

FSTM

Statement of Profit or Loss and other Comprehensive Income

Task 1 20 marks

- Required by IAS 1 Presentation of Financial Statements
- Total comprehensive Income = profit/loss + other comprehensive income.
- IAS 1 allows single or separate statements: you must do a single statement.

	£'000
Revenue	X
Cost of sales	(X)
Gross Profit	X
Distribution costs	(X)
Administration expenses	(X)
Profit/loss from operations	X
Finance costs	(X)
Profit/loss before tax	X
Tax	(X)
Profit/loss for the period from continuing operations	X
Other comprehensive income for the period:	
Gain on revaluation	X
Total Comprehensive income for the period	X

1.1. Cost of Sales.

- Opening inventories
- Purchases
- Depreciation (if necessary)
- Closing inventories

1.2. Expenses.

Expenses are analysed by function

- Distribution costs
- Administration expenses
- Finance costs

You need to adjust for accruals/prepayments.

can be by nature eg material, labour.

1.3. Unusual items.

- Extraordinary items: not allowed under IAS 1.
These are material items which are so unusual the IASB cannot give an example! They are not within the ordinary activities of the entity and are not expected to recur. Disclose in the notes.
- Exceptional items: These are material items, they occur within the ordinary activities of the entity and are not expected to recur. Disclose in the notes.

1.4. Other Comprehensive income.

- Other Comprehensive Income: income and expense that is not recognised in the profit and loss. Eg gain/loss on revaluation of non current assets, foreign currency translation differences.
- Discontinued operations: IAS 1 Presentation of financial statements and IFRS 5 Non Current Assets held for sale and discontinued operations (Not assessable) require the post tax profit/loss of discontinued operations to be disclosed as a separate line item in the statement of comprehensive income. A discontinued operation is a component of the entity that has been disposed of or is held for sale.

Notes

- Notes provide info that is not disclosed in the financial statements.
- Notes state the accounting policies used. Such as measurement basis,
- Many notes provide further analysis of totals in the financial statements eg trade and other receivables note shows trade receivables, prepayments other receivables.
- Dividends proposed (these are not in the financial statements), the note must show total and dividend per share.