

Model IFRS Financial Statements For Investment Trust Groups

Foreword

Deloitte, in conjunction with the Association of Investment Trust Companies (“AITC”), is pleased to be able to provide guidance to preparers of consolidated financial statements for investment trust companies (“ITCs”) by issuing the attached model set of consolidated financial statements (“Model”) applying International Financial Reporting Standards (“IFRS”).

For affected ITCs, IFRS is applicable to accounting periods beginning on or after 1 January 2005 and it therefore follows that consolidated financial statements will not be published until January 2006 at the earliest. However, ITCs will wish to identify the issues and their impact at an early juncture and we hope that the Model will assist this process. In addition, although the Model does not include interim financial statements, many of the accounting issues faced will be common to both annual and interim financial statements, and again we hope that the Model will be useful as preparers start to get to grip with interims.

The presentation of the parent company’s own financial statements is not covered in the Model. Other assumptions and limitations are set out on page 3.

The Model is not designed to deal with financial statements produced in accordance with UK GAAP and no account has been taken in its preparation of UK accounting standards. However, to the extent that UK GAAP converges with IFRS, the disclosures in this Model may also be of use to UK GAAP preparers.

Deloitte and the AITC would like to put on record their gratitude for the time and effort spent on the Model by the AITC’s IAS Working Party. Queries or comments on the Model should be addressed to John Stevens at the AITC (tel 020 7282 5605; email john@aitc.co.uk), David Logan at Deloitte (tel 020 7303 2890; davidlogan@deloitte.co.uk) or Baber Din at Deloitte (tel 020 7282 2878; email bdin@deloitte.co.uk)

Neither Deloitte, the AITC or any members of any committee or working party thereof can accept any responsibility or liability whatsoever (whether in respect of negligence or otherwise) to any ITC or third party as a result of anything contained in or omitted from the Model nor for the consequences of reliance or otherwise on the provisions of the Model.

Contents

	Page
Assumptions	3
Model financial statements	4
Consolidated income statement	5
Consolidated statement of changes in equity	6
Consolidated balance sheet	7
Consolidated cash flow statement	8
Notes to the consolidated financial statements	9

Assumptions

1. These illustrative model financial statements are based on an application of International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), to a listed consolidated group with investment trust status, which prepares statutory accounts under UK company law and the UK Listing Rules, and has an unlimited life. They are not based on an application of the new UK Financial Reporting Standards issued by the Accounting Standards Board ("ASB"), which converge certain aspects of UK Generally Accepted Accounting Principles ("UK GAAP") with IFRS, and which will be applicable to single-company investment trusts.
2. The presentation currency of these model financial statements has been assumed as pounds sterling ("sterling"). The functional currencies of entities within this Group are also assumed to be sterling. Under IAS 21 *The Effects of Changes in Foreign Exchange Rates* ("IAS 21"), it may be the case that certain funds have functional currencies different to the presentational currency of their group, and this determination will only be arrived at after consideration of the relevant facts and circumstances of these entities.
3. For the purposes of these model financial statements, we have assumed, in line with the Association of Investment Trust Companies' ("AITC") recommendations, that the investment portfolio comprising equity investments and fixed income securities is classified and designated as fair value through profit or loss ("FVTPL"). For illustrative purposes, we have included some investments as classified as available-for-sale. These model financial statements do not include any investments classified as held-to-maturity.
4. The IASB's amendment to IAS 39 *Financial Instruments: Recognition and Measurement – The Fair Value Option*, issued in June 2005, will allow entities to designate financial assets and liabilities at fair value through profit or loss if an accounting mismatch is eliminated or significantly reduced, a group of financial assets and/or liabilities is managed and evaluated on a fair value basis by the Group's key management personnel or, in certain circumstances, the financial instrument contains embedded derivatives. The amendment is mandatory for periods beginning on or after 1 January 2006, with earlier adoption encouraged. If it is adopted for periods beginning before 1 September 2005, designations must be in place by 1 September 2005.

The model financial statements have been prepared on the basis that the fair value option has not been applied to loans, receivables or liabilities. If the fair value option was applied to loans, receivables or liabilities, the Group would need to provide additional disclosures detailed in the amended IAS 32 *Financial Instruments: Presentation and Disclosure* ("IAS 32"), a summary of which is referred to in the footnotes to these model financial statements.

5. The IASB has recently published IFRS 7 *Financial Instruments: Disclosure* ("IFRS 7"). IFRS 7 replaces both IAS 30 *Disclosures in Financial Statements of Banks and Similar Financial Institutions* ("IAS 30") and the disclosure portions of IAS 32 and is effective for financial years beginning on or after 1 January 2007, with earlier application encouraged. These model financial statements do not reflect the requirements of IFRS 7.
6. The model financial statements assume that there is only one segment for reporting purposes, that of investment activities, and hence does not provide detailed segmental reporting guidance under IAS 14 *Segment Reporting* ("IAS 14"). It is possible that certain investment trusts may be deemed to have more than one segment, depending on the nature of its investment portfolio, investment strategy and operations and in those circumstances, presentation in accordance with IAS 14 would be appropriate.
7. The model financial statements are consolidated financial statements for a group. Companies are also required to publish separate financial statements of the parent company which may be prepared under either UK GAAP or IFRS. These are not illustrated in the model financial statements.
8. The model financial statements have been presented whereby they comply with the Statement of Recommended Practice ("SORP") issued by the AITC where those recommendations are not inconsistent with IFRS.
9. The model financial statements are presented in respect of a first-time adopter of IFRS, and therefore reflect the disclosure requirements of IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"). The model financial statements assume the exemption under IFRS 1, which allows entities adopting IFRS before 1 January 2006 not to present comparative information in respect of IAS 32 or IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"), has not been utilised. Where the exemption is utilised, the requirements of IFRS 1 paragraph 36A must be adhered to.
10. In many cases the wording used in the model financial statements is purely illustrative and in practice will need to be modified to reflect the circumstances of the Group. The Directors' Report, Directors' Remuneration Report, Operating and Financial Review ("OFR"), notice of AGM, list of financial advisers, summary of financial highlights and corporate governance disclosures required by the Companies Act and the Listing Rules have not been included.

Delto Trust plc

Annual report and financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX

Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER 20XX

	NOTES	Year ended 20XX			Year ended 20YY		
		Revenue return	Capital return	Total	Revenue return	Capital return	Total
Investment incomeⁱ	3						
Other operating income ⁱⁱ	3						
Total income							
Gains and losses on investmentsⁱⁱⁱ							
Gains/(losses) on fair value through profit or loss assets							
Profit/(loss) on disposal of available-for-sale assets							
Foreign exchange gains/(losses) on available-for-sale assets ^{iv}							
Impairment on available-for-sale assets							
Expenses	5						
Management fees							
Other expenses							
Profit before finance costs and tax							
Finance costs	6						
Profit before tax							
Tax	7						
Profit for the period							
Earnings per share							
From continuing operations							
Basic – ordinary shares	9						
Diluted – ordinary shares	9						

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Trust Companies. All items in the above statement derive from continuing operations^v.

All income is attributable to the equity holders of the parent company. There are no minority interests^{vi}.

ⁱ It is not mandatory to have a breakdown of investment income on the face of the income statement under IAS 1 Presentation of Financial Statements ("IAS 1") and this can be presented as a note disclosure.

ⁱⁱ May include items such as underwriting commission, stock lending fees and deposit interest.

ⁱⁱⁱ This is not an IAS 1 caption but a sub-heading inserted to group the fair value movements together. It may be titled differently, or not be included.

^{iv} Foreign exchange gains and losses on monetary available-for-sale ("AFS") securities (such as bonds) are always recognised in the income statement. Foreign exchange gains and losses on non-monetary AFS securities (such as equities) are recognised initially in equity and are subsequently recycled to the income statement on disposal of the investment. Foreign exchange gains or losses on any liabilities denominated in foreign currencies would also go through the income statement.

^v Where there are discontinued operations, separate presentation is required under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5").

^{vi} The model financial statements assume no minority interests. In the event of minority interests, the attribution to minority holders is required to be disclosed.

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 20XX

	NOTES	Share capital £	Warrant reserve £	Share premium £	Available-for-sale reserve £	Own shares £	Equity conversion reserve £	Cash-flow hedging reserve £	Capital reserve £	Retained earnings £	Total £
Balance at year ended 20ZZⁱ											
Changes in equity for 20YY											
Available-for-sale assets	11, 20										
– Gains/(losses) on revaluation taken to equity											
– Transferred to income statement on sale											
– Foreign exchange gains/(losses) on translation											
Cash flow hedges	15, 23										
– Gains/(losses) taken to equity ⁱⁱ											
– Transferred to income statement for the period											
Tax on items taken directly to equity	7										
Net income recognised directly in equity											
Profit for the period											
Total recognised income and expense											
Dividends	8										
Issue of share capital	17										
Purchase of own shares	21										
Reserves transfers per Articles ⁱⁱⁱ											
Balance at year ended 20YY carried forward											
Changes in equity for 20XX											
Available-for-sale assets	11, 20										
– Gains/(losses) on revaluation taken to equity											
– Transferred to income statement on sale											
– Foreign exchange gains/(losses) on translation											
Cash flow hedges	15, 23										
– Gains/(losses) taken to equity											
– Transferred to income statement for the period											
Tax on items taken directly to equity	7										
Net income recognised directly in equity											
Profit for the period											
Total recognised income and expense											
Dividends	8										
Issue of share capital	17										
Purchase of own shares	21										
Reserves transfers per Articles											
Balance at year ended 20XX carried forward											

ⁱ Not all captions will be required by all ITCs; the relevant captions depend on individual circumstances. Certain columns can be combined. For instance, there is no requirement to have a separate capital reserve, but it has been split out from the retained earnings reserve as this is believed to be helpful to users and may be required by the Articles of Association.

ⁱⁱ Applicable in the event of hedge accounting being obtained (for a cash flow hedge). Otherwise movements on derivatives go through the income statement. A hedging reserve could also be included where net investment hedging is being applied. Net investment hedging is not being applied in this Group.

ⁱⁱⁱ This caption is not required by IAS 1, but reflects the possibility that companies may wish – after having accounted for items in accordance with IFRS, to perform transfers amongst reserves in order to reflect any stipulated treatments set out in the Articles of Association.

Consolidated balance sheet

AT 31 DECEMBER 20XX

	NOTES	20XX £	20YY £
Non-current assets			
Investments			
– Fair value through profit or loss	11		
– Available-for-sale	11		
Current assetsⁱ			
Investments			
Other receivables	12		
Cash and cash equivalents	12		
Total assets			
Current liabilities			
Other payables	16		
Bank overdrafts and loans	13		
Total assets less current liabilities			
Non-current liabilities			
Bank loans	13		
Convertible loan notes	14		
Zero dividend preference shares ⁱⁱ	14		
Net assets			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS			
Ordinary share capital	17		
Warrant reserve	18		
Share premium	19		
Available-for-sale reserve	20		
Own shares	21		
Equity conversion reserve	22		
Cash flow hedging reserve	23		
Capital reserve	24		
Retained earnings	24		
Total equity			

The financial statements were approved by the board of directors and authorised for issue on [date]. They were signed on its behalf by:

[Name] Director

[Date]

ⁱ Where there are non-current assets (or disposal groups) as held for sale, additional disclosure is required under IFRS 5.

ⁱⁱ ZDPs have been included as a liability, as will often be the case under IAS 32. However, the individual facts and circumstances around different classes of shares will need to be assessed specifically in order to determine their classification as a liability or equity.

Consolidated cash flow statement

FOR THE YEAR ENDED 31 DECEMBER 20XX

	NOTES	Year ended 20XX £	Year ended 20YY £
CASH FLOWS FROM OPERATING ACTIVITIES ⁱ			
Profit before tax			
Adjustments for:			
Gain on derivatives			
Gains/(losses) on investments			
Interest paid			
Operating cash flows before movements in working capital			
Decrease/(increase) in receivables			
Increase/(decrease) in payables			
Net cash from operating activities before income taxes			
Income taxes paid			
NET CASH FROM OPERATING ACTIVITIES	25		
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid			
Equity shares issued			
Own shares acquired			
Interest paid on bank loans			
Repayments of borrowings			
Proceeds on issue of convertible loan notes			
New bank loans raised			
Increase/(decrease) in bank overdrafts			
NET CASH (USED IN)/FROM FINANCING ACTIVITIES			
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
Effect of foreign exchange rate changes			
CASH AND CASH EQUIVALENTS AT END OF YEAR			

ⁱ Where there are discontinued operations, separate presentation is required under IFRS 5.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX

1. GENERAL INFORMATION

Delto Trust plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page x. The nature of the Group's operations and its principal activities are set out in note 4 and in the operating and financial review on pages x to x. The financial statements were authorised for issue on [date] by [director] on behalf of the Board.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union. The disclosures required by IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1") concerning the transition from UK GAAP to IFRSs are given in note 30.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Trusts ("AITC") in January 2003 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activitiesⁱ. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Presentation of income statement

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AITC, supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement. In accordance with the Company's status as a UK investment company under section 266 of the Companies Act 1985, net capital returns may not be distributed by way of dividend. Additionally, the net revenue is the measure the directors believe appropriate in assessing the Group's compliance with certain requirements set out in Section 842 Income and Corporation Taxes Act 1988.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the entity. The Group's associates are accounted for in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") as investments designated at fair value through profit and loss, and therefore, in accordance with paragraph 1 of IAS 28 *Investments in Associates* ("IAS 28"), equity accounting is not required.

ⁱ Assumes no acquisition or disposal of subsidiaries, otherwise, greater detail on accounting for these would be appropriate, including any goodwill policies.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – *continued*

Income

Dividend income from investments is recognised when the shareholders' rights to receive payment has been established, normally the ex dividend date.

Where the Group has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income. Any excess in the value of shares received over the amount of cash dividend foregone is recognised as a gain in the income statement.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Stock-lending fees and underwriting commission are recognised as earned.

Foreign currencies

The individual financial statements of each Group entity are presented in currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity is expressed in pounds sterling ("sterling") which is the functional currency of the Company, and the presentational currency of the Group. Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in net profit or loss for the period where investments are classified as fair value through profit or loss or are designated monetary available-for-sale investments (such as bonds), and presented as revenue or capital as appropriate. Exchange differences on non-monetary investments classified as available-for-sale (such as equities) are recognised directly in equity, until disposal, at which point they are recycled to the income statement, whilst exchange differences on monetary investments classified as available-for-sale (such as bonds) are recognised in the income statement.

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the income statement, all expenses have been presented as revenue items except as follows:

- Expenses which are incidental to the acquisition of an investment are included within the cost of that investment where it is classified as available-for-sale;
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment;
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated, and accordingly the investment management fee and finance costs have been allocated •% to revenue and •% to capital, in order to reflect the directors expected long-term view of the nature of the investment returns of the company; and
- The performance fee has been presented as allocated •% to capital, as the directors believe it reflects capital performance.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – *continued*

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the income statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the income statement, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval under Section 842 Income and Corporation Taxes Act 1988 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – continued

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group shall offset financial assets and financial liabilities if the Group has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

Other receivables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Investments

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

Investments are classified as either fair value through profit or loss or available-for-sale. As the entity's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities and fixed income securities are designated as fair value through profit or loss on initial recognition. The entity manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the Group is provided internally on this basis to the entity's key management personnel.

Financial assets designated as at fair value through profit or loss, as well as available-for-sale financial assets, are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Investments in units of unit trusts or shares in OEICs are valued at the closing price released by the relevant investment manager.

In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established by using valuation techniques, which may include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilisedⁱ. Where no reliable fair value can be estimated for such unquoted equity instruments, they are carried at cost, subject to any provision for impairmentⁱⁱ.

Where securities are designated upon initial recognition as fair value through profit or loss, gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item and transaction costs on acquisition or disposal of the security are expensed. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement, as a capital item. For available-for-sale equity securities, transaction costs on acquisition are capitalised, and the profit or loss on disposal is calculated net of transaction costs on disposal. For available-for-sale debt securities, transaction costs on acquisition are capitalised and included in the effective interest rate.

Foreign exchange gains and losses for fair value through profit or loss investments are included within the changes in its fair value whereas they are disclosed separately for securities classified as available-for-sale. The income statement caption on foreign exchange gains/(losses) on available-for-sale assets includes such gains and losses on monetary available-for-sale assets (such as bonds), as well as those arising from the release from equity on disposal of non-monetary available-for-sale assets (such as equities).

All such available-for-sale securities are subject to an assessment of impairment on an annual basis.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. If the Group has issued compound financial instruments that contained both a liability and equity component, the Group separately recognises these components as a financial liability or equity. Financial liabilities and equity instruments are recorded at the proceeds received, net of issue costs.

ⁱ This is a relatively broad description of how the accounting policy for arriving at fair values for unquoted instruments may be set out. It is likely that an entity will include a more specific description of how they approach valuation for such instruments. IAS 32.92 and IAS 32.93 require additional disclosure in the notes describing separately, for significant classes of financial assets, the valuation methods used and significant assumptions made in determining the fair value of those financial assets. In addition, the entity shall disclose whether the financial statements include any financial assets measured at fair values that are determined in full or in part using a valuation technique based on assumptions that are not supported by observable market prices or rates. If changing any of those assumptions to a reasonable possible alternative which would result in a significantly different value in respect of profit or loss or total assets, the entity shall disclose this fact, as well as the effect on the fair value of a range of reasonably possible alternatives.

ⁱⁱ IAS 32.90 and IAS 32.91 require additional disclosure in the notes describing the financial instruments, their carrying amount, an explanation of why fair value cannot be measured reliably and, if possible, the range of estimates within which fair value is highly likely to be. Furthermore, if financial assets whose fair value previously could not be reliably measured are sold, that fact, the carrying amount of such financial assets at the time of sale and the amount of any gain or loss recognised should be disclosed.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – continued

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Convertible loan notes

Convertible loan notes issued by the Group are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

Zero dividend preference shares

The zero dividend preference shares, due to redeem in 200AA at a redemption value of £ per share, have been classified as liabilities, as they represent a contractual obligation on behalf of the Group to deliver to their holders a fixed and determinable amount at the redemption date, and therefore meet the IAS 32 Financial Instruments: Disclosure and Presentation ("IAS 32") definition of liabilities. They are accordingly accounted for at amortised cost, using the effective interest rate method.

Other payables

Other payables are not interest-bearing and are stated at their nominal value.

Derivative financial instruments and hedge accountingⁱ

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivativesⁱⁱ.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and any ineffective portion is recognised immediately in the income statement. The amount in equity is released to income when the forecast transaction impacts profit or loss.

For an effective fair value hedge, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in income. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in profit or loss for all fair value hedges.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. If capital in nature, the associated change in value is presented as a capital item in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity for cash flow hedges is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss in the period.

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contracts and the financial instrument is not classified at fair value through profit or loss.

ⁱ It is assumed that the Group only has a cash flow hedge in these model financial statements, and has no fair value or net investment hedging, although a policy in respect of fair value hedging has been included for illustrative purposes.

ⁱⁱ In practice, a more extensive description of the Group's financial risk management objectives and policies, dealing with the Group's particular circumstances, would be given.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – *continued*

3. INCOME

An analysis of the Group's income is as follows:

	Year ended 20XX	Year ended 20YY
Investment income		
Listed dividends – UK		
Listed dividends – Overseas		
Interest on fixed income securities		
Scrip dividends		
Other operating income		
Deposit interest		
Stock lending fees		
Underwriting commission		
	_____	_____
	_____	_____
Total investment and other operating income comprises:		
Dividend income		
Interest income		
Other income		
	_____	_____
	_____	_____
Investment income comprises:		
Listed investments		
Unlisted investments		
	_____	_____
	_____	_____

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Directors are of the opinion that the Group is engaged in a single segment of business of investing in equity and debt securities, issued by companies operating and generating revenue in [geographic location], and therefore no segmental reporting is providedⁱ.

ⁱ This assumes that segmental reporting is not required as there is only one business and geographic segment. However, some funds, depending on their investment objective and portfolio structure, may be deemed as having more than one segment and therefore would be required to present segmental reporting in accordance with IAS 14 Segment Reporting ("IAS 14").

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – continued

5. EXPENSESⁱ

	Year ended 20XX			Year ended 20YY		
	Revenue Return	Capital Return	Total	Revenue Return	Capital Return	Total
		£			£	
<i>Management fees</i>						
Investment management fees						
Irrecoverable VAT on investment management fees						
Performance fees						
Irrecoverable VAT on performance fees						
<i>Other expenses</i>						
Transaction costs on fair value through profit or loss assets						
Directors' remuneration ⁱⁱ						
Accounting, secretarial and administration fees						
Other expenses						
Other irrecoverable VAT						
Auditors' remuneration for audit services						
	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____

Details of the terms of the investment management agreement are provided on page x of the Directors' report. The Group has no employees (20YY – nil). The directors are the only key management personnel of the Group. Their remuneration disclosed above is all in respect of short-term employee benefits.

Amounts payable to [name of auditors] and their associates by the company and its UK subsidiary undertakings in respect of non-audit services were £_____ (20YY – £_____).

Transaction costs on fair value through profit or loss assets represent such costs incurred on both the purchase or sale of those assets.

ⁱ There is no specific guidance regarding the level of expense information required beyond the principles-based details in IAS 1 – The information set out above is consistent with that required by the SORP.

ⁱⁱ Directors costs have been included solely in total here as a relevant expense caption. Further details of the remuneration of individual directors would be given in the directors' remuneration report.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – *continued*

6. FINANCE COSTS

	Year ended 20XX £			Year ended 20YY £		
	<i>Revenue Return</i>	<i>Capital Return</i>	Total	<i>Revenue Return</i>	<i>Capital Return</i>	Total
Interest						
Bank overdrafts and loans						
Convertible loan notes						
Finance costs attributable to zero dividend preference shares						
Total borrowing costs						
Fair value gains/(losses) on interest rate swaps transferred from equity						
Fair value gains/(losses) on interest rate swaps not in a designated hedge relationship						

7. TAX

	Year ended 20XX £			Year ended 20YY £		
	<i>Revenue Return</i>	<i>Capital Return</i>	Total	<i>Revenue Return</i>	<i>Capital Return</i>	Total
Current tax:						
UK corporation tax						
Foreign tax						
Expenses utilised in capital						
Deferred tax:						
Current year						
Attributable to an increase in the rate of Corporation tax						

Corporation tax is calculated at [x] per cent (20YY: [x] per cent) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – *continued*

7. TAX (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	Year ended 20XX		Year ended 20YY	
	£	%	£	%
Profit before tax	_____	_____	_____	_____
Tax at the UK corporation tax rate of [x]% (20YY: [x]%)				
Tax effect of expenses that are not deductible in determining taxable profit				
Tax effect of non-taxable UK and scrip dividends				
Withholding tax suffered				
Gains and losses on investments that are not taxable				
Tax effect of utilisation of tax losses not previously recognised				
Increase in opening deferred tax liability resulting from an increase in tax rates				
Effect of different tax rates of subsidiaries in other jurisdictions	_____	_____	_____	_____
Tax expense and effective tax rate for the year	_____	_____	_____	_____

At the balance sheet date, there is a deferred tax asset of £__million (20YY: £__million) due to surplus management expenses and excess unutilised foreign tax available for double taxation relief. It is unlikely the Group will generate sufficient taxable profits in the future to recover these amounts and no deferred tax asset has been recognised in the year or prior years.

In addition to the amount charged to the income statement, deferred tax relating to the equity component of convertible bonds issued amounting to £__million has been charged directly to equity.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – *continued*

8. DIVIDENDS

	Year ended 20XX	Year ended 20YY
	£	£
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 20YY of ___p (20ZZ: ___p) per share.		
Interim dividend for the year ended 31 December 20XX of ___p (20YY: ___p) per share.	_____	_____
Proposed final dividend for the year ended 31 December 20XX of ___p (20YY: ___p) per share.	_____	_____
The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.		
We also set below the total dividend payable in respect of the financial year, which is the basis on which the requirements of Section 842 Income and Corporation Taxes Act 1988 are considered.		
Interim dividend for the year ended 31 December 20XX of ___p (20YY: ___p) per share.		
Proposed final dividend for the year ended 31 December 20XX of ___p (20YY: ___p) per share	_____	_____

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – *continued*

9. EARNINGS PER SHARE

From continuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings

Ordinary shares

	Year ended 20XX £			Year ended 20YY £		
	<i>Revenue Return</i>	<i>Capital Return</i>	Total	<i>Revenue Return</i>	<i>Capital Return</i>	Total
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders						
Effect of dilutive potential ordinary shares: Interest on convertible loan notes (net of tax)						
Earnings for the purposes of diluted earnings per share						

Number of shares

	Year ended 20XX	Year ended 20YY
Weighted average number of ordinary shares for the purposes of basic earnings per share		
Effect of dilutive potential ordinary shares: Convertible loan notes		
Weighted average number of ordinary shares for the purposes of diluted earnings per share		

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – continued

10. SUBSIDIARIES

A list of the significant investments in subsidiaries, including the name, country of incorporation and the proportion of ownership interest is given in note [x] to the company's separate financial statements.

[Provide relevant details of other disclosure requirements in IAS 27 Consolidated and Separate Financial Statements ("IAS 27").]

11. INVESTMENTSⁱ

Available-for-sale assets

	20XX			20YY		
	Listed	Unlisted	Total	Listed	Unlisted	Total
	£	£	£	£	£	£
Opening cost at 1 January						
Unrealised gains/(losses) at 1 January						
Opening fair value at 1 January						
Purchases at cost						
Sales – proceeds						
– realised gains on sales						
Unrealised gains/(losses) in equity						
Impairment in investments						
Closing fair value at 31 December						
Closing cost at 31 December						
Unrealised gains/(losses)						

Fair value through profit or loss assets

	20XX			20YY		
	Listed	Unlisted	Total	Listed	Unlisted	Total
	£	£	£	£	£	£
Opening cost at 1 January						
Gains/(losses) at 1 January						
Opening fair value at 1 January						
Purchases at cost						
Sales – proceeds						
– realised gains on sales						
Gains/(losses) in the income statement						
Closing fair value at 31 December						
Closing cost at 31 December						
Gains/(losses)						

ⁱ There is no requirement to present a reconciliation similar to that in the SORP, which reconciles opening to closing fair values, including purchases sales etc, in IFRS. However, we have suggested such information is presented as useful to shareholders.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – *continued*

12. CURRENT ASSETS

Other receivablesⁱ

	20XX £	20YY £
Amounts receivable from equity instruments		
Amounts receivable in respect of sales of investments awaiting settlement		
Currency and interest rate derivatives	_____	_____
	_____	_____

The directors consider that the carrying amount of other receivables approximates their fair value.

Cash and cash equivalents comprise bank balances and cash held by the Group including short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Credit riskⁱⁱ

The Group's principal financial assets are bank balances and cash, other receivables and investments, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

i If the entity has designated a loan or receivable (or group of loans and receivables) as at fair value through profit or loss, IAS 32.94(g) requires additional disclosures. In accordance with IAS 32 AG 40, the entity also needs to disclose the amount of change in the fair value of the instrument that is attributable to changes in credit risk.

ii More extensive disclosures in respect of the amounts exposed to credit risk may be required under IAS 32, paragraphs 76 – 85, and the circumstances of individual trusts should be considered alongside these provisions in assessing the appropriate level of disclosure.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – continued

13. BANK OVERDRAFTS AND LOANSⁱ

	20XX £	20YY £
Bank overdrafts		
Bank loans	_____	_____
	_____	_____
The borrowings are repayable as follows:		
In one year or less		
In more than one year but not more than two years		
In more than two years but not more than three years		
In more than three years but not more than four years		
In more than four years but not more than five years		
In more than five years	_____	_____
Less: Amount due for settlement within 12 months (shown under current liabilities)	_____	_____
Amount due for settlement after 12 months	_____	_____
Analysis of borrowings by currency:		

31 December 20XX

	Total £	Sterling £	Euros £	US dollars £
Bank overdrafts				
Bank loans	_____	_____	_____	_____
	_____	_____	_____	_____

31 December 20YY

Bank overdrafts				
Bank loans	_____	_____	_____	_____
	_____	_____	_____	_____

ⁱ If the entity has designated any financial liabilities as at fair value through profit or loss, IAS 32.94 (h) requires additional disclosures.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – continued

13. BANK OVERDRAFTS AND LOANS – continued

The weighted average interest rates paid were as follows:

	Year ended 20XX %	Year ended 20YY %
Bank overdrafts	_____	_____
Bank loans	_____	_____

Bank loans of £__million (20YY: £__million) were arranged at fixed interest rates and expose the Group to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk, which the Group partly converts to fixed rates using interest rate swaps.

The directors estimate the fair value of the Group's borrowings as follows:

	20XX £	20YY £
Bank overdrafts	_____	_____
Bank loan	_____	_____

The other principal features of the Group's borrowings are as follows:

- (i) Bank overdrafts are repayable on demand. Overdrafts of £__million (20YY: £__million) have been secured by a charge over the Group's assets. The average effective interest rate on bank overdrafts approximates x per cent (20YY: x per cent) per annum and are determined based on x per cent plus prime rate.
- (ii) The Group has two principal bank loans:
 - a) a loan of £__million (20YY: £__million). The loan was taken out on [date]. Repayments commenced on [date] and will continue until [date]. The loan is secured by a charge over certain of the Group's assets dated [date]. The loan carries interest rate at x per cent above LIBOR.
 - b) a loan of £__million (20YY: £__million) secured on certain current and non-current assets of the Group. This loan was advanced on [date] and is due for repayment in full on [date]. The bank loan carries fixed interest rate at x per cent (20YY: x per cent) per annum.

At 31 December 20XX, the Group had available £__million (20YY: £__million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – *continued*

14. NON-CURRENT LIABILITIES (EXCLUDING BANK BORROWINGS)

CONVERTIBLE LOAN NOTES

The convertible loan notes were issued on [date]. The notes are convertible into ordinary shares of the Company at any time between the date of issue of the notes and their maturity date. The loan notes are convertible at x shares per £x loan note. The effective interest rate which is used to calculate the interest charged to the income statement was •%.

If the notes have not been converted, they will be redeemed on [date] at par. Interest of x per cent will be paid annually up until that date.

The net proceeds received from the issue of the convertible loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Group, as follows:

	£
Net proceeds of convertible loan notes	
Equity component	()
	<hr style="width: 100%;"/>
Liability component at date of issue	
Interest charged	
Interest paid	()
	<hr style="width: 100%;"/>
Liability component at 31 December 20XX	<hr style="width: 100%;"/>

The directors estimate the fair value of the liability component of the convertible loan notes at 31 December 20XX to be approximately £_million.

ZERO DIVIDEND PREFERENCE SHARES

The zero dividend preference shares were issued on [date]. They were issued at • pence per share and redeem on 31 December 20AA at • per share, an effective interest rate of •% per annum. There were • zero dividend preference shares in issue at 31 December 20XX (•: 20YY).

	20XX	20YY
	£	£
Zero dividend preference shares	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – *continued*

15. DERIVATIVE FINANCIAL INSTRUMENTS

Currency derivatives

The Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group is a party to a variety of foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

At the balance sheet date, total fair value and notional amount of outstanding forward foreign exchange contracts are as below.

	Fair Value		Notional	
	20XX	20YY	20XX	20YY
	£	£	£	£
Forward foreign exchange contracts				
– Euros				
– US Dollars				
	_____	_____	_____	_____

These arrangements are designed to address significant exchange exposures for the first half of 20WW, and are renewed on a revolving basis as required.

At 31 December 20XX, the fair value of the Group's currency derivatives is estimated to be approximately £__million (20YY: £__million). These amounts comprise £__million assets included in other receivables and £__million liabilities included in other payables. The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to £__million (20YY: £__million) has been deferred in equity.

Changes in the fair value of non-hedging currency derivatives amounting to £__million have been charged to income in the year (20YY: nil).

Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate movements on its sterling bank borrowings. Contracts with nominal values of £__million have fixed interest payments at an average rate of x per cent for periods up until 20VV and have floating interest receipts at x per cent plus LIBOR.

The fair value of swaps entered into at 31 December 20XX is estimated at £__million (20YY: £__million). All of these interest rate swaps are designated and effective as cash flow hedges and the fair value thereof has been deferred in equity. An amount of £__million (20YY: £__million) has been offset against hedged interest payments made in the period.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – continued

16. OTHER CURRENT LIABILITIES

Other payables principally comprise amounts outstanding for purchases on investments awaiting settlement and ongoing costs. The directors consider that the carrying amount of trade payables approximates to their fair value.

In addition, other payables include currency derivative liabilities with a fair value of £__million and taxation liabilities of £__million.

17. SHARE CAPITALⁱ

	20XX £	20YY £
Ordinary share capital		
Authorised:		
x million ordinary shares of £x each (20YY – y million)	_____	_____
Issued and fully paid:		
x million ordinary shares of £x each (20YY – y million)	_____	_____

During the year, the Company repurchased • ordinary shares of £x each for cash consideration of £x.

The Company has one class of ordinary shares which carry no right to fixed income.

18. WARRANT RESERVE

	20XX £	20YY £
Warrants	_____	_____

The Company has in issue __million warrants. Each warrant confers the right to subscribe for one ordinary share of £x for £y at [date].

19. SHARE PREMIUM ACCOUNT

	£
Balance at 1 January and 31 December 20YY	
Premium arising on issue of equity shares	
Expenses of issue of equity shares	_____
Balance at 31 December 20XX	_____

ⁱ Some of the notes 17 to 24 may not be required if they contain no additional information to that contained on the face of the statement of changes in equity. It will typically be appropriate to include them where particular transactions during the year are considered to require explanatory narrative details in addition to the numerical data on the face of the statement of changes in equity in order to present them clearly.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – *continued*

20. AVAILABLE-FOR-SALE RESERVE

	£
Balance at 1 January 20YY	_____
Gains/(losses) on revaluation taken to equity	
Transferred to income statement on sale	_____
Balance at 1 January 20XX	
Gains/(losses) on revaluation taken to equity	
Transferred to income statement on sale	_____
Balance at 31 December 20XX	_____

21. OWN SHARES

	£
Balance at 1 January and 31 December 20YY	
Acquired in the period	
[Other movement]	_____
Balance at 31 December 20XX	_____

The own shares reserve represents the cost of shares in Delto Trust plc purchased in the market and held by the Delto Trust plc as Treasury shares. The number of Treasury shares held at 20XX were • (20YY: •) *[disclosures required by the Listing Rules in respect of sales and transfers of shares in and out of treasury should also be included]*.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – *continued*

22. EQUITY CONVERSION RESERVE

	£
Balance at 1 January and 31 December 20YY	
Recognition of equity component of convertible loan notes	
Deferred tax liability arising on recognition of equity component of convertible loan notes	_____
Balance at 31 December 20XX	_____

This reserve represents the equity component of the convertible loan notes detailed in note 14.

23. CASH FLOW HEDGING RESERVE

	Total £
Balance at 1 January 20YY	
Increase in fair value of hedging derivatives	
Transfer to income	_____
Balance at 1 January 20XX	
Increase in fair value of hedging derivatives	
Transfer to income	_____
Balance at 31 December 20XX	_____

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – continued

24. RETAINED EARNINGS AND CAPITAL RESERVEⁱ

	Retained earnings £	Capital reserve £
Balance at 1 January 20YY		
Dividends paid		
Net profit for the year		
Balance at 1 January 20XX		
Dividends paid		
Net profit for the year		
Transfer from retained earnings to capital reserve		
Balance at 31 December 20XX		

The components of retained earnings that relate to revenue and capital are set out below.

	20XX £	20YY £
Retained earnings – retained earnings reserve		
Retained earnings – capital reserve (of which £• realised)		

25. NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

Purchases and sales of investments are considered to be operating activities of the company, given its purpose, rather than investing activities. However, the cash flows associated with these activities are presented below.

	20XX £	20YY £
Proceeds on disposal of fair value through profit and loss investments		
Proceeds on disposal of available-for-sale investments		
Purchases of fair value through profit and loss investments		
Purchases of available-for-sale investments		

ⁱ The model financial statements assume there has been no change in accounting policies. Otherwise, in such circumstances, the effect of such changes would be noted in the retained earnings note and in the Statement of Changes in Equity.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 20XX – continued

26. RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

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

	Detail of transaction		Amounts owed by related parties		Detail of transaction		Amounts owed to related parties	
	Year ended	Year ended	20XX	20YY	Year ended	Year ended	20XX	20YY
	20XX	20YY			20XX	20YY		
	£	£	£	£	£	£	£	
X Holdings	_____	_____	_____	_____	_____	_____	_____	_____
Associates	_____	_____	_____	_____	_____	_____	_____	_____

X Holdings is a related party of the Group because [give reasons].

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

27. CONTINGENCIES AND CAPITAL COMMITMENTS

[Set out any contingent liabilities, with a brief description of the nature of contingent liabilities at the balance sheet date for each class of contingent liabilities, unless the possibility of any outflow in settlement is remote. Where practicable, the following should also be disclosed: an estimate of the financial effect of the contingent liability measured in accordance with IAS 37; an indication of the uncertainties relating to the amount of timing of any outflow; and the possibility of any reimbursement.]

28. NET ASSET VALUES

	Net asset Value per share		Net assets Attributable	
	20XX	20YY	20XX	20YY
	p	p	£	£
Ordinary shares:				
Undiluted				
Diluted				

Zero dividend preference shares:

The net asset value per ordinary share is based on net assets at the year end and on • ordinary shares, being the number of ordinary shares in issue at the year end. The net asset value per zero dividend preference share is based on net assets at the year end and on • zero dividend preference shares, being the number of zero dividend preference shares in issue at the year end.

29. RISK MANAGEMENT

[IAS 32 requires a detailed description of the various risk exposures faced by an entity arising from the financial instruments it holds. This should include market price risk, interest rate risk, credit risk, liquidity risk and currency risk. The risk management policies employed by the entity in respect of these are also required to be discussed. The key specific disclosure requirements are set out in paragraphs 50, 52, 56, 60, 63, 67, 74, 76 and 80 of IAS 32. These model financial statements do not illustrate example disclosures, as these will vary from entity to entity.]



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