end of the period.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

27 Employee benefits

Liabilities for employee benefits comprise:

	2012 £'000	2011 £'000
Pensions - defined benefit schemes (note 35)	9,706	7,552
Phantom share option scheme	1,263	678
Long-term service accrual	300	251
	<hr/>	<hr/>
	11,269	8,481
	<hr/> <hr/>	<hr/> <hr/>
Categorised as:		
Due within one year or less	2,817	1,696
Due after more than one year	8,452	6,785
	<hr/>	<hr/>
	11,269	8,481
	<hr/> <hr/>	<hr/> <hr/>

Note 28
Provisions

IAS 37:84

For each class of provision disclose:

- (a) the carrying amount at the beginning and end of the period;
- (b) additional provisions made during the period, including increases to existing provisions;
- (c) amounts used (i.e. incurred and charged against the provision) during the period;
- (d) unused amounts reversed during the period; and
- (e) the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.

Comparative information is not required.

IAS 37:85

Disclose the following for each class of provision:

- (a) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits
- (b) an indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity should disclose the major assumptions made concerning future events
- (c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)

28 Provisions

	Onerous contracts £'000	Warranty claims/ Right of return £'000	Leasehold dilapidation £'000	Legal disputes £'000	National insurance on share options £'000	Total £'000
At 1 January 2012	250	200	405	300	150	1,305
Charged to profit or loss	-	200	160	100	50	510
On acquisition	-	-	-	-	-	-
Other increases	-	-	-	-	-	-
Utilised in year	(125)	(138)	-	-	(38)	(301)
Released in year	-	-	-	-	-	-
Unwinding of discount	-	-	30	-	-	30
Foreign exchange rate movements	-	-	15	-	-	15
	<u>125</u>	<u>262</u>	<u>610</u>	<u>400</u>	<u>162</u>	<u>1,559</u>
Due within one year or less	125	91	-	-	40	256
Due after more than one year	-	171	610	400	122	1,303
	<u>125</u>	<u>262</u>	<u>610</u>	<u>400</u>	<u>162</u>	<u>1,559</u>

Onerous contracts predominantly relate to the excess of rents payable over rents receivable on sub-let office space. Inherent uncertainties in measuring the provision relate to estimates of the amount of rent that will be received in the future on vacant property, and estimating future rents on property where the current sub-lease is of a shorter duration than the head lease. Contracts of entities acquired in a business combination where, at the date of acquisition, the acquiree's obligations were in excess of the prevailing market rate on similar contracts are also classified as onerous contracts.

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 28
Provisions

See narratives previous pages.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

28 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 24) and amount to £162,000 (2011: £150,000).

Note 29
Deferred tax

IAS 12:81(d) to (g) Disclose separately:

- (d) an explanation of changes in the applicable tax rate(s) compared to the previous accounting period
- (e) the amount (and expiry date if any) of deductible temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset is recognised in the statement of financial position
- (f) the aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, for which deferred tax liabilities have not been recognised
- (g) in respect of each type of temporary difference and unused tax losses/credits:
 - (i) the amount of the deferred tax assets and liabilities recognised in the statement of financial position
 - (ii) the amount of deferred tax recognised in the statement of comprehensive income if not apparent from changes in the amounts recognised in the statement of financial position

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

29 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 23% (2011: 25%). The reduction in the main rate of corporation tax to 23% was substantively enacted in July 2012. This new rate has been applied to deferred tax balances which are expected to reverse after 1 April 2013, the date on which that new rate becomes effective.

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

	2012 £'000	2011 £'000 As restated, note 38
At 1 January	(1,341)	1,149
<i>Recognised in profit and loss</i>		
Tax expense	(224)	(1,942)
<i>Recognised in other comprehensive income</i>		
Gains on hedging instruments in cash flow hedges	(214)	(150)
(Losses)/gains on available for sale 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)
	<u>810</u>	<u>(389)</u>
Arising on business combination	(485)	(159)
	<u>(1,240)</u>	<u>(1,341)</u>

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 £541,000 (2011: £462,000) would be payable, arising from temporary differences of £2,164,000 (2011: £1,650,000).

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 29
Deferred tax
(continued)

See narrative on previous pages.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)

29 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 2012 £'000	Liability 2012 £'000	Net 2012 £'000	(Charged)/ credited to profit or loss 2012 £'000	(Charged)/ credited to equity 2012 £'000
Accelerated capital allowances	212	-	212	(43)	-
Employee pension liabilities	51	-	51	(28)	(61)
Revaluations	-	(704)	(704)	-	1,026
Other temporary and deductible differences	-	(335)	(335)	(153)	(155)
Available losses	200	-	200	-	-
Business combinations	-	(664)	(664)	-	-
	<u>463</u>	<u>(1,701)</u>	<u>(1,240)</u>	<u>(224)</u>	<u>810</u>
Tax asset/(liabilities)	463	(1,701)	(1,240)	(224)	810
Set off of tax	(252)	252	-	-	-
	<u>211</u>	<u>(1,451)</u>	<u>(1,240)</u>	<u>(224)</u>	<u>810</u>
	<u>2011</u>	<u>2011</u>	<u>2011</u>	<u>2011</u>	<u>2011</u>
	£'000	£'000	£'000	£'000	£'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)	-	-
	<u>595</u>	<u>(1,936)</u>	<u>(1,341)</u>	<u>(1,942)</u>	<u>(389)</u>
Tax asset/(liabilities)	595	(1,936)	(1,341)	(1,942)	(389)
Set off of tax	(230)	230	-	-	-
	<u>365</u>	<u>(1,706)</u>	<u>(1,341)</u>	<u>(1,942)</u>	<u>(389)</u>

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

	2012 £'000	2011 £'000
Defined benefit pension scheme	2,387	1,980
Deductible temporary differences	200	100
Unused tax losses	450	265
	<u>3,037</u>	<u>2,345</u>

The unused tax losses must be utilised by 31 December 2015. The deductible temporary differences can be carried forward indefinitely.

Note 30
Assets and
liabilities
classified as held
for sale

IFRS 5:38 The major classes of assets and liabilities classified as held for sale shall be separately disclosed either in the statement of financial position or in the notes.

IFRS 5:41 In the period in which a non-current asset (or disposal group) has been classified as held for sale or sold, disclose:

- (a) a description of the non-current asset (or disposal group);
- (b) a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal;
- (c) the gain or loss recognised in accordance with IFRS 5 paragraphs 20-22 and, if not separately presented on the face of the statement of comprehensive income, the caption in the statement of comprehensive income that includes that gain or loss;
- (d) if applicable, the reportable segment in which the non-current asset (or disposal group) is presented in accordance with IFRS 8 Operating Segments.

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**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

30 Assets and liabilities classified as held for sale

In November 2011 the board announced its intention to dispose of Klimt Limited in its entirety, which they started to market in December 2011. The sale to Artisan GmbH was completed in May 2012 (see note 11).

Pony Games Limited (“Pony”) is a wholly owned subsidiary of A Layout (International) Group Plc, with the principal activity of manufacturing board games. Zebra Games Limited (“Zebra”), also a wholly owned subsidiary, has grown significantly in recent years and due to strategic asset additions is now able to satisfy the group’s board game production needs alone. Following a strategic review management have concluded that considerable cost savings could be achieved if Zebra undertakes manufacture previously allocated to Pony, and that a new owner is sought for Pony. The assets and liabilities of Pony have been classified as held for sale in the consolidated statement of financial position.

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 Ltd 2012 £'000	Klimt Ltd 2011 £'000
Property, plant and equipment	3,644	6,542
Investment property	1,000	2,000
Intangible assets	200	50
Trade and other receivables	412	124
Other financial assets	60	40
	5,316	8,756
Trade and other payables	312	546
Other financial liabilities	15	-
	327	546

An impairment loss of £121,000 (2011: £242,000) on the measurement of the disposal group to fair value less cost to sell of the machinery (2011: machinery) has been recognised and is included in administrative expenses of continuing operations (2011: 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), which has now been disposed of in its entirety.

In January 2013 the directors began to market the Group's current head office in anticipation of moving into the new premises in November 2013. The directors are hopeful that a sale will be completed before the end of 2013. The head office is included within UK 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 year-end, the head office has not been classified as held for sale in the consolidated statement of financial position.

Note 31
Share capital

IAS 1(R):79(a)

Disclose, for each class of share capital, either in the statement of financial position or in the notes:

- (i) the number of shares authorised
- (ii) the number of shares issued and fully paid, and issued but not fully paid
- (iii) par value per share, or that the shares have no par value
- (iv) a reconciliation of the number of shares outstanding at the beginning and at the end of the period
- (v) the rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital
- (vi) shares in the entity held by the entity or by its subsidiaries or associates (i.e. treasury shares);
- (vii) shares reserved for issue under options and contracts for the sale of shares, including the terms and amounts.

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Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

31 Share capital

	2012 Number	Authorised		2011 £'000
		2012 £'000	2011 Number	
Ordinary shares of 10p each	100,000,000	10,000	100,000,000	10,000
Redeemable preference shares of 50p 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		
	2012 Number	2012 £'000	2011 Number	2011 £'000
<i>Ordinary shares of 10p each</i>				
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
<i>Redeemable preference shares of 50p each</i>				
	2012 Number	2012 £'000	2011 Number	2011 £'000
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 50p per share on 28 February 2012. 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 26).

Shares held by ESOP / Treasury shares

	2012 Number	2012 £'000	2011 Number	2011 £'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 2011. In 2012, 547,500 shares were issued to employees.

Note 32
Reserves

- IAS 1(R):79(b) Disclose either in the statement of financial position, or in the notes, a description of the nature and purpose of each reserve within owners' equity.
- IAS 16:77(f) Disclose any restrictions on the distribution of the revaluation surplus to shareholders.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

32 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).
Available-for-sale reserve	Gains/losses arising on financial assets classified as available for sale.
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 sterling.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Note 33
Analysis of
amounts
recognised in
other
comprehensive
income

IAS 1(R):106A

For each component of equity an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

33 Analysis of amounts recognised in other comprehensive income

	Revaluation reserve	Available-for-sale reserve	Cash flow hedging reserve	Foreign exchange reserve	Retained earnings
Year to 31 December 2012	£'000	£'000	£'000	£'000	£'000
<i>Available-for-sale investments</i>					
Valuation (losses)/gains on available-for-sale investments	-	(258)	-	-	-
Transferred to profit or loss on sale	-	(100)	-	-	-
<i>Cash flow hedges</i>					
Gains recognised on hedging instruments	-	-	931	-	-
Transferred to profit or loss for the year (included in administrative expenses)	-	-	(200)	-	-
Transferred to initial carrying amount of property, plant and equipment	-	-	(658)	-	-
Exchange differences arising on translation of foreign operations	-	-	-	2,084	-
Loss on property revaluation	(4,460)	-	-	-	-
Actuarial gain on defined benefit pension schemes	-	-	-	-	266
Taxation (Note 10)	1,026	59	(214)	-	(61)
	(3,434)	(299)	(141)	2,084	205
Year to 31 December 2011					
<i>Available-for-sale investments</i>					
Valuation (losses)/gains on available-for-sale investments	-	1,542	-	-	-
<i>Cash flow hedges</i>					
Gains recognised on hedging instruments	-	-	601	-	-
Exchange differences arising on translation of foreign operations	-	-	-	1,024	-
Loss on property revaluation	(1,154)	-	-	-	-
Actuarial gain on defined benefit pension schemes	-	-	-	-	157
Share of associates' other comprehensive income	-	-	-	-	412
Taxation (Note 10)	289	(386)	(150)	-	(142)
	(865)	1,156	451	1,024	427

Note 34
Leases

Finance leases

IAS 17:31

Lessees shall, in addition to meeting the requirements of IFRS 7 Financial Instruments: Disclosures, make the following disclosures for finance leases:

- (a) for each class of asset, the net carrying amount at the end of the reporting period.
- (b) a reconciliation between the total of future minimum lease payments at the end of the reporting period, and their present value. In addition, an entity shall disclose the total of future minimum lease payments at the end of the reporting period, and their present value, for each of the following periods:
 - (i) not later than one year;
 - (ii) later than one year and not later than five years;
 - (iii) later than five years.
- (c) contingent rents recognised as an expense in the period.
- (d) the total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period.
- (e) a general description of the lessee's material leasing arrangements including, but not limited to, the following:
 - (i) the basis on which contingent rent payable is determined;
 - (ii) the existence and terms of renewal or purchase options and escalation clauses; and
 - (iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

34 Leases

Finance leases

The Group leases the majority of its motor vehicles (net carrying value £600,000 - 2011: £nil) and computer equipment (net carrying value £230,000 - 2011: £280,000). Additionally some of the machines (net carrying value £1,000,000 - 2011: £1,400,000) and buildings are also leased. Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

The building element of one of the Group's properties in the United States is also classified as a finance lease (net carrying value £200,000 - 2011: £220,000) and is included in the below analysis. The annual rental is increased annually in line with US inflation rates, but is collared at between 1% and 4% annually. The contingent element recognised as an expense during the year was £61,000 (2011: £47,000).

Future lease payments are due as follows:

	Minimum lease payments 2012 £'000	Interest 2012 £'000	Present value 2012 £'000
Not later than one year	756	43	713
Later than one year and not later than five years	1,337	214	1,123
Later than five years	55	14	41
	<hr/>	<hr/>	<hr/>
	2,148	271	1,877
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Minimum lease payments 2011 £'000	Interest 2011 £'000	Present value 2011 £'000
Not later than one year	588	33	554
Later than one year and not later than five years	1,267	203	1,064
Later than five years	-	-	-
	<hr/>	<hr/>	<hr/>
	1,855	236	1,618
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Note 34
Leases
(continued)

Finance leases (continued)

IAS 17:31(c) In respect of finance leases, lessees should disclose contingent rents recognised as an expense in the period.

Operating leases - lessee

IAS 17:35 Lessees shall, in addition to meeting the requirements of IFRS 7, make the following disclosures for operating leases:

- (a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:
 - (i) not later than one year;
 - (ii) later than one year and not later than five years;
 - (iii) later than five years.
- (b) the total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period.
- (c) lease and sublease payments recognised as an expense in the period, with separate amounts for minimum lease payments, contingent rents, and sublease payments.
- (d) a general description of the lessee's significant leasing arrangements including, but not limited to, the following:
 - (i) the basis on which contingent rent payable is determined;
 - (ii) the existence and terms of renewal or purchase options and escalation clauses; and
 - (iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debt and further leasing.

A Layout (International) Group Plc

**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

34 Leases (Continued)

Finance leases (Continued)

The present values of future lease payments are analysed as:

	2012	2011
	£'000	£'000
Current liabilities	713	555
Non-current liabilities	1,164	1,063
	1,877	1,618
	1,877	1,618

Operating leases - lessee

The Group maintains a mixed portfolio of owned and leased properties. The terms of property leases vary from country to country, although they all tend to be tenant repairing with rent reviews every 2 to 5 years and many have break clauses.

The total future value of minimum lease payments is due as follows:

	2012	2011
	£'000	£'000
Not later than one year	50	40
Later than one year and not later than five years	150	120
Later than five years	300	240
	500	400
	500	400

Note 34
Leases
(continued)

Operating leases - lessor

- IAS 17:56 Lessors shall, in addition to meeting the requirements of IFRS 7, disclose the following for operating leases:
- (a) the future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods:
 - (i) not later than one year;
 - (ii) later than one year and not later than five years;
 - (iii) later than five years.
 - (b) total contingent rents recognised as income in the period.
 - (c) a general description of the lessor's leasing arrangements.
- IAS 40:74 Ensure that lessor disclosures required by IAS 17 'Leases' are made where investment property is leased out under an operating lease.

Note 35
Retirement
benefits

- IAS 19:120 Disclose information that enables users of financial statements to evaluate the nature of its defined benefit plans and the financial effects of changes in those plans during the period.
- IAS 19:120A(b) and IAS 19:121 Disclose a general description of the type of plan. Such a description extinguishes, for example, flat salary pension plans from final salary pension plans and from post employment medical plans. The description of the plan shall include informal practices that give rise to constructive obligations included in the measurement of the defined benefit obligation. Further detail is not required.

A Layout (International) Group Plc

Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

34 Leases (*Continued*)

Operating leases - lessor

Certain properties may be vacated prior to the end of the lease term. Where possible the Group always endeavours to sub-lease such vacant space on short-term lets. An onerous lease provision is recognised where the rents receivable over the lease term are either contracted to be or, where a property remains vacant for part or all of its remaining lease term, expected to be less than the obligation to the head lessor (note 28). The annual sub-lease rental income at 31 December 2012 was £98,000 (2011: £83,000).

The minimum rent receivables under non-cancellable operating leases are as follows:

	2012 £'000	2011 £'000
Not later than one year	98	83
Later than one year but not later than five years	163	138
Later than five years	390	330
	<hr/>	<hr/>
	651	551
	<hr/> <hr/>	<hr/> <hr/>

35 Retirement benefits

The Group operates a number of post-employment defined benefit schemes for its employees. Although these schemes have, for the most part, been closed to new employees joining the Group since April 2001, benefits are still accruing for service since that date in respect of existing employees recruited prior to this date. The principal funded scheme is in the UK. Other funded schemes operate in the United States and Europe, while retirement benefits in German operations are unfunded. All defined benefit schemes provide 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), death in service benefit of 3 times salary and a 50% widow's pension. Certain employees in the USA and Canada also receive private health cover in retirement for themselves and dependents.

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

Pension costs for defined contribution schemes in 2012 were £2,050,000 (2011: £2,373,000).

Note 35
Retirement
benefits
(continued)

- IAS 19:122 When an entity has more than one defined benefit plan, disclosures may be made in total, separately for each plan, or in such groupings as are considered to be the most useful. It may be useful to distinguish groupings by criteria such as the following:
- (a) the geographical location of the plans, for example, by distinguishing domestic from foreign plans **[NB This is the approach adopted by A Layout (International) Group Plc];** or
 - (b) whether plans are subject to materially different risks, for example, by distinguishing flat salary pension plans from final salary pension plans and from post-employment medical plans.
- IAS 19:120A(d) Disclose an analysis of the defined benefit obligation into amounts that are wholly unfunded and amounts that are wholly or partly funded.
- IAS 19:120A(f) Disclose a reconciliation of the present value of the defined benefit obligation and the fair value of plan assets to the assets recognised in the statement of financial position showing at least:
- (i) the net actuarial gains or losses not recognised in the statement of financial position;
 - (ii) the past service cost not recognised in the statement of financial position;
 - (iii) any amount not recognised as an asset, because of the limit in paragraph 58(b) **[Not relevant to A Layout (International) Group Plc];**
 - (iv) the fair value at the reporting date of any reimbursement right recognised as an asset in accordance with paragraph 104A (with a brief description of the link between the reimbursement right and the related obligation) **[Not relevant to A Layout (International) Group Plc];**
 - (v) the other amounts recognised in the statement of financial position **[Not relevant to A Layout (International) Group Plc].**
- IAS 19:120A(e) Disclose a reconciliation of the opening and closing balances of the fair value of plan assets and of the opening and closing balances of any reimbursement right recognised as an asset in accordance with paragraph 104A showing separately, if applicable, the effects during the period attributable to each of the following:
- (i) expected return on plan assets;
 - (ii) actuarial gains and losses;
 - (iii) foreign exchange rate changes on plans measured in a currency different from the entity's presentation currency;
 - (iv) contributions by the employer;
 - (v) contributions by plan participants;
 - (vi) benefits paid;
 - (vii) business combinations;
 - (viii) settlements.
- IAS 19:120A(j) Disclose for each major category of plan assets, which shall include, but is not limited to, equity instruments, debt instruments, property, and all other assets, the percentage or amount that each major category constitutes of the fair value of the total plan assets.
- IAS 19:120A(k) Disclose the amounts included in the fair value of plan assets for:
- (i) each category of the entity's own financial instruments; and
 - (ii) any property occupied by, or other assets used by, the entity.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

35 Retirement benefits (*Continued*)

Details of the Group's defined benefit schemes are as follows:

	2012			2011		
	UK funded scheme £'000	Overseas schemes £'000	Total £'000	UK funded scheme £'000	Overseas schemes £'000	Total £'000
<i>Reconciliation to consolidated statement of financial position</i>						
Fair value of plan assets	24,882	13,622	38,504	24,176	11,189	35,365
Present value of funded obligations	(28,983)	(19,063)	(48,046)	(26,868)	(15,805)	(42,673)
Total	(4,101)	(5,441)	(9,542)	(2,692)	(4,616)	(7,308)
Present value of unfunded obligations	(1,215)	-	(1,215)	(1,185)	-	(1,185)
Unrecognised past service cost	736	315	1,051	659	282	941
Net assets/(liabilities)	(4,580)	(5,126)	(9,706)	(3,218)	(4,334)	(7,552)
<i>Reconciliation of plan assets</i>						
At 1 January	24,176	11,189	35,365	22,150	9,411	31,561
Exchange gain/(loss)	940	2,533	3,473	1,121	1,389	2,510
Expected return	286	122	408	358	154	512
Contributions by participants	307	132	439	356	153	509
Contributions by Group	461	198	659	534	229	763
Benefits paid	(140)	(60)	(200)	(175)	(75)	(250)
Settlements	(1,078)	(462)	(1,540)	-	-	-
Actuarial gain/(loss)	(70)	(30)	(100)	(168)	(72)	(240)
At 31 December	24,882	13,622	38,504	24,176	11,189	35,365
<i>Composition of plan assets</i>						
Equities	7,465	4,087	11,552	7,253	3,357	10,610
Bonds	12,441	6,811	19,252	12,088	5,594	17,682
Property	2,985	1,634	4,619	2,901	1,343	4,244
Cash	1,991	1,090	3,081	1,934	895	2,829
	24,882	13,622	38,504	24,176	11,189	35,365

Included within plan assets is a property worth £2,985,000 (2011: £2,901,000) leased by the Group and equity shares of the company worth £1,497,000 (2011: £1,845,000).

Note 35
Retirement
benefits
(continued)

- IAS 19:120A(c) Disclose a reconciliation of opening and closing balances of the present value of the defined benefit obligation showing separately, if applicable, the effects during the period attributable to each of the following:
- (i) current service cost;
 - (ii) interest cost;
 - (iii) contributions by plan participants;
 - (iv) actuarial gains and losses;
 - (v) foreign exchange rate changes on plans measured in a currency different from the entity's presentation currency;
 - (vi) benefits paid;
 - (vii) past service cost;
 - (viii) business combinations;
 - (ix) curtailments;
 - (x) settlements.
- IAS 19:120A(h) Disclose the total amount recognised in other comprehensive income for each of the following:
- (i) actuarial gains and losses; and
 - (ii) the effect of the limit in paragraph 58(b).
- IAS 19:120A(i) For entities that recognise actuarial gains and losses in other comprehensive income in accordance with paragraph 93A, disclose the cumulative amount of actuarial gains and losses recognised in other comprehensive income.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

35 Retirement benefits (*Continued*)

	2012			2011		
	UK funded scheme £'000	Overseas schemes £'000	Total £'000	UK funded scheme £'000	Overseas schemes £'000	Total £'000
<i>Reconciliation of plan liabilities</i>						
At 1 January	26,868	15,805	42,673	23,725	12,775	36,500
Exchange (gain)/loss	1,155	2,572	3,727	1,163	1,972	3,135
Interest cost	1,746	1,027	2,773	1,542	830	2,372
Current service cost	238	148	386	275	148	423
Past service cost	-	-	-	256	125	381
Contributions by plan participants	307	132	439	356	153	509
Benefits paid	(140)	(60)	(200)	(175)	(75)	(250)
Settlements	(970)	(416)	(1,386)	-	-	-
Actuarial (gain)/loss	(221)	(145)	(366)	(274)	(123)	(397)
	<u>28,983</u>	<u>19,063</u>	<u>48,046</u>	<u>26,868</u>	<u>15,805</u>	<u>42,673</u>
<i>Cumulative actuarial gains(/losses) recognised in other comprehensive income</i>						
At 1 January	753	832	1,585	647	781	1,428
Recognised during the year	151	115	266	106	51	157
	<u>904</u>	<u>947</u>	<u>1,851</u>	<u>753</u>	<u>832</u>	<u>1,585</u>
<i>Unrecognised past service cost</i>						
At 1 January	401	31	432	127	52	179
Arising during the year	145	123	268	530	104	634
Recognised during the year	-	-	-	(256)	(125)	(381)
	<u>546</u>	<u>154</u>	<u>700</u>	<u>401</u>	<u>31</u>	<u>432</u>

Note 35
Retirement
benefits
(continued)

IAS 19:120A(g) Disclose the total expense recognised in profit or loss for each of the following, and the line item(s) in which they are included:

- (i) current service cost;
- (ii) interest cost;
- (iii) expected return on plan assets;
- (iv) the expected return on any reimbursement right recognised as an asset under IAS 19:104A **[Not relevant to A Layout (International) Group Plc];**
- (v) actuarial gains and losses;
- (vi) past service cost;
- (vii) the effect of any curtailment or settlement; and
- (viii) the effect of the limit in paragraph 58(b) **[Not relevant to A Layout (International) Group Plc].**

IAS 19:120A(m) Disclose the actual return on plan assets, as well as the actual return on any reimbursement right recognised as an asset in accordance with paragraph 104A **[Not relevant to A Layout (International) Group Plc].**

IAS 19:120A(n) Disclose the principal actuarial assumptions used as at the reporting date, including, when applicable:

- (i) the discount rates;
- (ii) the expected rates of return on any plan assets for the period presented in the financial statements;
- (iii) the expected rates of return for the periods presented in the financial statements on any reimbursement right recognised as an asset in accordance with paragraph 104A **[Not relevant to A Layout (International) Group Plc];**
- (iv) the expected rates of salary increases (and of changes in an index or other variable specified in the formal or constructive terms of a plan as the basis for future benefit increases);
- (v) medical cost trend rates; and
- (vi) any other material actuarial assumption used.

Disclose each actuarial assumption in absolute terms (for example, as an absolute percentage) and not just as a margin between different percentages or other variables.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

35 Retirement benefits (*Continued*)

	2012			2011		
	UK funded scheme £'000	Overseas schemes £'000	Total £'000	UK funded scheme £'000	Overseas schemes £'000	Total £'000
<i>Included in administrative expenses</i>						
Current service cost	238	148	386	275	148	423
Past service cost	-	-	-	256	125	381
Settlement loss	108	46	154	-	-	-
Expected return on plan assets	(286)	(122)	(408)	(358)	(154)	(512)
Unwinding of discount on plan liabilities (interest cost)	1,796	1,055	2,851	1,589	855	2,444
	<u>1,856</u>	<u>1,127</u>	<u>2,983</u>	<u>1,762</u>	<u>974</u>	<u>2,736</u>

The actual return on plan assets was £372,000 (2011: £561,000). This represents the difference between the expected return on plan assets of £408,000 (2011: £512,000) and the actuarial loss on those assets arising during the period of £36,000 (2011: £49,000 gain).

Principal actuarial assumptions

	2012		2011	
	UK scheme %	Overseas schemes %	UK scheme %	Overseas schemes %
Discount rate on plan liabilities	5.25	6	6.25	7
Expected rate of return on plan assets	2	3	3.5	4
Expected increase in pensionable salary	1	1.5	2	2.5
Expected increase in medical costs	5	5	5.5	5.5
Expected increase in deferred pensions	2	3	1	1.5
Expected increase in pensions-in-payment	2	2	1.5	1.5
Inflation rate	3.1	4	4.8	5.3

Note 35
Retirement
benefits
(continued)

- IAS 19:120A(l) Disclose a narrative description of the basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets.
- IAS 19:120A(o) Disclose the effect of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates on:
- (i) the aggregate of the current service cost and interest cost components of net periodic post-employment medical costs; and
 - (ii) the accumulated post-employment benefit obligation for medical costs.
- For the purposes of this disclosure, all other assumptions shall be held constant.
- IAS 19:120A(p) Disclose the amounts for the current annual period and previous four annual periods of:
- (i) the present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan
 - (ii) the experience adjustments arising on:
 - (A) the plan liabilities expressed as either (1) an amount or (2) a percentage of the plan liabilities at the reporting date
 - (B) the plan assets expressed as either (1) an amount or (2) a percentage of the plan assets at the reporting date.
- IAS 19:120A(q) Disclose the employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the annual period beginning after the reporting date.

A Layout (International) Group Plc

Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)

35 Retirement benefits (Continued)

Principal actuarial assumptions (Continued)

The expected return on plan assets is equal to the weighted average return appropriate to each class of asset within the schemes. The return attributed to each class has been reached following discussions with the Group's actuaries.

An increase of 1% in the expected increase in medical cost rates would have increased the current service cost and defined benefit obligation by £32,000 (2011: £27,000) and £35,000 (2011: £28,000) respectively. A decrease of 1% in the expected increase in medical cost rates would have reduced the current service cost and defined benefit obligation by £30,000 (2011: £25,000) and £22,000 (2011: £19,000) respectively.

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

The average life expectancy in years of a pensioner retiring at the age of 65 on 31 December 2012 date is as follows:

	2012		2011	
	UK scheme	Overseas schemes	UK scheme	Overseas schemes
Male	18	19	17	18
Female	21	23	21	22

The average life expectancy in years of a pensioner retiring at the age of 66, 20 years after 31 December 2012 date is as follows:

	2012		2011	
	UK scheme	Overseas schemes	UK scheme	Overseas schemes
Male	20	21	19	20
Female	23	25	23	24

Defined benefit obligation trends

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Plan assets	38,504	35,365	33,597	31,917	30,321
Plan liabilities	(48,046)	(42,674)	(36,614)	(35,149)	(29,877)
Surplus/(deficit)	(9,542)	(7,309)	(3,017)	(3,232)	444
Experience adjustments on liabilities (£'000)	348	377	256	215	189
As a % of plan liabilities	0.72%	0.88%	0.70%	0.61%	0.63%
Experience adjustments on assets (£'000)	95	228	210	190	120
As a % of plan assets	0.25%	0.64%	0.63%	0.60%	0.40%

In accordance with actuarial advice, for the year ended 31 December 2012 the Group will contribute 12% of pensionable salary in respect of the UK scheme and on average 10% of pensionable salary in respect of overseas schemes.

Note 36
Share-based
payment

IFRS 2:45

Disclose at least the following:

- (a) a description of each type of share-based payment arrangement that existed at any time during the period, including the general terms and conditions of each arrangement, such as vesting requirements, the maximum term of options granted, and the method of settlement (e.g. whether in cash or equity). An entity with substantially similar types of share-based payment arrangements may aggregate this information, unless separate disclosure of each arrangement is necessary to satisfy the principle in paragraph 44.
- (b) the number and weighted average exercise prices of share options for each of the following groups of options:
 - (i) outstanding at the beginning of the period;
 - (ii) granted during the period;
 - (iii) forfeited during the period;
 - (iv) exercised during the period;
 - (v) expired during the period;
 - (vi) outstanding at the end of the period; and
 - (vii) exercisable at the end of the period.
- (c) for share options exercised during the period, the weighted average share price at the date of exercise. If options were exercised on a regular basis throughout the period, the entity may instead disclose the weighted average share price during the period.
- (d) for share options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life. If the range of exercise prices is wide, the outstanding options shall be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.

IFRS 2:52

Disclose any other information necessary to enable the users of the financial statements to understand the nature and extent of share-based payment arrangements that existed during the period.

IFRS 2:51

Disclose at least the following:

- (a) the total expense recognised for the period arising from share-based payment transactions in which the goods or services received did not qualify for recognition as assets and hence were recognised immediately as an expense, including separate disclosure of that portion of the total expense that arises from transactions accounted for as equity-settled share-based payment transactions;
- (b) for liabilities arising from share-based payment transactions:
 - (i) the total carrying amount at the end of the period; and
 - (ii) the total intrinsic value at the end of the period of liabilities for which the counterparty's right to cash or other assets had vested by the end of the period (e.g. vested share appreciation rights).

A Layout (International) Group Plc

**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

36 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 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.

	2012 Weighted average exercise price (p)	2012 Number	2011 Weighted average exercise price (p)	2011 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)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at 31 December	56	4,500,000	53	1,500,000
	<hr/>	<hr/>	<hr/>	<hr/>

The exercise price of options outstanding at 31 December 2012 ranged between 53p and 56p (2011: 53p and 56p) and their weighted average contractual life was 3 years (2011: 4 years).

Of the total number of options outstanding at 31 December 2012, 1,500,000 (2011: nil) had vested and were exercisable.

The weighted average share price (at the date of exercise) of options exercised during the year was 53p (2011: n/a).

The weighted average fair value of each option granted during the year was 56p (2011: 53p).

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.

Note 36
Share-based
payment
(continued)

- IFRS 2:47(a) If the entity has measured the fair value of goods or services received as consideration for equity instruments of the entity indirectly, by reference to the fair value of the equity instruments granted, to give effect to the principle in paragraph 46, the entity shall disclose at least the following:
- (a) for share options granted during the period, the weighted average fair value of those options at the measurement date and information on how that fair value was measured, including:
 - (i) the option pricing model used and the inputs to that model, including the weighted average share price, exercise price, expected volatility, option life, expected dividends, the risk-free interest rate and any other inputs to the model, including the method used and the assumptions made to incorporate the effects of expected early exercise;
 - (ii) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and
 - (iii) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.
- IFRS 2:51(a) Of the total expense recognised immediately in profit or loss arising from share-based payment transactions, disclose the amount relating to equity-settled share-based payment transactions.
- IFRS 2:52 Disclose any other information necessary to enable users of the financial statements to understand the effect of share-based payment transactions on the entity's profit or loss for the period.

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**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

36 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.

	2012	2011
	£'000	£'000
<i>Equity-settled</i>		
Option pricing model used	Binomial lattice	Binomial lattice
Weighted average share price at grant date (in pence)	80	77
Exercise price (in pence)	56	53
Weighted average contractual life (in days)	620	630
<i>Cash-settled</i>		
Option pricing model used	Black-Scholes	Black-Scholes
Share price at date of grant (in pence)	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%
<i>Equity-settled and cash-settled</i>		
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 (note 7) comprises:

	2012	2011
	£'000	£'000
Equity-settled schemes	878	1,017
Cash-settled scheme	586	678
	1,464	1,695
	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 37
Acquisitions
during the period

IFRS 3(R):B64(a)-(i) and (k) To meet the objective in paragraph 59, the acquirer shall disclose the following information for each business combination that occurs during the reporting period:

- (a) the name and a description of the acquiree.
- (b) the acquisition date.
- (c) the percentage of voting equity interests acquired.
- (d) the primary reasons for the business combination and a description of how the acquirer obtained control of the acquiree.
- (e) a qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors.
- (f) the acquisition-date fair value of the total consideration transferred and the acquisition-date fair value of each major class of consideration, such as:
 - (i) cash;
 - (ii) other tangible or intangible assets, including a business or subsidiary of the acquirer;
 - (iii) liabilities incurred, for example, a liability for contingent consideration; and
 - (iv) equity interests of the acquirer, including the number of instruments or interests issued or issuable and the method of determining the fair value of those instruments or interests.
- (g) for contingent consideration arrangements and indemnification assets:
 - (i) the amount recognised as of the acquisition date;
 - (ii) a description of the arrangement and the basis for determining the amount of the payment; and
 - (iii) 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 of the payment is unlimited, the acquirer shall disclose that fact.
- (h) for acquired receivables:
 - (i) the fair value of the receivables;
 - (ii) the gross contractual amounts receivable; and
 - (iii) the best estimate at the acquisition date of the contractual cash flows not expected to be collected.

The disclosures shall be provided by major class of receivable, such as loans, direct finance leases and any other class of receivables.
- (i) the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed.
- (k) the total amount of goodwill that is expected to be deductible for tax purposes

IAS 7:40

Disclose, in aggregate, in respect of both obtaining and losing control of subsidiaries or other businesses during the period each of the following:

- (a) the total consideration paid or received;
- (b) the portion of the consideration consisting of cash and cash equivalents;
- (c) the amount of cash and cash equivalents in the subsidiaries or other businesses over which control is obtained or lost; and
- (d) the amount of the assets and liabilities other than cash or cash equivalents in the subsidiaries or other businesses over which control is obtained or lost, summarised by each major category.

A Layout (International) Group Plc

**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

37 Acquisitions during the period

On 24 April 2012 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:

	Book value £'000	Adjustment £'000	Fair value £'000
Property, plant and equipment	2,725	1,250	3,975
Trademark	-	1,200	1,200
Non-contractual customer lists and relationships	-	200	200
Licences	500	100	600
In-the-money derivatives	-	150	150
Inventories	240	-	240
Receivables	340	-	340
Cash	400	-	400
Payables	(300)	-	(300)
Bank loan	(500)	-	(500)
Defined benefit pension plan	(150)	-	(150)
Onerous contracts	50	(50)	-
Deferred tax liability	-	(485)	(485)
	3,305	2,365	5,670
Total net assets	3,305	2,365	5,670

On acquisition Colour Sarl held trade receivables with a book and fair value of £340,000 representing contractual receivables of £396,000. Whilst the Group will make every effort to collect all contractual receivables, it considers it unlikely that the £56,000 will ultimately be received.

Fair value of consideration paid

	£'000
Cash	3,500
Contingently issuable Ordinary shares	2,500
Contingent cash consideration (paid 16 November 2012)	85
	6,085
Total consideration	6,085
Goodwill (note 17)	415

The goodwill arising on the Colour Sarl acquisition is not deductible for tax purposes.

Note 37
Acquisitions
during the period
(continued)

IFRS 3(R):B64(q)

Disclose:

(q) the following information:

- (i) the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period; and
- (ii) the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period.

If disclosure of any of the information required by this subparagraph is impracticable, the acquirer shall disclose that fact and explain why the disclosure is impracticable. This IFRS uses the term 'impracticable' with the same meaning as in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

37 Acquisitions during the period (*Continued*)

Acquisition costs of £32,000 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 (£1.75 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 £85,000 would become immediately payable. This approval was granted on 26 October 2012 and the additional consideration was paid on 16 November 2012.

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 £8,895,000 to group revenues and £521,000 to group profit. If the acquisition had occurred on 1 January 2012, group revenue would have been £178,219,000 and group profit for the period would have been £10,438,000.

Note 38
Acquisition
completed in
prior periods

IFRS 3(R):61

The acquirer shall disclose information that enables users of its financial statements to evaluate the financial effects of adjustments recognised in the current reporting period that relate to business combinations that occurred in the period or previous reporting periods.

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**Notes forming part of the financial statements
For the year ended 31 December 2012 (Continued)**

38 Acquisition completed in prior periods

Zebra Games Limited

On 15 November 2011, 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 30).

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 2011 financial statements were issued. Had the valuation been finalised the 2011 financial statements would have differed to those previously reported as follows:

- the cost of tangible fixed assets would have been £237,000 lower, with a corresponding increase in the cost of goodwill;
- depreciation would have been £45,000 lower, but a goodwill impairment charge of £34,000 would have been recognised, resulting in a reduction in profit before tax of £11,000; and
- the tax charge would have been £4,000 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 £'000	Restated adjustment £'000	Restated fair value £'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)
	1,000	241	1,241
Total net assets	1,000	241	1,241
Fair value of consideration paid - all cash			1,524
Goodwill (note 17)			283

On acquisition Zebra Games Limited held trade receivables with a book and fair value of £400,000 representing contractual receivables of £427,000. Whilst the Group will make every effort to collect all contractual receivables, it considers it unlikely that the £27,000 will ultimately be received.

Note 38
Acquisition
completed in
prior periods

- IFRS 3(R):45 If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.
- IAS 1(R):10(f) A complete set of financial statements comprises a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.
- IAS 12:81(k) If the deferred tax benefits acquired in a business combination are not recognised at the acquisition date but are recognised after the acquisition date, a description of the event or change in circumstance that caused the deferred tax benefits to be recognised should be given.

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Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

38 Acquisition completed in prior periods (*Continued*)

The 2011 comparatives have been restated in these financial statements to effect the adjustments as 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 consolidated statement of financial position as at 1 January 2011. 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 any additional information and, in consequence, have not presented it in these financial statements.

Acquisition costs of £24,000 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 £508,000 to group revenues and £21,000 to group profit between the date of acquisition and 31 December 2011. If the acquisition had occurred on 1 January 2011, group revenue would have been £169,057,000 and group profit £7,416,000 for the year to 31 December 2011.

Bob's Toys LLC

In 1995 the Group acquired a small US company with a significant amount of unutilised tax losses that the Group thought it might be able to utilise. These tax losses were not previously recognised in the consolidated statement of financial position as an asset as the US tax authorities were disputing the extent to which the Group could reduce the taxable profits of other US operations and there was uncertainty over whether any of the tax losses could, in fact, be utilised. During 2012, agreement was reached with the IRS that a certain amount of these losses would be available. This has resulted in an income tax credit and a goodwill impairment charge of £24,000 in the current period.

Playground Plastics Limited

In 2005 the Group acquired Playground Plastics Limited. One of its trade debtors at the time was in significant financial difficulty and accordingly the debt was ascribed a fair value of £nil. The debtor's trading performance has since improved and Playground Plastics Limited has managed to recover the debt during the current period. The amount recovered has resulted in a profit in the year of £45,000 which has been included within administrative expenses.

Note 39
Related party
transactions

- IAS 24:19 Disclose related party transactions separately for each of the following categories:
- (a) the parent
 - (b) entities with joint control or significant influence over the entity
 - (c) subsidiaries
 - (d) associates
 - (e) joint ventures in which the entity is a venturer
 - (f) key management personnel of the entity or its parent
 - (g) other related parties.
- IAS 24:24 Items of a similar nature may be disclosed in aggregate except where separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.
- IAS 24:23 Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made on if such terms can be substantiated.
- IAS 24:13 Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been any transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

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Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

39 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		Amounts owed to related parties	
	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
A Layout (EU) Limited	3,754	4,080	-	-	1,694	2,040	-	-
A Layout (USA) Inc	-	-	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		Balance owed	
		2012 £'000	2011 £'000	2012 £'000	2011 £'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 provision for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received during 2012 or 2011 regarding related party transactions.

**Note 40
Contingent
liabilities**

- IAS 37:86 Unless the possibility of any outflow in settlement is remote, disclose for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and, where practicable:
- (a) an estimate of its financial effect
 - (b) an indication of the uncertainties relating to the amount or timing of any outflow
 - (c) the possibility of any reimbursement.

**Note 41
Events after the
reporting date**

- IAS 10:17 Disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, disclose that fact.

- IAS 10:21 For each material category of non-adjusting event after the reporting date disclose:
- (a) the nature of the event; and
 - (b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

- IFRS 3(R):B66 If the acquisition date of a business combination is after the end of the reporting period but before the financial statements are authorised for issue, the acquirer shall disclose the information required by paragraph B64 unless the initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue. In that situation, the acquirer shall describe which disclosures could not be made and the reasons why they cannot be made.

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Notes forming part of the financial statements For the year ended 31 December 2012 (*Continued*)

40 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 2013. 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 £25,000. The directors note that in the event of an unfavourable judgement the Group would not be able to recoup the loss from another party.

41 Events after the reporting date

On 10 January 2013 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:

	£'000
Property, plant and equipment	1,750
Inventories	350
Receivables	126
Cash	52
Payables	(231)
	<hr/>
Total	2,047
	<hr/> <hr/>

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 £126,000 representing contractual receivables of £150,000. 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

	£'000
Cash	3,000
	<hr/> <hr/>

Whilst fair value adjustments will result in recognised goodwill of less than £953,000, it is expected that some goodwill will be recognised. This goodwill represents assets, such as the assembled workforce, which do not qualify for separate recognition.

Note 42
Notes supporting
the statement of
cash flows

- IAS 7:43 Disclose significant investing and financing non-cash transactions in the notes to the accounts, providing all relevant information about these activities.
- 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.

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Notes forming part of the financial statements
For the year ended 31 December 2012 (*Continued*)

42 Notes supporting statement of cash flows

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

	2012 £'000	2011 £'000
Cash available on demand	17,412	14,802
Short-term deposits	4,353	3,173
	<u>21,765</u>	<u>17,985</u>

Included within cash and cash equivalents is:

£3,250,000 (2011: £3,854,000) held by the ESOP trust which can only be used to benefit the Group's employees.

Significant non-cash transactions are as follows:

	2012 £'000	2011 £'000
<i>Investing activities</i>		
Equity consideration for business combination	2,500	-
PP&E purchased but not yet paid at year end	1,250	-
<i>Financing activities</i>		
Assets acquired under finance leases:		
Motor vehicles	864	-
Computers	-	600
Debt converted into equity	<u>561</u>	<u>-</u>

**Five year record
(Not part of the
audited financial
statements)**

IFRS 1(R):22

Some entities present historical summaries of selected data for periods before the first period for which they present full comparative information in accordance with IFRSs. This IFRS does not require such summaries to comply with the recognition and measurement requirements of IFRSs. Furthermore, some entities present comparative information in accordance with previous GAAP as well as the comparative information required by IAS 1. In any financial statements containing historical summaries or comparative information in accordance with previous GAAP, an entity shall:

- (a) label the previous GAAP information prominently as not being prepared in accordance with IFRSs; and
- (b) disclose the nature of the main adjustments that would make it comply with IFRSs. An entity need not quantify those adjustments.

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Five year record

	2012	2011	2010	2009	2008
	IFRSs	IFRSs	IFRSs	IFRSs	Other
	£'000	£'000	£'000	£'000	GAAP
					£'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 pence	11.06	6.62	7.63	7.47	7.55

All amounts shown relate to continuing activities.

The following GAAP differences would have impacted on the profit result for the year in 2008 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.

CONTACT

For further information about how BDO can assist you and your organisation, please get in touch with one of our key contacts listed below. Alternatively, please visit our IFRS page at www.bdointernational.com where you can find full lists of regional and country contacts.

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