



September 2024

**ERICA (EUROPEAN RECORDS OF IFRS CONSOLIDATED ACCOUNTS)
WORKING GROUP**

ERICA STANDARD FORMAT

Annex 2 - Methodological note

European Committee of Central Balance Sheet Data Offices (CBSO)

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I. NEW FEATURES IN THE 2024 ERICA FORMAT

The ERICA format has benefited from relevant changes in additional information in order to be in line with recent IFRS changes and continue deepening in future ERICA analysis:

1. P&L by Function and Nature (cc_113 *"of which, impairment reversals"* as part of cc_11 *"1.2. Other operating income, Total"*) is erased.
2. P&L by Function and Nature: cc_145_147 *"5.3. Gains (losses) arising from financial instruments"* cc_950 *"5.4. Exchange differences recognized in profit or loss (a)"* and cc_141 *"5.5. Profit (loss) from investments in related parties"* are substituted by cc_148 *"5.4. Other finance/income costs"* within cc_14 *"5. Net finance result"*. Besides, 5.3 is now cc_143 *"5.3. Share of profit (loss) of associates and joint ventures accounted for equity method"*, which was in the past an *"of which"* of former cc_141 *"5.5. Profit (loss) from investments in related parties"*, given this year disappears this latter.
3. P&L by Nature: (cc_2244 *"2.4. (-) Impairment losses, total (not reversals) (Non Current Assets: Tangible, Intangible, R.E. Invest)"* substitutes cc_224 *"2.4. (-) Impairment losses, total (not reversals)"* as part of cc_22 *"Operating expenses"*, specifying the concepts of impairment to be included.
4. P&L by Nature: ERICA elements cc_225 *"2.5. (-) Research and Development [by Nature]"*, cc_226 *"2.6. (-) Restructuring costs"* and cc_239 *"2.6. (-) Other operating expenses"* are substituted by and integrated in the new following concept/element cc_2391 *"2.5. (-) Other operating expenses (includes inventory write downs if not included in inventories of finished goods. Also includes w/d of receivables. Includes R&D Costs + Restructuring Costs)"*.
5. Additional disclosures to quantify//specify some concepts of the P&L by nature or in the P&L by function when they are not disclosed in the elements of those chosen in the Primary Financial Statements (PFS) of the ERICA Format, such as a) the inclusion in P&L by function of the following disclosed elements: cc_226 *"Restructuring costs"* and cc_2243 *"Impairment reversals, total: Tangible, Intangible, R.E. Invest."* which are elements in the P&L by Nature PFS or b) inclusion as additional disclosures after the PFS of cc_225 *"R+D Costs"*, cc_226 *"Restructuring Costs"* and the cc_2243 *"3. (+) Impairment reversals, total (Non Current Assets: Tangible, Intangible, R.E. Invest)"* as additional disclosure after the P&L by Nature PFS.
6. Assets: Non-Current Assets: cc_34 *"6. Investments in related parties"* disappears to leave cc_340, former of which, *"Equity accounted investments"* as a single element with own entity. The remaining concepts formerly included in cc_34 are now included in cc_361 *"8. Other financial assets, non-current (includes other invest in related parties)"* making disappear former cc_36 *"8. Other financial assets, non-current"*
7. Assets. Current, Total: cc_47 *"of which prepayments, current (prepaid expenses, among others)"* is no longer required.
8. Notes - Update of *"Reason of recalculated data"*:
 - 6.1. Change in accounting policy resulting from amendments to:

- 6.1.10. Classification of Liabilities - Current and Non-Current - Deferral of Effective Date (IAS 1) (G02134).
 - 6.1.11. Classification of Liabilities - Current and Non-Current (IAS 1) (G02142)
 - 6.1.12. Amendments to Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 Comparative Information (G02143).
 - 6.1.13. Income Taxes: International Tax Reform -- Pillar two Model Rules (G02144).
 - 6.1.14. Amendments to IAS 8 Accounting Policies, Changes in Accounting Policies and errors: Definition of Accounting Estimates (G02145).
9. Notes – Statement of Profit or Loss: Additional Information: inclusion of cc_961 “2. *Interest Expense on pension obligations or other long-term provisions*” and cc_962 “3. *Interest Income on pension obligations or other long-term provisions*”.
10. Notes – Environmental Information. Given the growing importance of climate-related reporting, new environmental information was added:
- Presentation Mitigation/Adaptation (Turnover); Units of Measurement (1 - % in Absolute Terms; 2 - % in Relative Terms) (cc_32160)
 - Presentation Mitigation/Adaptation (Capex); Units of Measurement (1 - % in Absolute Terms; 2 - % in Relative Terms) (cc_32170)
 - Presentation Mitigation/Adaptation (Opex); Units of Measurement (1 - % in Absolute Terms; 2 - % in Relative Terms) (cc_32180)

II. GENERAL CHARACTERISTICS AND EMPLOYMENT

COUNTRY OF INCORPORATION AND NAME OF THE REPORTING ENTITY

These cells are automatically completed for all the sheets of the format by filling point “1. Name of the reporting entity” and point “2.6. Country of the parent entity”.

1. Name of reporting entity (group)

This field requires the name of the reporting entity or group, without the word “Group” (i.e. Volkswagen).

2. Identification of the reporting entity (or the corporation in case of individual accounts)

It concerns the identification information of the reporting entity. In case of individuals accounts the identification information of the entity should be included.

2.1. Name of the reporting entity

The name of the reporting entity (wording as in the commercial register) should be disclosed here (i.e. Volkswagen AG).

2.2. National identification code of the reporting entity

The national identification numbers or codes as the commercial register code must be noted. Note that German and Austrian groups use an internal code as group identifier, while the other ERICA groups use the identifier of the reporting entity as group identifier.

2.3. ERICA identification code of the reporting entity

The ERICA identification code, created for internal purposes by the ERICA WG, must be noted.

2.4. Country of the reporting entity

The country of incorporation or the principal place of business, if different from the registered office, should be noted (IAS 1.138.a).

3. Information on the ultimate parent entity of group

The ultimate parent entity of the group is the head of the group, even if there is only an indirect ownership relation with the reporting entity.

When the ultimate parent entity is the same as the parent entity, this point should be filled with the information again (i.e. Volkswagen AG) and keep it empty only when the ultimate parent entity is unknown.

3.1. Name of the ultimate parent entity of the group

3.2. National identification code of the ultimate parent entity of the group

4. Nature of financial statements

Consolidated

The financial statements cover a group of entities. Consolidated financial statements include all entities that are controlled by the parent or in which the parent has a significant influence.

Individual

The financial statements cover only the individual entity.

5. Accounting period

5.1. Yearly or interim financial statements

The information about the usual period of accounting (yearly, half-yearly or quarterly) is disclosed here.

5.2. Date of the beginning of the reporting period (yyyy-mm-dd)

5.3 Number of months of the reporting period

Number of months for current and previous reporting period has to be given here, to ensure comparability of data.

6. Presentation currency

The format should include the information about the reporting currency, especially in cases where it is different to the euro (IAS 1.51.d).

7. Level of precision in financial statement's figures

Financial statements can be fulfilled in units, thousands or millions. The purpose of this line item is identifying the currency units under which the information is disclosed.

8. Description of operations and principal activities

8.1. Sector classification of the reporting entity (four digits NACE code)

For the ease of the entity allocation to a sector of activity, its main NACE code must be reported here, which will be used for analysis purposes. This activity should be the one with the highest turnover in the entity. When only two digits of NACE code are available, the element should be fulfilled with two zeros behind the two digits available.

9. Information about options allowed by IFRS (as at December 2020)

Some IFRS allow alternative treatments of certain transactions, what can pose some problems when comparing information from different entities. To that end, the ERICA format asks for the alternative used in these cases. Please note that if an entity does not give information or it uses more than one alternative not being possible to identify the predominant, the cell must remain "Not reported". The transactions covered are the following:

9.2. Subsequent measurement of property, plant and equipment

Acquisition cost or revalued amount.

9.3. Subsequent measurement of investment property

Acquisition cost, fair value (with gains and losses to be included in statement of profit or loss) or no investment property.

9.4. Method of presentation of statement of other comprehensive income

Gross, net of tax or no OCI.

10. Double Accounting Information

Some firms, that are included in ERICA, have a parent firm, which is also part of the ERICA database. Hence these groups are included twice, once as a subgroup and once as part of the parent group. In order to avoid such double accounting, following variables are collected:

10.1. Double_global

The dropdown list allows following values:

No: The group has no parent entity that is included in ERICA as well.

Listed: The group has a listed parent entity that is included in ERICA as well.

Non-listed: The group has a non-listed parent entity that is included in ERICA as well.

Blank cell: The information is unknown or not available.

10.2. Double_country

The dropdown list allows following values:

No: The group has no parent entity that is included in ERICA as well and that belongs to the same country.

Listed: The group has a listed parent entity that is included in ERICA as well and that belongs to the same country.

Non-listed: The group has a non-listed parent entity that is included in ERICA as well and that belongs to the same country.

Blank cell: The information is unknown or not available.

10.3. Double_sector

The dropdown list allows following values:

No: The group has no parent entity that is included in ERICA as well and that belongs to the same sector of activity (based on the four ERICA sectors construction, energy, industry and services).

Listed: The group has a listed parent entity that is included in ERICA as well and that belongs to the same sector of activity (based on the four ERICA sectors construction, energy, industry and services).

Non-listed: The group has a non-listed parent entity that is included in ERICA as well and that belongs to the same sector of activity (based on the four ERICA sectors construction, energy, industry and services).

Blank cell: The information is unknown or not available.

III. STATEMENT OF PROFIT OR LOSS BY FUNCTION AND BY NATURE

PRELIMINARY REMARKS

Distinction between nature and function

An entity should present, either on the face of the statement of profit or loss or in the notes to the statement of profit or loss, an analysis of expenses using a classification based on either the nature of expenses or their function within the entity.

The first analysis is referred to as the nature of expense method. Expenses are aggregated in the statement of profit or loss according to their nature, and are not reallocated amongst various functions within the entity. The second analysis is referred to as the function of expense or 'cost of sales' method and classifies expenses according to their function as part of cost of sales, distribution or administrative activities.

Entities classifying expenses by function should disclose additional information on the nature of expenses, including depreciation and amortisation expense and staff costs. The choice of analysis between the cost of sales method and the nature of expenditure method depends on both historical and industry factors and on the nature of the organisation.

Continuing and discontinuing operations

The items of statement of profit or loss do not include the amount arising from discontinuing operations; the disclosure of this kind of operations may be presented either in the notes or on the face of the financial statement except the disclosure of the amount of the post-tax gain or loss, which should be presented on the face of the statement of profit or loss.

I. STATEMENT OF PROFIT OR LOSS BY NATURE

1. Operating revenue

An entity should disclose the amount of each significant category of revenue recognised during the period including revenue arising from the sale of goods, the rendering of services, interest, royalties and dividends.

1.1. Revenue

The item contains among others the following categories:

Turnover:

The turnover covers 3 categories of revenues:

Sale of goods: The item includes the revenues from the sale of goods; it does not include the revenues arising from lease agreements, dividends from investments, insurance contracts, and change in the fair value. The revenues from the sale of goods should be recognised when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods and when the amount of the revenue can be measured reliably. If the entity retains significant risks of ownership, the transaction is not a sale and revenue is not recognised. Revenue is not recognised when there is simply an intention to acquire or manufacture the goods in time for delivery.

Rendering of services: Revenues associated with a transaction involving the rendering of services should be recognised by reference to the stage of completion of transaction at the statement of financial position date.

Revenue from construction contracts: An entity should disclose the amount of contract revenue recognised as revenue in the period by reference to the stage of completion of the contract activity at the statement of financial position date.

Royalty income: Income received for the use of long-term assets by another entity, such as patents, trademarks and copyrights. They should be recognised on an accrual basis in accordance with the substance of the relevant agreement.

Property rental income: It includes the rental income from investment property (IAS 40.75.f.i)

Other miscellaneous operating revenue

1.2. Other operating income, total

This heading contains, amongst others, the following items:

Interest income [financial activities]: The use by others of the entity's financial assets rises to revenue in the form of interest for the use of cash or cash equivalents or amounts due to the entity. Interest income should be recognised on an accrual basis. Only those amounts derived from the course of the ordinary activities of the entity should be included under this caption (i.e., as the format is not aimed to financial institutions only amounts derived from financial subsidiaries of the entity must be considered). For further guidance on accounting for interest income from loans by non-financial institutions, please refer to heading 5.2. Financial income, net.

Dividend income [financial activities]: The use by others of investments in subsidiaries, associates and joint ventures rise to revenue in the form of dividends; they are distribution of profits to holders of equity investments in proportion to their holdings of a particular class of capital. The item does not include the dividend from trading investments, classified into the income from investments. Dividend income should be recognised when the shareholder's right to receive payment is established. Only those amounts derived from the course of the ordinary activities of the entity should be included under this caption (i.e., as the format is not aimed to financial institutions only amounts derived from financial subsidiaries of the entity must be considered). For further guidance on accounting for dividend income from investments by non-financial institutions, please refer to heading 5.2. Financial income.

Gain on derecognition of non-financial assets: Gains and losses from the retirement or disposal of non-financial assets should be determined as the difference between the net disposal proceeds and the carrying amount of the assets and should be recognised as income or expense in the statement of profit or loss. Only gains must be shown under this caption as the losses must be reported in Operating expenses (see point 2.6). Please note that also gains arising from the disposal of non-current assets held for sale should be included in this heading.

Impairment reversals from non-financial assets: If the recoverable amount of an asset is lower than its carrying amount, the carrying amount of the asset should be reduced to its recoverable amount. The reduction is an impairment loss and the increases are the reversals of the impairment losses. The impairment reversals that should be disclosed are those from property, plant and equipment, from intangible assets and goodwill, from other assets valued at cost, from inventories and from bad and doubtful commercial debts. Before 2024 Format (2023 Data) there was an explicit of which that was erased from 2024 ERICA Format onwards. Impairment reversals from financial instruments should be reported in Gains (losses) from financial instruments (see point 5.4. "Other finance income/costs").

In some cases, impairment losses and reversals will be only available as net position. In this case, positive amounts should be included in impairment reversals and negative amounts should be included within impairment losses.

Other remaining operating income

Reversals to provisions: Reversals of (existing) provisions should be disclosed in Other operating income. Only when the net amount of increases and reversals is reported in the Notes, this amount should be included in Net additions to provisions (Other operating expenses).

Of which, Income from government grants

Income from government grants related to income: Grants related to income are presented as a credit in the statement of profit or loss; alternatively, they are deducted in reporting the related expense.

Income from government grants related to assets: The grants, including non-monetary grants at fair value, may be set up as deferred income which is recognised as income on a systematic and rational basis over the useful life of the assets. In case the entity chooses the second method of presentation

(deducting from the carrying amount of the asset), the grant is recognised by way of a reduced depreciation charge.

1.3. Changes in inventories of finished goods and work in progress

The change in finished goods and work in progress during the period represents an adjustment to production expenses to reflect the fact that either production has increased inventory levels or that sales in excess of production have reduced inventory levels. Increases and decreases of inventories must be included in this heading. This item excludes the write-downs, which are included in other items of statement of profit or loss.

1.4. Work performed by the enterprise and capitalised

This line is used in case an entity is constructing an asset for its own use (for instance a building). Since the costs must be activated, they are reversed from the statement of profit or loss by means of this line.

2. (-) Operating expenses

These items are expenses that arise in the course of the ordinary activities of the entity. Expenses are aggregated according to their nature and are not reallocated among various functions within the entity.

2.1. (-) Raw materials and consumables used:

- (-) *Purchases of raw materials and consumables:* Amounts paid or to be paid to suppliers, VAT excluded.
- (-) *Changes in inventories of raw materials and consumables:* This item excludes write-downs, that are included in other items of statement of profit or loss. A negative sign is an arising of inventories.
- (-) *Purchases of merchandises*
- (-) *Changes in inventories of merchandises*

2.2. (-) Employee expenses

The heading includes all the expenses relating to employment; wage and salaries, short term employee benefits, post-employment benefit and other charges.

- (-) *Wage and salaries:* Gross salaries, vacation pay, 13th month, bonuses, etc.
- (-) *Short term employee benefit:* Including the expenses for social security
- (-) *Post employment benefit charge:*
 - (-) *Post employment benefit obligation expense, defined contributions plans:* When an employee has rendered service to an entity during a period, the entity should recognise the contribution payable to a defined contribution plan as an expense.
 - (-) *Post employment benefit obligation expense, defined benefit plans:* Includes current service cost, interest cost (if a company chooses to show such interest expense under employee expenses according to the freedom in presentation offered by IAS 19.119), net actuarial gain (loss) recognised, etc.
- (-) *Other employee charges:*
 - (-) *Termination benefits:* These benefits are separated from the other benefits because the event, which gives rise to an obligation, is the termination rather than the employee service.
 - (-) *Equity compensation plans:* They include benefits in such form as shares, share options and other equity instruments issued to employees at less than the fair value at which those instruments would be issued to a third party; they include even cash payments.
 - (-) *Other long term benefits:* It includes information about other long-term benefits, for example for key management personnel.
 - (-) *Other employee expenses:* It includes all the items not foreseen by the previous items.

2.3. (-) Depreciation and amortisation

The depreciable amount of fixed assets should be allocated on a systematic basis over its useful life.

2.4. (-) Impairment losses total (not reversals) (Non-Current Assets: Tangible, Intangible, R.E. Invest)

If the recoverable amount of an asset is lower than its carrying amount, the carrying amount of the asset should be reduced to its recoverable amount. The reduction is an impairment loss. The impairment losses that should be disclosed are those from property, plant and equipment, from intangible assets and goodwill, from other assets valued at cost. Write downs from inventories and from bad and doubtful commercial debts should be disclosed in *“Other operating expenses (include inventory write downs if not included in inventories of finished goods. Also includes w/d of receivables. Includes R&D Costs + Restructuring Costs)”*. Impairment losses from financial instruments should be reported in Gains (losses) from financial instruments (see point 5.4. “Other Finance Income/Costs”). In some cases, impairment losses and reversals will be only available as net position. In this case, negative amounts should be included here and positive amounts should be included within impairment reversals.

of which, (-) impairment losses from goodwill

2.5. (-) Other operating expenses (by nature) (include inventory write downs if not included in inventories of finished goods. Also includes w/d of receivables. Includes R&D Costs + Restructuring Costs).

For 2024 ERICA Format (2023 data) onwards, the item also includes the aggregate amount of research and development expenditure recognised as an expense during the period. In the past it was an explicit element in the Operating Expenses area.

For 2024 Format (2023 data) onwards, restructuring is included as other operating expenses. Examples of restructuring costs are sale or termination of a line of business, changes in management structure as eliminating a layer of management, or a fundamental reorganisation that have a material effect on the nature and focus of the enterprise's operations.

The item includes all the operating expenses not included in the previous items or the operating expenses that are a mix of various expenses. This heading contains, amongst others, the following items:

(-) *Loss on derecognition of non-financial assets*: Gains and losses from the retirement or disposal of non-financial assets should be determined as the difference between the net disposal proceeds and the carrying amount of the assets and should be recognised as income or expense in the statement of profit or loss. This item only includes losses as the gains must be reported in Operating revenue (see point 1.2). Please note that also losses arising from the disposal of non-current assets held for sale should be included in this heading.

(-) *Service costs*: Nowadays, entities have outsourced many services that previously were performed within their structure. However, not only outsourcing charges are included in this caption: it also aims at subcontracting, external staff, auditor fees, lawyer fees, insurance costs, maintenance costs, rental charges, telephone bills, electricity, subscription to magazines, etc.

(-) *Other taxes different than income tax*: It includes all the taxes not included in the income tax expense, such as real estate tax or environmental taxes.

(-) *Net additions to provisions*: Allocation of funds shall be accounted for here, including increases to already existing provisions and reversals of (existing) provisions when only the net amount is

available. If gross amounts are available, increases should be included here and reversals in Other operating income.

(-) Write downs in account receivables and inventories if not included in finished goods inventories: to be included in other operating expenses

Breakdown with regard to Impairment reversals, total (Non Current Assets: Tangible, Intangible, R.E. Invest) , R+D Costs and Restructuring Costs are detailed as additional information disclosure outside the Primary Financial Statement P&L by Nature.

3. Gain (loss) on changes in fair value of non-current assets

Unless EU's Directives allow other non-current assets to be measured at fair value, only the following categories should be included here:

(Gain) loss on changes in fair value of investment property: According to IAS 40 the entities that apply the fair value model should disclose the net gain or losses from fair value adjustment.

(Gain) loss on changes in fair value of biological assets: A gain or loss arising on initial recognition of a biological asset at fair value should be included in net profit or loss during the period in which it arises (IAS 41.26). Subsequent gains or losses from the application of the fair value model should be included here too.

II. STATEMENT OF PROFIT OR LOSS BY FUNCTION

The following items are only used in statement of profit or loss by function.

1a. Gross profit

It is the difference between operating revenue and the cost of sales, excluding the other operating income and expenses.

1a.1. (Operating) Revenue

An entity should disclose the amount of each significant category of revenue recognised during the period including revenue arising from the sale of goods, the rendering of services, interest, royalties and dividends.

1a.2. (-) Cost of sales

1b. Other operating income

Refer to heading 1.2 of Statement of profit or loss by Nature

2. (-) Operating expenses (IAS 1.103): All the expenses (depreciation, impairment, employee expenses, etc.) should be allocated to the different "functions" within the entity.

2.1. (-) Distribution costs

2.2. (-) Research and development costs

2.3. (-) Administrative expenses

2.4. (-) Restructuring costs

2.5 (-) Other operating expenses

Refer also to point 2 of Statement of profit or loss by Nature. Restructuring Costs and R+D costs in this case are excluded since they are included in 2.2. and 2.4. of this P&L by Function Primary Financial Statement Structure.

3. (-) Gain (loss) on changes in fair value of non-current assets

Refer to heading 3 of Statement of profit or loss by Nature

III. STATEMENT OF PROFIT OR LOSS BY NATURE AND BY FUNCTION

The following items are used in both statement of profit or loss by nature and by function

4. Profit (loss) from operating activities

This item is the difference between operating revenue (heading 1 of the statement of profit or loss), operating expenses (heading 2) and gain (loss) on changes in fair value of non-current assets (heading 3).

5. Net financial result

This item contains the following items:

5.1. (-) Finance costs

Apart from interest expenses, this line should include costs arising from:

(-) *Amortisation of discounts or premiums relating to borrowings*

(-) *Amortisation of ancillary costs relating to borrowing arrangements*

(-) *Fee expenses from financial instruments:* Fee expenses from financial assets or financial liabilities that are not at fair value through profit or loss shall be disclosed separately according to IFRS 7.20.c

Gain (loss) on redemption and extinguishment of debt: Additional costs paid to reimburse a debt before its due date, often referred to as re-investment indemnity.

Example: initial amount borrowed = 100, to be reimbursed by 2010. Suppose the loan is valued at cost. Suppose the bank accepts a reimbursement of 101. In that case, the loss equals 1.

(-) *Interest expense, defined benefit plans:* if a entity chooses to show interest expense on pension obligations or other long-term provisions under finance costs according to the freedom in presentation offered by IAS 19.119. This interest expense should not be accounted for in “of which, interest expense”.

(-) *Other finance costs*

of which, (-) interest expense

(-) *Interest expense, bank borrowings:* It includes only the interest and the other costs in connection with bank borrowings. It includes interest on short-term and long-term borrowings

(-) *Interest expense, other borrowings:* This item includes all the financial cost in connection with non-bank borrowings.

(-) *Interest expense on lease liabilities*

(-) *Interest expense, borrowing costs:* only interest expenses not capitalised should be collected here. Capitalised amounts can be collected within additional disclosures. (s. detailed explanations)

Interest expense related to derivatives are not included in this line item. This should be included in gains (losses) arising from financial instruments.

5.2. Financial income, net

Under this heading, amounts arising from financial assets must be disclosed. Apart from interest earned on loans and deposits, the following should be considered:

Dividends from trading investments

Fee income from financial assets

Interest income, defined benefit plans

of which, interest income

Interest arisen from loans and deposits, current and non-current, to third and related parties. It does not include interest income from defined benefit plans or other long-term provisions.

5.3. Share of profit (loss) from equity accounted investments

This item includes all the income and the losses from investments accounted using the equity method; they include only the investments where is presumed to exist at least a significant influence.

5.4. Other Finance Income/Costs

From 2024 Format (2023 Data) onwards, former, 5.3. Gains (losses) arising from financial instruments, 5.4. Exchange Differences recognized in profit or loss (a) and 5.5. Profit (Loss) from investments in related parties (but Share of profit (loss) of associates and joint ventures accounted for equity method)

- Gains (losses) arising from financial instruments

This heading includes, amongst others, the following elements:

- *Gain (loss) on derecognition of financial assets at amortised cost:* This item includes the gains or losses arising from the disposal of financial assets measured at amortised cost.
- *Gains (losses) from derecognition of financial instruments.*
- *Fair value gains (losses) from financial instruments:*
of which, gain (loss) on reclassification of financial assets at fair value: If a financial asset is reclassified so that is measured at fair value, any gain or loss arising from a difference between the previous carrying amount and its fair value at the reclassification date must be included in this heading.
- *Impairment losses and reversals from financial instruments*
If the recoverable amount of a financial instrument is lower than its carrying amount, the carrying amount of the asset should be reduced to its recoverable amount. The reduction is an impairment loss. The impairment losses and reversals that should be disclosed are those from financial instruments.
- *Interest expense from financial instruments*

- Exchange differences recognised in profit or loss

Exchange differences, except those within operating profit or loss, must be presented aggregated in this caption, following IAS 21.52.a.

- Profit (loss) from investments in related parties

This heading contains all the profits or losses related to investment in related parties, but the, share of profit (loss) from equity accounted investments.

6. Other non-operating income (expense)

It includes all the non-operating incomes and expenses which have not been possible to classify in the previous items, as gain arisen from a bargain purchase or negative goodwill (any excess in the net fair value of acquired entity's identifiable assets, liabilities and contingent liabilities over cost). As studied in previous year, this element should be completed rarely as it is only for those cases where a different allocation is not possible.

7. Profit (loss) before tax

8. Income tax expense (income)

The tax expense (income) related to profit or loss from ordinary activities should be presented on the face of the statement of profit or loss. Components of tax expense (income) may include: current tax expense, the amount of deferred tax expense (income) relating to the origination and reversal of temporary differences and to changes in tax rates, the amount of the benefit arising from a previously unrecognised tax loss, and others.

9. Profit (loss) after tax from continuing operations (before non-controlling interests)

10. Profit (loss) from discontinued operations, net of tax

An entity shall disclose a single amount on the face of the statement of profit or loss comprising the total of:

- (i) the post-tax profit or loss of discontinued operations and
- (ii) the post-tax gain or loss recognized 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.

11. Profit (loss) (before non-controlling interests)

12. Profit (loss) attributable to non-controlling interests

Non-controlling interests are the portion of the profit or loss of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent (IAS 27.4).

13. Profit (loss) attributable to owners of parent

IV. ADDITIONAL DISCLOSURES BY NATURE

Please refer to the Statement of profit or loss by Nature, following headings:

Employee expenses

Depreciation and amortization

Impairment reversals, total (Non-Current Assets: Tangible, Intangible, R.E. Invest)

Impairment losses, total (not reversals) (Non-Current Assets: Tangible, Intangible, R.E. Invest)

Changes in inventories of finished goods and work in progress,

Work performed by the enterprise and capitalised; Raw materials and consumables used

Research and development costs.

Restructuring costs (as included in P&L by Nature)

IV. STATEMENT OF COMPREHENSIVE INCOME

I. PROFIT (LOSS)

Line 11 of statement of profit or loss must be reported here.

II. OTHER COMPREHENSIVE INCOME FOR THE PERIOD

This heading must contain all the incomes and expenses recognised during the period which did not go through statement of profit or loss. They can be reported in net or gross terms concerning income tax. The method of presentation should be indicated in General characteristics, 13. Information about options allowed by IFRS.

Following revised IAS 1, the other comprehensive income statement shall present the items grouped into those that, in accordance with other IFRSs:

- (a) will not be reclassified subsequently to profit or loss; and
- (b) will be reclassified subsequently to profit or loss when specific conditions are met.

II.1. Other comprehensive income that will not be reclassified to profit or loss

1. Gains (losses) on revaluation

It contains revaluations adjustments arising from property, plant and equipment, and intangible assets. According to EU Directives on IFRS implementation, this caption should remain empty for European groups, since the use of fair value is not allowed in this kind of assets.

2. Remeasurements of defined benefit plans

Remeasurements accounted for according to IAS 19 must be included here.

3. Share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified to profit or loss

4. Equity Instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

All equity investments in scope of IFRS 9 are measured at fair value in the statement of financial position, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to present value changes in other comprehensive income. The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognised in profit or loss. On derecognition, these gains and losses will not be reclassified.

5. Remaining other comprehensive income that will not be reclassified

It discloses other income and expense recognized directly in equity that will not be reclassified and not included in previous categories

6. Income tax relating to other comprehensive income that will not be reclassified

It should be included the amount of income tax relating to components of other comprehensive income that will not be reclassified when the Statement of comprehensive income is presented in gross terms relating to income tax.

II.II. Other comprehensive income that will be reclassified to profit or loss (see illustrative example after II.II.7 for accounting treatment)

1. Exchange differences on translation

Financial statements of foreign operations must be translated into the reporting currency at the end of the accounting period. Differences arising from currency exchange rates shall be considered as other comprehensive income.

2. Debt Instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

A debt instrument that meets the cash flow characteristics test and is not designated at FVTPL under the fair value option must be measured at FVTOCI if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and sell financial assets. For debt instruments measured at FVTOCI, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses are recognised directly in profit or loss. The difference between cumulative fair value gains or losses and the cumulative amounts recognised in profit or loss is recognised in OCI until derecognition, when the amounts in OCI are reclassified to profit or loss.

of which, unrealized gains (losses) on Debt Instruments at FVOCI: Amounts recognised in the period other than interest income, foreign currency gains or losses, impairment gains or losses and reclassified gains or losses must be disclosed here (mainly, fair value adjustments).

of which, (gains)/losses reclassified to profit or losses on Debt Instruments at FVOCI: The amounts previously recognised in the statement of comprehensive income in the previous line must be reclassified to profit or loss when the related debt instrument is derecognised.

3. Cash flow hedges

of which, gains (losses) arising during the period: Amounts recognised in the period other than reclassification adjustments and adjustments to the carrying amount of hedged items must be disclosed here (mainly, fair value adjustments).

of which, (-)/(+) reclassification adjustments for (gains)/ losses included in profit or loss: The amounts previously recognised in the statement of comprehensive income in the previous line must be reclassified to profit or loss when the hedged forecast transaction affects profit or loss.

4. Gains (losses) from hedges of net investments in foreign operations

Results from hedges of net investments in foreign operations according IAS 39.102 should be reported here.

5. Share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified to profit or loss

6. Remaining other comprehensive income that will be reclassified

It discloses other income and expense recognized directly in equity that will be reclassified and not included in previous categories.

7. Income tax relating to other comprehensive income that will be reclassified

It should be included the amount of income tax relating to components of other comprehensive income that will be reclassified when the Statement of comprehensive income is presented in gross terms relating to income tax.

III. TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (I + II)

This heading adds the two previous ones, obtaining the total comprehensive income for the period. It is divided into two lines: the income attributable to owners of the parent and the income attributable to non-controlling interests.

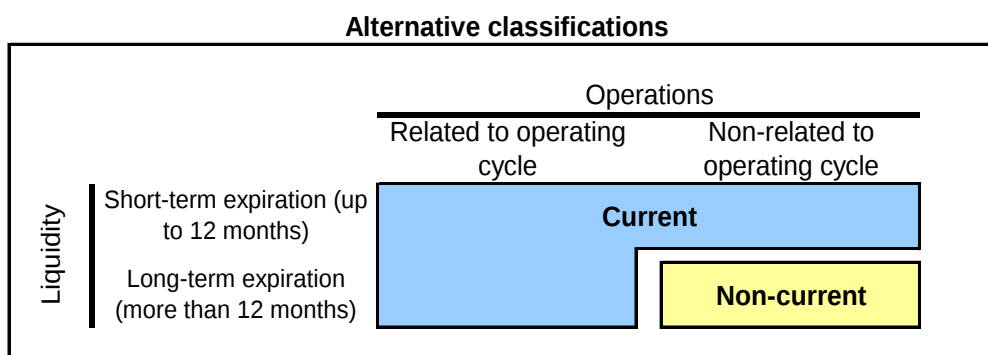
V. STATEMENT OF FINANCIAL POSITION: ASSETS SIDE

Important remark: The main body of the assets side must be presented **using net values**; that is to say, to enter the carrying amount (net book value) of the correspondent asset net of accumulated depreciation and amortisation, accumulated impairment losses, and **government grants** (if the company has chosen to account for them as a reduction in the value of the related assets).

The following captions have several explanations, in order to help the entity to fulfill the ERICA format, based on IFRS taxonomy.

Box 1. Definition of current / non-current

IAS 1 establishes a definition of current and non-current assets and liabilities. The following chart summarizes the criteria taken by IFRS:



I. ASSETS, NON-CURRENT, TOTAL

1. Property plant and equipment are tangible assets that:

- are held by the enterprise for use in the production or supply of goods or services, or for administrative purposes; and
- are expected to be used during more than one period.

Those elements held for sale must be presented under caption 16 of the current assets.

1.1. Land and buildings

Land: Only land and natural resources must be included here. With respect to lands, do record those ones which have not been built or are in the course of construction.

Buildings: Also including the land, when the building has been finished.

Leasehold improvements

1.2. Plant and equipment

It includes machinery, production lines...

1.3. Remaining property, plant and equipment: Under this item the following elements are included:

Motor vehicles: It includes aircrafts, ships, trains, cars, fork-lift trucks, motorbikes...

Fixtures and fittings: It includes climate control units, heating, sewer systems, carports...

IT equipment: It includes mainframe computers, personal computers, laptops, screens, printers...

Exploration and evaluation assets: Exploration and evaluation assets are expenditures incurred by an entity in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable (Appendix A of

IFRS 6). Such assets must be classified according to their nature. Thus, those meeting the definition of property, plant and equipment shall be included here. Examples are vehicles and drilling rigs.

Other property, plant and equipment: Office equipment such as computers, furniture, small refrigerators, coffee-makers, hat stands must be included under this caption.

Bearer plants: According to IAS 16.6, a bearer plant is a living plant that (a) is used in the production or supply of agricultural produce; (b) is expected to bear produce for more than one period; and (c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

1.4. Construction in progress and payments in advance:

As long as the property, plant and equipment element is not ready for operation, it remains included under this caption. As soon as it is ready for operation, it is transferred to one of the captions above. Prepayments on property, plant and equipment should be included here.

2. Investment property is property (land or a building, or part of a building, or both) held (by the owner) to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of the business

3. Intangible assets and goodwill

3.1. Goodwill, net

Any excess of the cost of an acquisition (business combination) over the acquirer's interest in the fair value of the identifiable assets and liabilities acquired as at the date of the business combination shall be described as goodwill and recognised as an asset.

3.2. Development costs

They are costs related to the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services prior to the commencement of commercial production or use.

3.3. Computer software, copyrights, patents and other industrial property rights, service and operating rights

Enter the mentioned acquired intangible assets here (including brand names and mastheads and publishing titles).

3.4. Remaining intangible assets

Intangible assets under development

Exploration and evaluation assets: Exploration and evaluation assets are expenditures incurred by an entity in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable (Appendix A of IFRS 6). Such assets must be classified according to their nature. Thus, those meeting the definition of intangible assets shall be included here (for example, drilling rights).

Assets arising from service concession arrangements: According to IFRIC 12, an entity shall recognize an intangible asset when it has a right to charge users of the infrastructure.

Other identifiable intangible assets, net

4. Rights of use

For all leases, both finance and operating leases, a right-of-use asset is recognised on the balance sheet and measured in the amount of the lease liability and initial direct costs. Then, it is adjusted by the lease payments made before or on commencement date, lease incentives received, and any estimate of dismantling and restoration costs. If the information is available, all rights of use assets must be included here, independent of the nature of the leased asset (property, plant and equipment, intangible asset or investment property).

5. Biological assets

Under this item the following elements are included:

Biological assets (living animals or plants such as sheep, trees in a plantation forest, pigs), except for bearer plants (see 1.3. Remaining property, plant and equipment).

Agricultural produce at the point of harvest is the harvested product of the enterprise's biological assets, at the point of harvest, such as wool, logs, carcass, grapes, picked fruit.

6. Equity Accounted Investments

From 2024 ERICA Format (2023 data), onwards

Equity method accounted investments, total: These investments can be either investments in associates or investments in joint ventures.

Of which, equity accounted investments: It should be separately disclosed here the total amount of investments in associates or investments in joint ventures accounted by the equity method.

7. Deferred tax assets

If transactions recorded during the current period will give rise to a lower **current** tax liability in a subsequent year, a **deferred** tax asset should be recorded in the year of the transaction.

8. Other financial assets, non-current (includes other invest in related parties)

The detail required is based on the type of financial assets held.

securities, non-current:

Shares, non-current (including participations): Participations in investment funds and individual shares, for the purpose of speculation.

Securities other than shares, non-current: Treasury securities (treasury bonds or certificates, treasury time deposits with a repurchase option, REPOS) and other securities (commercial paper and others).

loans to related parties, non-current: Loans to subsidiaries, to associates, to joint ventures and to other related parties are included under this element.

From 2024 ERICA Format (2023 Data) onwards, formerly included **6. Investments in related parties** is now included as, Other financial assets, non-current:

- *Investments in subsidiaries, at cost:* It includes investments in controlled entities that are not consolidated, but valued at cost. Control is presumed to exist when the parent owns directly or indirectly through subsidiaries, more than one half of the voting power
- *Investments in associates, at cost:* An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is presumed to exist if the investor holds, directly or indirectly through subsidiaries, 20% or more of the voting power. This caption only includes those investments in associates that are left outside the consolidation perimeter and that are valued at cost.
- *Investments in joint ventures, at cost:* A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Please only include those joint ventures valued at cost.

9. Remaining assets, non-current:

Finance lease receivables, non-current: These receivables appear in the lessor's financial statements.

Prepayments, non-current: Prepaid expenses, such as rent, insurance costs, and costs resulting from a maintenance contract must be included under this heading.

Cash restricted or pledged: Examples are the amounts deposited as continuous security, among other things at public administrations or government services (customs, excise taxes, telephone, rent, etc.)

Assets pledged as collateral subject to sale or repledging, non-current

Post-employment benefit surplus: A surplus is an excess of the fair value of the plan assets over the present value of the defined benefit obligation (IAS 19.58B).

Receivables from related parties, non-current

Other assets, non-current

of which, non-current trade receivables:

If reported, trade receivables, non-current, should be included within remaining assets and entered in this element.

Of which, non-current Contract Assets

If reported, contract assets, non-current, should be included within remaining assets and entered in this element (see explanation in the annex).

II. ASSETS, CURRENT, TOTAL

10. Inventories

They are assets held for sale in the ordinary course of business; in the process of production for such sale; or in the form of materials or supplies to be consumed in the production process or in the rendering of services. In case of a service provider, inventories include the costs of a service, for which the entity has not yet recognised the related revenue (IAS 2.8). Advance payments on account of stock supplies must be included under heading 14. Remaining assets, current.

11. Other financial assets, current

securities, current:

Shares, current (including participations): Participations in investment funds and individual shares, for the purpose of speculation.

Securities other than shares, current: Treasury securities (treasury bonds or certificates, treasury time deposits with a repurchase option, REPOS) and other securities (commercial paper and others).

loans to related parties, current: Loans to subsidiaries, to associates, to joint ventures and to other related parties are included under this element.

of which, derivatives (including hedging assets), current:

It reports derivatives, including hedging assets. Hedging item is a designated derivative or a designated non-derivative financial asset or liability (for a hedge of the risk of changes in foreign currency exchange rates only) whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item (IAS 39.9).

12. Current tax receivables (only income tax)

This caption only includes receivables relating to income taxes.

13. Trade receivables, net, total

The amount of trade receivables shall be reported in this item, including those with related parties.

Of which, receivables arising from construction contracts: it should be disclosed here only those trade receivables arisen from construction contracts

14. Contract Assets

If reported, contract assets, current, should be included in this element (see explanation in the annex).

15. Cash and cash equivalents

Cash includes cash at hand, bank balances and short-term deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (IAS 7.6).

16. Remaining assets, current

Assets pledged as collateral subject to sale or repledging, current

Finance lease receivables, current: These receivables appear in the lessor's financial statements.

Receivables from related parties, current

Other receivables, net, total: Advance payments on inventories must be included under this caption. Other examples are receivables from VAT tax authorities, receivables from social security, receivables from employees...

Other assets, current

Prepaid expenses must be included under this heading, such as rent, insurance costs and costs resulting from a maintenance contract, unless they should be considered as current contract assets (supplier prepayments non considered inventories).

Suppose an entity must pay its rent in advance as per July 1st N for the period July 1st N till June 30th N+1 and suppose the closing date of the financial statements is December 31st. Then the entries relating to the rent are as follows:

July 1st N

Debit: Rental costs	X: 2	
Debit: Prepayments, current		X: 2
Credit: Bank account		X

January 1st N+1

Debit: Rental costs	X: 2	
Credit: Prepayments, current		X: 2

17. Non-current assets and disposal groups held for sale or held for distribution to owners

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use (IFRS 5.6). The asset (of a disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be *highly probable* (IFRS 5.7). It also requires non-current asset (or disposal group) that is classified as held for distribution to owners acting in their capacity as owners (IFRS 5.5A).

VI. STATEMENT OF FINANCIAL POSITION: LIABILITIES AND EQUITY

Preliminary remarks

Dividends proposed or declared after the statement of financial position date should not be recognised as a liability at the statement of financial position date (IAS 10.12). Such dividends are disclosed in the notes to the financial statements in accordance with IAS 1.

(IAS 1.69) A liability should be classified as a current liability when it:

- is expected to be settled in the normal course of the enterprise's operating cycle; or
- is due to be settled within twelve months of the statement of financial position date.

All other liabilities should be classified as non-current liabilities.

I. EQUITY, TOTAL

A. EQUITY ATTRIBUTABLE TO OWNERS OF PARENT AND OTHER HOLDERS OF EQUITY INSTRUMENTS

A1. EQUITY ATTRIBUTABLE TO OWNERS OF PARENT

A **parent** is an entity that has one or more subsidiaries.

1. Share capital

Issued capital (including paid-in and unpaid capital): It corresponds to the total amount of contribution invested by the entity's shareholders and is represented by issued shares. The shares can be paid-in or not.

(-) *Unpaid capital not called for:* Please refer in this line the outstanding amount of share capital issued but still not paid as it has not been called for.

2. Share premium

It is the difference (or the bonus) between the offering price and the face value of the share.

3. Retained earnings (accumulated losses)

Profit (loss) of the year: It concerns the profit or the loss realised by the entity during the year. It should show the same amount as line 12 in statement of profit or loss.

Interim dividends: This line asks for those dividends paid in advance (before year end) in anticipation of the appropriation of the profit (loss) of the current year.

Remaining retained earnings (accumulated losses): it includes all the profits recorded by the entity from its setting up, diminished by all the losses possibly realised and excluding dividends and other components that would be retained.

Reserves built up by retained earnings: any reserve built up by retained earnings, should be included here.

Of which, legal and statutory reserves

Legal and statutory reserves build by retained earnings over the years.

4. Other reserves.

These are amounts stemming from non-distributed profits. This item is neither a real obligation nor an eventual liability and is not related to any depreciation of assets. It corresponds to the increase of the entity's value and belongs to the shareholders. Reserves include translation reserves, hedging reserves, financial assets at fair value through OCI reserves, share-based payments reserves, reserve of remeasurements of defined benefit plans, and miscellaneous other reserves not built up by retained earnings of the company.

5. (-) Treasury shares

They are issued shares hold by the company (or the group) itself.

A2. OTHER EQUITY INTEREST

It should be classified here the equity attributable to the owners of the parent derived from the compound financial instruments issued by the entity and the rest of instruments or components classified as equity in the financial statements of the entities.

B. NON-CONTROLLING INTERESTS

Non-controlling interests are that part of the net assets of a subsidiary attributable to interests which are not owned, directly or indirectly through subsidiaries, by the parent.

II. LIABILITIES, TOTAL**A. LIABILITIES, NON-CURRENT, TOTAL****6. Interest-bearing borrowings, non-current**

The distinction between the periods (up to one year and more than one year) is requested to classify the amounts in the current or non-current category but in both cases the items are the same, only the maturity date is different. It should only be considered interest-bearing borrowings.

It should include following items:

Borrowings from financial institutions, non-current:

Bank borrowings: This item concerns the amounts of money lent by a bank to the entity.

Bank overdrafts: Bank overdrafts correspond to the treasury facilities consented by a bank to its client, whose current account can be, on agreement, overdrawn during a given period.

Leases, non-current

Both finance lease and operating lease liabilities are included here. The lease liability is in fact all payments not paid at the commencement date discounted to present value using the interest rate implicit in the lease (or incremental borrowing rate if the previous one cannot be set). These payments may include fixed payments, variable payments, payments under residual value guarantees, purchase price if purchase option will be exercised, etc.

Bonds issued, non-current

This component is related with the bonds, notes and debentures delivered by the entity to investors, generally in the frame of long-term borrowings.

Convertible borrowings, non-current

Amount of money borrowed by the entity that can be converted into shares or sometimes into other bonds according to the investors during a given period.

Borrowings with related parties, non-current

For further guidance about related parties, please refer to annex 3. Borrowings with related parties must be classified in this line, regardless of their nature or if they could fit in any of the categories already disclosed in this heading.

Remaining interest-bearing borrowings, non-current

Redeemable preference shares, non-current: This item corresponds to shares that the entity has the possibility to buy back or write off¹.

Disclosures on some previous details are required:

of which, borrowings from financial institutions, non-current:

¹ This type of liabilities does not exist in France except in the very specific case of liquidation.

of which, leases, non-current
of which, bonds issued, non-current

7. Deferred income, non-current

of which, government grants

It corresponds to a capital grant (definition IAS 20.3) agreed by the government which will be gradually reported in the profit and loss account (IAS 20.26).

8. Provisions for employee benefits, non-current

This item corresponds to all kind of employee benefits, including termination benefits which are payable after the completion of employment.

9. Other provisions, non-current

A provision is (IAS 37.10 & 37.14)

- A present obligation of the entity arising from past events,
- The settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits and,
- For which a reliable estimate can be made of the amount of the obligation.

Main classes of provisions are explained below:

Warranty provisions

Example: An entity sells goods with a warranty under which customers are covered for the cost of repairs of any manufacturing defects that become apparent within the first six months after purchase. Based on past experience, a provision has to be recognized for the best estimate of the costs of repair of the goods, sold during the last six months before the statement of financial position date, taking into account the statistical possibility for defects.

Restructuring provisions: A restructuring (IAS 37.10) is planned and controlled by management, and materially changes either the scope of a business undertaken by an entity or the manner in which that business is conducted.

The following are examples of events that may fall under the definition of restructuring (IAS 37.70):

- (a) Sale or termination of a line of business;
- (b) The closure of business locations in a country or region or the relocation of business activities from one country or region to another;
- (c) Changes in management structure (for example, eliminating a layer of management); and
- (d) Fundamental reorganizations that have a material effect on the nature and focus of the entity's operations.

Example: On 12 December Y, the Board of Directors decided to close down a division in the summer of Y+1. During the next week, a detailed plan was agreed by the Board. Before year-end letters were sent to customers, warning them to seek an alternative source of supply, and redundancy notices were sent to the staff of the division. As per 31 December Y, a provision should be recognised for the best estimate of the costs of closing down the division.

Legal proceedings provisions

Example: A caterer delivers a bunch of oysters for a party, after which a number of employees die as a result of food poisoning. The catering entity is not insured against such professional mistakes. Legal proceedings are started seeking damages from the caterer. At statement of financial position date, the lawyers of the catering entity advise that it is probable that the entity will be found liable. Thus, the best estimate of the amount to settle the obligation has to be provided for.

Onerous contracts provisions: An onerous contract (IAS 37.10) is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Example: An entity operated profitably from a factory that it has leased under an operating lease. During the year the entity relocated its operations to a new factory. The lease on the old factory continues for the next four years, it cannot be cancelled and the factory cannot be re-let to another user. A provision is recognized for the best estimate of the unavoidable lease payments.

Environmental provisions

Example: An entity in the oil industry causes contamination. National legislation requires the entity to clean up the contaminated land, which will result in a significant cost in the future. Therefore, these clean-up costs have to be provided for.

Provisions for waste electrical and electronic equipment: According to the European Union's Directive on Waste Electrical and Electronic Equipment (WE&EE) producers are responsible of the collection, treatment, recovery and disposal of the waste equipment. The waste management implied in these operations gives rise to a provision according to IFRIC 6.

Provisions for contributions to decommissioning, restoration and rehabilitation funds: Contributions to one of these funds in which the entity does not own control must be accounted for as a provision, according to IFRIC 5.

Contractual obligations from service concession arrangements: According to IFRIC 12, contractual obligations derived from the concession arrangement created to maintain or to restore an infrastructure must be accounted for according to IAS 37.

10. Deferred tax liabilities

Amounts of income taxes payable in future periods in respect of taxable temporary differences. This item is always classified as non-current even if it is supposed to be settled within twelve months after the statement of financial position date.

11. Other non-interest-bearing liabilities, non-current

of which, trade payables, non-current:

if reported, trade payables, non-current, should be included within remaining assets and entered in this element.

of which, contract liabilities, non-current:

if reported, contract liabilities, non-current, should be included within other non-interest-bearing liabilities and entered in this element.

B. LIABILITIES, CURRENT, TOTAL

12. Interest-bearing borrowings, current

See point 6 above.

13. Deferred income, current

See point 7 above.

14. Provisions for employee benefits, current

See point 8 above.

15. Other provisions, current

See point 9 above.

16. Current tax payables (only income tax)

Outstanding amounts of income taxes payable at the end of the year.

17. Trade payables, total

It discloses to the amount of money due by the entity to its suppliers for goods or services received, including those with related parties.

18. Contract liabilities

if reported, contract liabilities, should include customer prepayments.

19. Other non-interest-bearing liabilities, current

Other payables

Accrued payroll and amounts due to employees

Accrued administrative liabilities

Dividends to pay

Other liabilities, current

20. Liabilities included in disposal groups held for sale

According to IFRS 5.38, the liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. As the result of discontinued operations, liability must be classified as liability held for sale. This item is current by nature as the disposal should normally occur in the short term.

EQUITY AND LIABILITIES, TOTAL**Additional information****1. Dividends distributed (Owners and Non-Controlling Interests):**

This item must contain all the dividends already distributed during the period, regardless of the year where they were obtained. The monetary amount that goes out from the accounting group which includes those dividends from subsidiaries that are distributed to Non-Controlling Interests and the dividends distributed by the parent company to its shareholders.

2. Proposal of dividends to be distributed (Owners)

This item must contain the amount of dividends proposed to be distributed. This amount is still within the statement and has not left the entity yet.

VII. STATEMENT OF CASH FLOWS

The statement of cash flows sets out all the incoming and outgoing cash flows during the financial year, broken down by origin: cash flows from operating, investing or financing activities. It provides a summary of the cash resources available during the period and how those resources have been used. The statement of cash flows gives an indication of the ability of the reporting entity to generate cash flows and provides additional information facilitating more accurate assessment of liquidity, solvency and the results achieved.

Cash flows from operating activities can be recorded by the direct or the indirect method. The direct method adds up the major types of cash receipts and payments: cash receipts from customers, payments to suppliers, payments to employees, etc. The indirect method is based on the net profit or loss and eliminates the effects of:

- non-cash transactions such as impairment losses, depreciation, additions to provisions, reversals of provisions, etc;
- the attribution to a particular period of revenues and expenses which have no cash implication in the reporting period (e.g. outstanding amounts due from customers and amounts payable to suppliers);
- revenues and expenses connected with cash flows from investing and financing activities.

I. CASH AND CASH EQUIVALENTS, BEGINNING BALANCE

This field shows the amount of the cash and/or cash equivalents at the beginning of the balance year. It is the amount that was identified in the previous year as "VII. Cash and cash equivalents, ending balance".

II. NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Of which, operating cash flow from discontinued operations

According IFRS5.33c, cash flows from discontinued operations has to be reported separately.

Interests paid and received and dividends paid and received to fulfil IAS 7.33 and 7.34 will also be shown separately in this statement.

Of which, (-) interest paid

Of which, interest received

Of which, (-) dividends paid

Of which, dividends received

III. NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES

1. (-) Payments for investments

1.1. (-) Acquisitions of intangible and tangible assets (incl. investment properties)

Cash flows paid for acquisitions of intangible and tangible assets, including investment properties, should be disclosed in this element.

1.2. (-) Acquisitions of financial assets

Cash flows paid for acquisitions of current and non-current financial assets should be disclosed in this element. It includes cash flows for acquisitions of subsidiaries and joint ventures, but also acquisitions of associates.

Of which, (-) acquisitions of subsidiaries, joint ventures and associates

2. Divestment receipts

2.1. Sales of intangible and tangible assets (incl. investment properties)

Cash flows from divestments of intangible and tangible assets, including investment properties, should be disclosed in this element.

2.2. Sales of financial assets

Cash flows from divestments of current and non-current financial assets should be disclosed in this element. It includes cash flows from divestments of subsidiaries and joint ventures, but also cash flows from divestments of associates.

Of which, sales of subsidiaries, joint ventures and associates

Of which, investing cash flow from discontinued operations

According IFRS5.33c, cash flows from discontinued operations has to be reported separately.

Interests paid and received and dividends received to fulfil IAS 7.33 and 7.34 will also be shown separately in this statement.

Of which, (-) interest paid

Of which, interest received

Of which, (-) dividends paid

Of which, dividends received

IV. FREE CASH FLOW (II + III)

Total field will be calculated by sum of Cash Flows from operating and investing activities.

V. NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES

Of which, financing cash flow from discontinued operations

According IFRS5.33c, cash flows from discontinued operations has to be reported separately.

Interests paid and received and dividends paid and received to fulfil IAS 7.33 and 7.34 will also be shown separately in this statement.

Of which, (-) interest paid

Of which, interest received

Of which, (-) dividends paid

Of which, dividends received

Of which, proceeds from borrowings

Gross amounts should be entered, unless only net amounts are available.

Of which, (-) repayment of borrowings

Gross amounts should be entered, unless only net amounts are available.

Of which, capital increase

VI. NET INCREASE IN CASH AND CASH EQUIVALENTS

This line is to be obtained as the addition of the main lines II. Net cash flows from (used in) operating activities, III. Net cash flows from (used in) investing activities, and IV. Net cash flows from (used in) financing activities.

VII. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS

In order to reconcile cash and cash equivalents at the beginning and at the end of the period, the effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported here.

VIII. EFFECTS OF CHANGES IN SCOPE OF CONSOLIDATION ON CASH AND CASH EQUIVALENTS

In order to reconcile cash and cash equivalents at the beginning and at the end of the period, the effect of changes in the scope of consolidation on cash and cash equivalents is reported here.

Example: a subsidiary is bought in period 01 but not consolidated because it is not material. In period 02 the subsidiary is growing fast and consolidation is necessary. The presentation in the cash flow statement would be as followed:

The price the company paid is shown in cash flow from investing operations in period 01. However, the balance of cash of the subsidiary is not included in period 01 as it is not consolidated. In period 02 it is consolidated for the first time and its cash cannot be presented in the beginning figure of cash and cash equivalents for period 01. Therefore this change must be accounted in this item.

A similar issue would appear if a subsidiary is not part any more in the consolidated group but it is not sold.

IX. CASH AND CASH EQUIVALENTS, ENDING BALANCE.

This field shows the amount of the cash and/or cash equivalents at the end of the balance year. It consists of the "Cash and cash equivalents, beginning balance" plus "Net Increase in cash and cash equivalents" plus the "Effects of the exchange rate changes on cash and cash equivalents" and "Effect of changes in scope of consolidation on cash and cash equivalents" (lines I., V., VI and VII.) It must equal in most cases the amount identified in the following year as "I. Cash and cash equivalents, beginning balance".

X. ADJUSTMENTS TO RECONCILE WITH THE STATEMENT OF FINANCIAL POSITION

In order to reconcile the amount of cash and cash equivalents disclosed in the Statement of financial position and the one reported in the Statement of Cash flows when they differ for example, due to non-current assets and disposal groups held for sale, the difference has to be included in this line. When the cash and cash equivalents do not match and the reason of the unbalance is not known, it will not be reconciled the cash and cash equivalents, and therefore, this element will not be fulfilled.

XI. CASH AND CASH EQUIVALENTS AS REPORTED IN THE STATEMENT OF FINANCIAL POSITION

VIII. NOTES

Within this new sheet, elements not included in national databases, e.g. CoCAS, will be included.

GENERAL CHARACTERISTICS AND EMPLOYMENT

1. Identification of the reporting entity (or the corporation in case of individual accounts)

1.1. National identification code of the reporting entity

The national identification numbers or codes as the commercial register code must be noted.

1.2. ERICA identification code of the reporting entity

The ERICA identification code, created for internal purposes by the ERICA WG, must be noted. Note that German and Austrian groups use an internal code as group identifier, while the other ERICA groups use the identifier of the reporting entity as group identifier.

1.3. ISIN identification code of the reporting entity

The ISIN code of the reporting entity must be noted (not the code of a subsidiary).

1.4. LEI code of the reporting entity

The Legal Entity Identifier code of the reporting entity must be noted. For more information about the LEI code is referred to <https://www.lei-worldwide.com/what-is-a-legal-entity-identifier.html>

2. Information on the ultimate parent entity of the group

2.1. ERICA identification code of the ultimate parent entity of the group

2.2. ISIN identification code of the ultimate parent entity of the group

2.3. Country of the ultimate parent entity of the group

3. Date of the end of the reporting period (yyyy-mm-dd)

In combination with the “date of the beginning of the reporting period”, this dates informs about the period that is covered by the financial statements (IAS 1.51.c). Additionally, the information is provided whether the balancing year is identical with the fiscal year.

4. Description of activities by NACE code and revenue

In these columns, a brief description of the enterprise’s operations and principal activities should be given as well as the specific NACE codes (4 digits) and the revenue of each activity (in same unit of the financial statements). Please remember that this information might not be 100% equivalent to information by segments (as requires IFRS 8).

5. Listed companies

It should be selected the correct option for this element:

Listed with shares or other instruments on a EU regulated market

Non-listed

5.1. If Non-listed: Specify applied Accounting Standard

A dropdown box is available to indicate the accounting framework in accordance with which the financial statements have been established: IFRS / National GAAPs / Non-available

5.2. Capitalization

When the option selected before in point 5 is “Listed”, some information on capitalization should be disclosed. The information should be always completed in *thousands of euros*. Considering Earning Per Shares (EPS) disclosed and reported according to IAS 8 for current and previous period, we could know the number of every kind of share issued by the parent company. Once we know the

latter, we could check the quoted price for every kind of share and the product of them would lead us to that kind of share capitalization. The sum of the capitalisation of every kind of share would give us the total capitalization of the parent company. The information considered should be at date of ending of the reporting period, however, if the information is not available at this date, the last day of the year.

6. Data previous period

There is a choice between official data and recalculated data. If the company restates in its annual report the IFRS accounting data for the previous year, we note this as “recalculated data”. In that case we mention the reason why the company recalculated its figures. If the company does not recalculate in its annual report the IFRS accounting data for the previous year, we mark this as “original data”.

Reasons of recalculated data:

When recalculated data have been expressed, the reasons can be disclosed (ERICA+ groups).

6.1. Change in accounting policy resulting from amendments to:

- 6.1.1. Leases (IFRS 16) (G02123)
- 6.1.2. Annual improvements to IFRS Standards (2018-2020) (G02131)
- 6.1.3. Presentation of Financial Statements (IAS 1) and IFRS Practice Statement (IAS 8) (G02139)
- 6.1.4. Business combinations (IFRS 3) (G02129)
- 6.1.5. Income Taxes: Deferred Tax Related to Assets and Liabilities (G02140)
- 6.1.6. Classification of Liabilities – Current and Non-Current with Covenants (G02141)
- 6.1.7. Property, Plant and Equipment (IAS 16) (G02136)
- 6.1.8. Provisions, Contingent Liabilities and Contingent Assets (IAS 37) (G02137)
- 6.1.9. Insurance Contracts (IFRS 17) (G02138)
- 6.1.10. Classification of Liabilities - Current and Non-Current - Deferral of Effective Date (IAS 1) (G02134).
- 6.1.11. Classification of Liabilities - Current and Non-Current (IAS 1) (G02142)
- 6.1.12. Amendments to Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 Comparative Information (G02143).
- 6.1.13. Income Taxes: International Tax Reform -- Pillar two Model Rules (G02144).
- 6.1.14. Amendments to IAS 8 Accounting Policies, Changes in Accounting Policies and errors: Definition of Accounting Estimates (G02145).

6.2. Voluntary change in accounting policy (IAS 8)

6.3. Correction of prior periods errors (IAS 8)

6.4. Reclassifications (IAS 8) (all adjustments of the presentation in the statement of profit or loss that have an impact on the EBITDA and the statement of financial position that have an impact on the main elements)

6.5. Business Combinations (IFRS 3).

6.6. Non-current assets held for sale and discontinued operations (IFRS 5)

6.7. Other reason/ open field

7. Opinion on the financial statements given by the auditor

Here the opinion of the auditor concerning the financial statement must be disclosed; i.e. if he gives an unqualified opinion or if there are any restrictions. Mainly, an unqualified opinion represents financial statements without any restrictions, whereas qualified opinions contain restrictions or remarks. In the case the financial statements are not audited, it has to be informed.

1. Not Audited: when there are no financial statements for the period or there is no

2. Qualified opinion: Qualified report is given by the auditor in either of these two cases:

2.a) When the financial statements are materially misstated due to misstatement in one particular account balance, class of transaction or disclosure that does not have pervasive effect on the financial statements.

2.b) When the auditor is unable to obtain audit evidence regarding particular account balance, class of transaction or disclosure that does not have pervasive effect on the financial statements.

A Qualified Opinion report is issued when the auditor encountered one of these two types of situations which do not comply with generally accepted accounting principles, however the rest of the financial statements are fairly presented.

3. Adverse opinion: An Adverse Opinion is issued when the auditor determines that the financial statements of an auditee are materially misstated and, when considered as a whole, do not conform with GAAP. It is considered the opposite of an unqualified or clean opinion, essentially stating that the information contained is materially incorrect, unreliable, and inaccurate in order to assess the auditee's financial position and results of operations.

4. Disclaimer of opinion: This type of report is issued when the auditor tried to audit an entity but could not complete the work due to various reasons and does not issue an opinion. A Disclaimer of Opinion is issued in either of the following cases:

- When the auditor is not independent or when there is conflict of interest.
- When the limitation on scope is imposed by client, as a result the auditor is unable to obtain sufficient appropriate audit evidence.
- When the circumstances indicate substantial problem of going concern in client.
- When there are significant uncertainties in the business of client.

5. Unqualified opinion: This type of report is issued by an auditor when the financial statements are free of material misstatements and are presented fairly in accordance with the Generally Accepted Accounting Principles (GAAP), which in other words means that the company's financial condition, position, and operations are fairly presented in the financial statements. It is the best type of report an auditee may receive from an external auditor.

6. Unqualified opinion with an emphasis of a matter paragraph: This type of report is issued by an auditor when the financial statements are free of material misstatements and are presented fairly in accordance with the Generally Accepted Accounting Principles (GAAP), however the

auditor wants to add additional information to the report without changing the overall opinion of the report.

8. Information about employment *(for further information, please refer to annex 2)*

An option has been allowed according to which this information can be presented in FTE (Full-Time Equivalents) or in total number of employees. The first option is preferable but since it has been observed that some entities do not use FTE when disclosing information about employment, the second one has been enabled.

Number of employees' average over period: number of employees each month, expressed in full time equivalents, divided by the number of months of the accounting year.

The date of registration differs from country to country. More details are shown in the following table.

Country	Distinctions between registration date
Austria	Number of employees at the last working day of each month.
France	Non fixed rules ¹
Germany	No fixed rules, only broad recommendations
Greece	Number of employees at the last working day of each month.
Italy	Non-fixed rule: recommended daily average.
Portugal	People who have worked the last complete week of each month.
Spain	Number of employees at the last working day of each month.

(1) France: it exists only a recommendation of accounting practitioners that proposes to determine the average total employees with this formula: average total employees = total employees in full time during all the year + (with a calculation in proportion of the time of employment) total employees in partial time + (with a calculation in proportion of the time of employment) total employees hired during the year – (with a calculation in proportion of the time of employment) total employees having left the company during the year.

Number of employees at end of period: the number of employees at the last working day of the accounting period expressed in FTE.

9. Method of presentation of cash-flow statement

Direct method or indirect method.

STATEMENT OF PROFIT OR LOSS: ADDITIONAL DISCLOSURES

1. Capitalized borrowing costs / interest expenses

Borrowing costs which are directly related to the acquisition, building or production of qualified assets have to be activated. According to IAS 23, the amount of capitalized borrowing costs, not included in profit or loss as interest expenses, should be disclosed. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. (IAS 23.5) A **qualifying asset** is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. (IAS 23.5) Borrowing costs may include (IAS 23.6) (i) Interest expense (calculated by effective interest method), (ii) Finance lease charges and (iii) Exchange differences.

Borrowing costs directly attributable to acquisition, construction or production of a qualifying asset shall be capitalized (IAS 23.8f.). Those costs could have been avoided, if there is no qualifying asset.

Capitalisation (IAS 23.17) starts when, (i) expenditures for the asset are incurred, (ii) borrowing costs are incurred and (iii) activities for preparation of asset have started. Capitalisation ends, when all necessary activities are completed (IAS 23.22).

The entity has to disclose (IAS 23.26) (i) the amount of borrowing costs capitalized during the period and (ii) the capitalization rate.

Capitalisation of borrowing costs leads to less interest expenses within profit or loss statement and therefore higher earnings. The capitalized amount will be amortised within the qualifying asset.

Amounts are normally reported within interest expense disclosures.

Interest Expense on pension obligations or other long term provisions and Interest Income on pension obligations or other long term provisions.

IAS 19.123, 123A and 124

123. An entity shall determine net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate specified in paragraph 83

123 A To determine net interest in accordance with paragraph 123, an entity shall use the net defined benefit liability (asset) and the discount rate determined at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 99, the entity shall determine net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using: (a) the net defined benefit liability (asset) determined in accordance with paragraph 99(b); and (b) the discount rate used to remeasure the net defined benefit liability (asset) in accordance with paragraph 99(b).

In applying paragraph 123A, the entity shall also take into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

124. Net interest on the net defined benefit liability (asset) can be viewed as comprising interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the asset ceiling (*The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan*) mentioned in paragraph 64.

IAS 37. 45-47

45. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

46. Because of the time value of money, provisions relating to cash outflows that arise soon after the reporting period are more onerous than those where cash outflows of the same amount arise later. Provisions are therefore discounted, where the effect is material.

47. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted.

IAS 37.89

89. Where an inflow of economic benefits is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect, measured using the principles set out for provisions in paragraphs 36–52.

NON-RECURRENT EFFECTS

1. Are there non-recurrent effects affecting EBIT?

Yes/ No/ No information

For the present or previous period: if both or at least just one of non-recurrent gains (cc3201) or non-recurrent losses (cc3202) are filled in with positive amounts, the generating rule will provide a “yes” in cc3200, if at least one of them is zero without the other being positive or both are zero, the generating rule will provide a “No” in cc3200 and, in the remaining cases, “No Information” will be provided by the generating rule.

1.1. Amount of non-recurrent gain affecting EBIT (present and previous period)

This element includes the operating income which is considered non-recurrent (for example gains from derecognition of non-financial assets or compensation received considered non-recurrent by the entity).

1.2. Amount of non-recurrent loss affecting EBIT (present and previous period)

This element includes the operating loss which is considered non-recurrent (for example loss from derecognition of non-financial assets, restructuring costs or impairment losses considered non-recurrent by the entity). They should be filled with a positive sign.

ENVIRONMENTAL INFORMATION

1. CO2 Emissions

1.1. Amount of CO2 emissions

If available, the amount of CO2 emissions reported by the group can usually be found in the (integrated) annual report (often in a separate chapter dedicated to non-financial reporting) or in a separate sustainability report. The amount reported here must be expressed in thousand tonnes.

1.2. Type of emission

Available options are:

- 0.- CO2 Equivalent: this is the default value and the preferred option
- 1.- CO2
- 2.- No Information: in case the group does not specify the type of emission

A carbon dioxide equivalent or CO₂ equivalent, abbreviated as CO₂-eq is a metric measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential (GWP), by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential. Carbon dioxide equivalents are commonly expressed as million metric tonnes of carbon dioxide equivalents, abbreviated as MMTCDE. The carbon dioxide equivalent for a gas is derived by multiplying the tonnes of the gas by the associated global warming potential.

(source:

https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Carbon_dioxide_equivalent)

1.3. Scope of the emission

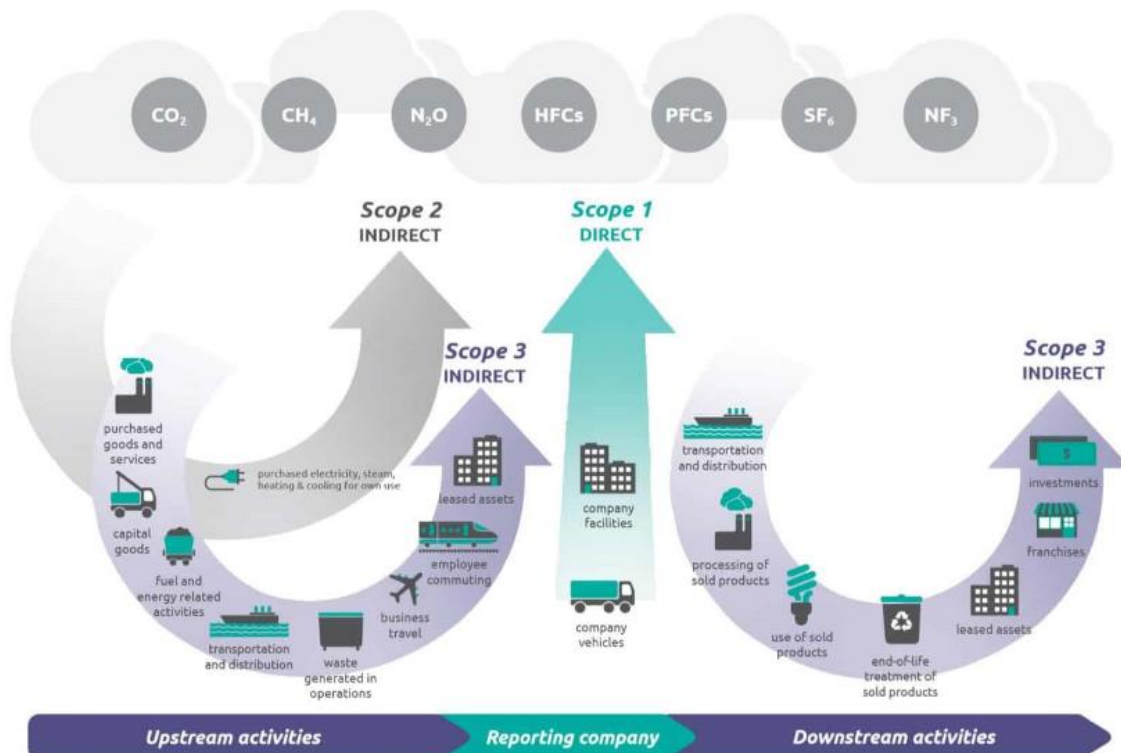
Available options are:

- 0.- Scope 1+2: this is the default value and the preferred option
- 1.- Scope 1
- 2.- Scope 1+2+3
- 3.- No Information: in case the group does not specify the type of the emission

Scope 1 – All Direct Emissions from the activities of an organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks.

Scope 2 – Indirect Emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation.

Scope 3 – All Other Indirect Emissions from activities of the organisation, occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.



(source: <https://compareyourfootprint.com/difference-scope-1-2-3-emissions/>)

1.4. Scope 2 reporting base

Available options are:

- 0.- Location based
- 1.- Market based
- 2.- No Information: in case the group does not specify which base is used to calculate scope 2 emissions

General requirement: 'dual reporting'

1. All companies have to give a **location-based** number. This number is based on the greenhouse gas emissions caused by the electricity production in the 'area' (usually the country) where the consumption takes place. For instance, the location-based number can be calculated by multiplying a) the electricity consumption of the company within the borders of a specific country (consumption expressed in kWh) and b) the average greenhouse gas emissions of 1 kWh in that country. Information about the average greenhouse gas emissions of the electricity on the national grid can be found with the grid operators or in reports of the International Energy Agency.

2. Companies operating on markets where "reliable tracking systems" are available, also have to report a **market-based** number. To calculate this number, the reporting company has to use the carbon emissions produced by the energy installations from which it gets its electricity. The origin of the electricity has to be "reliably tracked". To do this, companies need to use tracking certificates such as Guarantees of Origin in Europe, Renewable Energy Certificates in the USA, I-REC-certificates in some other countries. When companies, which are operating on markets where a reliable tracking system is available, decide not to use that system, then they have to calculate their market-based emissions by using the greenhouse gas emissions of the residual mix. For the market-based number, the Guarantee of Origin is the carrier of greenhouse gas emissions. If a company purchases renewable energy such as wind or solar, it can therefore claim the 0 emissions related to this wind and solar energy.

(source:

<https://static1.squarespace.com/static/55371f97e4b0fce8c1ee4c69/t/5a0460cf24a694f721a816a1/1510236370973/Greenhouse+Gas+Protocol+Scope+2+Guidance+-+Summary+by+EKOenergy.pdf>)

Example: Suppose that company X consumes its electricity in country Y and this electricity is produced by means of wind energy (independent where it is produced). In that case, company X can calculate its scope 2 emissions by multiplying the number of kWh electricity consumption by the average greenhouse gas emissions of 1 kWh in country Y (= location-based) or by multiplying the number of kWh electricity consumption by the average greenhouse gas emissions (for 1kWh) produced by the energy installations from which it gets its electricity, which may assumed to be zero in the case of wind energy (= market-based).

In case a company reports its scope 2 emissions according to both approaches (location-based and market-based), the market-based figure must be collected, as the market-based scope 2 emissions correspond to the companies' energy consumption.

1.5. Additional information regarding CO2 emissions, per scope

In order to improve comparability between groups, a breakdown of CO2 emissions according to the scope must be provided if available. This breakdown is independent of the option chosen in 1.3.

1.5.1. Amount of scope 1 CO2 emissions in thousand tonnes

1.5.2. Amount of scope 2 CO2 emissions in thousand tonnes

1.5.3. Amount of scope 3 CO2 emissions in thousand tonnes

2. Energy consumption within the organisation

2.1. Energy consumption – reported value

If the group is using the Global Reporting Initiative (GRI) Index, this amount corresponds with the information disclosed in GRI 302-1. The amount is entered as reported by the group, independent of the unit of measurement.

2.2. Energy consumption – unit of measurement

This field indicates which unit of measurement the group uses to express the value in 2.1. above. The unit of measurement is selected from a drop-down box. Options are kWh, TWh, GWh, MWh, MJ, PJ, TJ, GJ and kJ.

2.3. Energy consumption within the organization expressed in MWh

This field is automatically calculated based on the values in 2.1. and 2.2. above.

2.4. Energy intensity

This field is automatically calculated by dividing the energy consumption expressed in MWh by the amount of revenue in thousand euro.

3. Water consumption

3.1. Amount of water consumption

The amount of water consumption is expressed in m³. If the group is using the Global Reporting Initiative (GRI) Index, this amount corresponds with the information disclosed in GRI 303-5.

4. Key Performance Indicators according to EU Taxonomy

4.1. % Turnover KPI Taxonomy Eligible (% from products and services environmentally sustainable under articles 3 and 9 of Regulation 2020/852)

The Turnover KPI represents the proportion of the net turnover derived from products or services that are taxonomy eligible². The Turnover KPI gives a static view of the companies' contribution to environmental goals.

² In accordance with Article 1(5)) Commission Delegated Regulation 2021/2178 and non-eligible in accordance with Article 1(6) of the Disclosures Delegated Act in their turnover, capital ('CapEx') and operational expenditure ('OpEx') and total assets (in the case of financial undertakings). (takes into account climate change mitigation, climate change adaptation, contribution to sustainability and use and protection of water and marine resources, contribution to the transition to a circular economy, contribution to pollution prevention and control, contribution to the protection and restoration of biodiversity and ecosystems)

4.2. % Turnover KPI Taxonomy Aligned (% from products and services environmentally sustainable under articles 3 and 9 of Regulation 2020/852)

The proportion of turnover referred to in Article 8(2), point (a), of Regulation (EU) 2020/852 represents the proportion of net turnover from products and services that are taxonomy-aligned. The Turnover KPI provides a static view of the companies' contribution to environmental goals and it shall be calculated as the part of the net turnover derived from products or services, including intangibles, associated with Taxonomy-aligned economic activities (numerator), divided by the net turnover (denominator) as defined in Article 2, point (5), of Directive 2013/34/EU. (there can be activities adapted to climate change that are not taxonomy aligned).

of which, climate change mitigation: which means the process of holding the increase in the global average temperature to well below 2 °C and pursuing efforts to limit it to 1,5 °C above pre-industrial levels, as laid down in the Paris Agreement;

of which, climate change adaptation: which means the process of adjustment to actual and expected climate change and its impacts;

Presentation Mitigation/Adaptation (Turnover); Units of Measurement (1 - % in Absolute Terms; 2 - % in Relative Terms)

Option-1: "% - Absolute terms" when the sum of the breakdown for each objective (adaptation or mitigation) is not higher than the total value collected for total aligned approach, (e.g. % aligned=80% and disclosed in the breakdown % aligned adaptation=20% and % aligned mitigation=60%, in this case, the sum of both 20% + 60% is not higher than total 80% aligned, so it would be compiled in absolute terms). In this case, in absolute terms, the aligned-adaptation is equal to 20% (20%*80%: 25 % in relative terms) and the % aligned-mitigation is equal to 60% in absolute terms but (60%*80%= 75% in relative terms). In absolute terms, 20% and 60% (80% in total) and in relative terms, 25% and 75% (100% total).

Option 2: "% - Relative Terms" the sum of the breakdown for each of both objectives (adaptation or mitigation) can be higher than the value shown in the aligned objective. (e.g. la % aligned=80% and within the breakdown in % aligned-adaptation=90% and % aligned-mitigation=10%, the sum of both, adaptation and mitigation, 90%+10% respectively, is higher than 80% for total aligned activities, hence it would be reported in relative terms. In absolute terms, the aligned-adaptation % is equal to 90%*80%=72% (90% in relative terms) and the % aligned-mitigation is equal to 10%*80%=8% (10% in relative terms). In absolute terms, 72% and 8% (total, 80%) while in relative it would be 90% aligned-adaptation and 10% aligned-mitigation (total aligned 100%). If the data provided is 100% for both aligned-adaptation and aligned-mitigation 100%, both aligned-adaptation and aligned-mitigation would be collected as "% - relative terms".

As a conclusion:

"% - Absolute Terms" à There is NO need to develop any Operation (adaptation/mitigation % will be equal or inferior to the % disclosed as aligned.

"% - Relative Terms" à Potentially Operations could be done (adaptation/mitigation % may be equal or superior to the % disclosed as aligned.

4.3. Capital Expenditure KPI (Capital Expenditure) (% from products and services environmentally sustainable under articles 3 and 9 of Regulation 2020/852)

The eligible Capital Expenditure KPI (Article 8, 2(b) of EU Taxonomy) represents the proportion of the capital expenditure of an activity that is either already taxonomy-aligned or is part of a credible plan to extend or reach taxonomy-alignment. Capex provides a dynamic and forward-looking view of companies' plans to transform their business activities.

4.4. % Capital Expenditure KPI Taxonomy Aligned (% from products and services environmentally sustainable under articles 3 and 9 of Regulation 2020/852)

The proportion of Capital Expenditure referred to in Article 8(2), point (b), of Regulation (EU) 2020/852 represents the proportion of capital expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable (under Articles 3 and 9) and that are taxonomy-aligned. The Capital Expenditure KPI provides a static view of the companies' contribution to environmental goals and it shall be calculated as the part of the aligned Capital Expenditure associated with Taxonomy-aligned economic activities (numerator), divided by the Capital Expenditure (denominator) (there can be activities adapted to climate change that are not taxonomy aligned).

of which, climate change mitigation: which means the process of holding the increase in the global average temperature to well below 2 °C and pursuing efforts to limit it to 1,5 °C above pre-industrial levels, as laid down in the Paris Agreement;

of which, climate change adaptation: which means the process of adjustment to actual and expected climate change and its impacts;

Presentation Mitigation/Adaptation (Capex); Units of Measurement (1 - % in Absolute Terms; 2 - % in Relative Terms)

Option-1: "% - Absolute terms" when the sum of the breakdown for each objective (adaptation or mitigation) is not higher than the total value collected for total aligned approach, (e.g. % aligned=80% and disclosed in the breakdown % aligned adaptation=20% and % aligned mitigation=60%, in this case, the sum of both 20% + 60% is not higher than total 80% aligned, so it would be compiled in absolute terms). In this case, in absolute terms, the aligned-adaptation is equal to 20% (20%*80%: 25 % in relative terms) and the % aligned-mitigation is equal to 60% in absolute terms but (60%*80%= 75% in relative terms). In absolute terms, 20% and 60% (80% in total) and in relative terms, 25% and 75% (100% total).

Option 2: "% - Relative Terms" the sum of the breakdown for each of both objectives (adaptation or mitigation) can be higher than the value shown in the aligned objective. (e.g. la % aligned=80% and within the breakdown in % aligned-adaptation=90% and % aligned-mitigation=10%, the sum of both, adaptation and mitigation, 90%+10% respectively, is higher than 80% for total aligned activities, hence it would be reported in relative terms. In absolute terms, the aligned-adaptation % is equal to 90%*80%=72% (90% in relative terms) and the % aligned-mitigation is equal to 10%*80%=8% (10% in relative terms). In absolute terms, 72% and 8% (total, 80%) while in relative it would be 90% aligned-adaptation and 10% aligned-mitigation (total aligned 100%). If the data provided is 100% for both aligned-adaptation and aligned-mitigation 100%, both aligned-adaptation and aligned-mitigation would be collected as "% - relative terms".

As a conclusion:

“% - Absolute Terms” à There is NO need to develop any Operation (adaptation/mitigation % will be equal or inferior to the % disclosed as aligned.

“% - Relative Terms” à Potentially Operations could be done (adaptation/mitigation % may be equal or superior to the % disclosed as aligned.

4.5. Operating Expenditure KPI (% from products and services environmentally sustainable under articles 3 and 9 of Regulation 2020/852)

The Eligible Operating Expenditure KPI (Article 8, 2(b) of EU Taxonomy) represents the proportion of the operating expenditure associated with taxonomy-aligned activities or to the capex plan. The eligible operating expenditure covers direct non-capitalised costs relating to research and development, renovation measures, short-term lease, maintenance and other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective use of such assets.

(source:

https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-article-8-faq_en.pdf)

4.6. % Operating Expenditure Taxonomy Aligned (% from products and services environmentally sustainable under articles 3 and 9 of Regulation 2020/852)

The proportion of Operating Expenditure referred to in Article 8(2), point (b), of Regulation (EU) 2020/852 represents the proportion of operating expenditure from products and services that are taxonomy-aligned. The aligned Operating Expenditure KPI provides a static view of the companies' contribution to environmental goals and it shall be calculated as the part of the Operating Expenditure derived from products or services, associated with Taxonomy-aligned economic activities (numerator), divided by the Operating Expenditure (denominator) as defined in Article 2, point (5), of Directive 2013/34/EU. (there can be activities adapted to climate change that are not taxonomy aligned).

of which, climate change mitigation: which means the process of holding the increase in the global average temperature to well below 2 °C and pursuing efforts to limit it to 1,5 °C above pre-industrial levels, as laid down in the Paris Agreement;

of which, climate change adaptation: which means the process of adjustment to actual and expected climate change and its impacts;

Presentation Mitigation/Adaptation (Opex); Units of Measurement (1 - % in Absolute Terms; 2 - % in Relative Terms)

Option-1: “% - Absolute terms” when the sum of the breakdown for each objective (adaptation or mitigation) is not higher than the total value collected for total aligned approach, (e.g. % aligned=80% and disclosed in the breakdown % aligned adaptation=20% and % aligned mitigation=60%, in this case, the sum of both 20% + 60% is not higher than total 80% aligned, so it would be compiled in absolute terms). In this case, in absolute terms, the aligned-adaptation is equal to 20% (20%*80%: 25 % in relative terms) and the % aligned-mitigation is equal to 60% in absolute terms but (60%*80%= 75% in relative terms). In absolute terms, 20% and 60% (80% in total) and in relative terms, 25% and 75% (100% total).

Option 2: “% - Relative Terms” the sum of the breakdown for each of both objectives (adaptation or mitigation) can be higher than the value shown in the aligned objective. (e.g. la % aligned=80% and within the breakdown in % aligned-adaptation=90% and % aligned-mitigation=10%, the sum of both, adaptation and mitigation, 90%+10% respectively, is higher than 80% for total aligned activities, hence it would be reported in relative terms. In absolute terms, the aligned-adaptation % is equal to $90\% \times 80\% = 72\%$ (90% in relative terms) and the % aligned-mitigation is equal to $10\% \times 80\% = 8\%$ (10% in relative terms). In absolute terms, 72% and 8% (total, 80%) while in relative it would be 90% aligned-adaptation and 10% aligned-mitigation (total aligned 100%). If the data provided is 100% for both aligned-adaptation and aligned-mitigation 100%, both aligned-adaptation and aligned-mitigation would be collected as “% - relative terms”.

As a conclusion:

“% - Absolute Terms” à There is NO need to develop any Operation (adaptation/mitigation % will be equal or inferior to the % disclosed as aligned.

“% - Relative Terms” à Potentially Operations could be done (adaptation/mitigation % may be equal or superior to the % disclosed as aligned.

Examples (try to search better examples, more updated to 2023 ESRS Taxonomy and aligned activities)

In the following example, with regard to % of environmentally sustainable eligible Capex activities amounts for 84,54% of all eligible and non-eligible activities according to taxonomies (15,46% are not eligible). Apart from that, 100% of these eligible activities are aligned. These aligned capex activities are all aimed at mitigating climate change but they are reported as 84,54% while none of them are considered to be dedicated to adapting to climate change.

Actividades económicas	Códigos	Capex absoluto (€)	Proporción del CapEx (%)	Mitigación del cambio climático (%)	Adaptación al cambio climático (%)	Recursos hídricos y marinos (S/N)	Economía circular (S/N)	Contaminación (S/N)	Biodiversidad y ecosistemas (S/N)	Garantías mínimas (S/N)	Proporción del CapEx que se ajusta a la taxonomía (%) Año 2022	Proporción del CapEx que se ajusta a la taxonomía (%) Año 2021	Categoría (actividad facilitadora) (F)	Categoría (actividad de transición) (T)
A. ACTIVIDADES ELEGIBLES SEGÚN LA TAXONOMÍA														
A.1. Actividades medioambientalmente sostenibles (que se ajustan a la taxonomía)														
Fabricación de tecnologías hipocarbónicas para el transporte	3.3	14.199.412	0,65%	0,65%	0,00%	S	S	S	S	S	0,76%	3,75%	F	
Generación de electricidad mediante tecnología solar fotovoltaica	4.1	698.314.803	32,12%	32,12%	0,00%	S	S	S	S	S	37,22%	32,58%		
Generación de electricidad mediante tecnología de energía solar de concentración	4.2	46.048.536	2,12%	2,12%	0,00%	S	S	S	S	S	2,45%	0,05%		
Generación de electricidad a partir de energía eólica	4.3	582.820.503	26,81%	26,81%	0,00%	S	S	S	S	S	31,07%	35,69%		
Generación de electricidad a partir de energía hidroeléctrica	4.5	7.845.163	0,36%	0,36%	0,00%	S	S	S	S	S	0,42%	0,00%		
Generación de electricidad a partir de bioenergía	4.8	756.297	0,03%	0,03%	0,00%	S	S	S	S	S	0,04%	0,00%		
Transporte y distribución de electricidad	4.9	520.677	0,02%	0,02%	0,00%	S	S	S	S	S	0,03%	0,00%	F	
Almacenamiento de electricidad	4.10	230.138.402	10,59%	10,59%	0,00%	S	S	S	S	S	12,27%	0,00%	F	
Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	5.1	8.579.799	0,39%	0,39%	0,00%	S	S	S	S	S	0,46%	5,23%		
Construcción, ampliación y explotación de sistemas de recogida y tratamiento de aguas residuales	5.3	2.482.291	0,11%	0,11%	0,00%	S	S	S	S	S	0,13%	0,04%		
Recogida y transporte de residuos no peligrosos en fracciones segregadas en origen	5.5	1.436.562	0,07%	0,07%	0,00%	S	S	S	S	S	0,08%	0,13%		
Transporte por motocicletas, turismo y vehículos comerciales ligeros	6.5	976.905	0,04%	0,04%	0,00%	S	S	S	S	S	0,05%	0,51%		
Infraestructura para el transporte ferroviario	6.14	1.394.785	0,06%	0,06%	0,00%	S	S	S	S	S	0,07%	2,23%	F	
Infraestructura que permite el transporte por carretera y el transporte público hipocarbónicos	6.15	48.893.443	2,25%	2,25%	0,00%	S	S	S	S	S	2,61%	0,01%	F	
Construcción de edificios nuevos	7.1	32.683.406	1,50%	1,50%	0,00%	S	S	S	S	S	1,74%	3,74%		
Renovación de edificios existentes	7.2	39.421.140	1,81%	1,81%	0,00%	S	S	S	S	S	2,10%	7,33%		T
Instalación, mantenimiento y reparación de estaciones de recarga para vehículos eléctricos en edificios (y en las plazas de aparcamiento anexas a los edificios)	7.4	3.732.533	0,17%	0,17%	0,00%	S	S	S	S	S	0,20%	0,95%	F	
Instalación, mantenimiento y reparación de tecnologías de energía renovable	7.6	6.942.614	0,32%	0,32%	0,00%	S	S	S	S	S	0,37%	0,00%	F	
Servicios profesionales relacionados con la eficiencia energética de los edificios	9.3	110.612.155	5,09%	5,09%	0,00%	S	S	S	S	S	5,00%	0,91%	F	
CapEx de actividades medioambientalmente sostenibles (que se ajustan a la taxonomía) (A.1)		1.837.799.425	84,54%	84,54%	0,00%						97,96%	93,15%		
A.2. Actividades elegibles según la taxonomía pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía)														
Rehabilitación y restauración de los bosques, incluida la reforestación y la regeneración de bosques de forma natural tras un fenómeno extremo	1.2	1.228	0,00%											
Gestión forestal	1.3	24.050	0,00%											
Generación de electricidad a partir de energía eólica	4.3	898	0,00%											
Generación de electricidad a partir de energía hidroeléctrica	4.5	600.931	0,03%											
Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	5.1	1.333.604	0,06%											
Construcción, ampliación y explotación de sistemas de recogida y tratamiento de aguas residuales	5.3	1.740.382	0,08%											
Valorización de materiales de residuos no peligrosos	5.9	227.832	0,01%											
Infraestructura para el transporte ferroviario	6.14	8.737.501	0,40%											
Infraestructura que permite el transporte por carretera y el transporte público hipocarbónicos	6.15	21.103.731	0,97%											
Construcción de edificios nuevos	7.1	2.288.053	0,11%											
Renovación de edificios existentes	7.2	26.201	0,00%											
Adquisición y propiedad de edificios	7.7	240.968	0,01%											
Investigación, desarrollo e innovación cercanos al mercado	9.1	1.904.248	0,09%											
CapEx de actividades elegibles según la taxonomía pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía) (A.2)		38.229.628	1,76%								2,04%	6,85%		
Total (A.1 + A.2)		1.876.029.053	86,29%								100%	100%		
B. ACTIVIDADES NO ELEGIBLES SEGÚN LA TAXONOMÍA														
CapEx de actividades no elegibles según la taxonomía (B)		297.948.357	13,71%											
Total (A + B)		2.173.977.410	100%											

Another different example to show the proportion of Capex for environmentally sustainable activities that are eligible and aligned. In the mitigation of climate change they present data in relative terms 100% of the aligned and eligible activities.

CAPEX				Criterios de contribución sustancial					
Actividades económicas (1)	Códigos (2)	Capex absoluto (3) K€	Proporción de capex (4) %	Mitigación del cambio climático (5) %	Adaptación al cambio climático (6) %	Recursos hídricos y marinos (7) %	Economía circular (8) %	Contaminación (9) %	Biodiversidad y ecosistemas (10) %
A. ACTIVIDADES ELEGIBLES SEGÚN LA TAXONOMÍA %									
A.1. Actividades medioambientalmente sostenibles (que se ajustan a la taxonomía)									
6. Transporte									
Infraestructuras para la movilidad personal, logística de la bicicleta	6.13	0,0	0,0	100	0	N/A	N/A	N/A	N/A
7. Construcción de Edificios y promoción inmobiliaria.									
Renovación de edificios existentes.	7.2	0,0	0,0	100	0	N/A	N/A	N/A	N/A
Instalación, mantenimiento y reparación de equipos de eficiencia energética.	7.3	0,0	0,0	100	0	N/A	N/A	N/A	N/A
Instalación, mantenimiento y reparación de tecnologías de energía renovable	7.6	0,0	0,0	100	0	N/A	N/A	N/A	N/A
9. Actividades profesionales, científicas y técnicas.									
Servicios profesionales relacionados con la eficiencia energética de los edificios.	9.3	(614,0)	4,0	100	0	N/A	N/A	N/A	N/A
Volumen de negocios de actividades medioambientalmente sostenibles (que se ajustan a la taxonomía) (A.1)		(614,0)	4,0						
A.2. Actividades elegibles según la taxonomía pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía)									

11. Emmission Allowances

- Emissions allowances ³(cc_3219) (*Thousand Euros*)

With regard to CO2 certificates and ETS (European Trading Systems) allowances and those that nationally and transitorily comply with the EU Regulation in IFRS reports of the groups.

- Provisions for Emissions Allowances (cc_3220) (*Thousand Euros*)

With regard to the Green House Emission Effects at the closing date an expense will be recognized in P&L Account as well as its corresponding provision in the Financial Situation Statement (Balance Sheet), given the amount at that time is uncertain. This provision will be recognized in the liabilities side as long as the company has to cancel the obligation through right settlement.

³https://www.esma.europa.eu/sites/default/files/library/esma70-445_38_final_report_on_emission_allowances_and_associated_derivatives.pdf (5.2 Clarification of position reporting in emission allowances)

ANNEX I - EMPLOYMENT

1. Definitions

1.1. Target population

Staff definition

Staff has to be taken into account in the employment board if

- the worker has a contract of employment or a training contract directly with the entity (and not through an interim entity) and he is registered in an official document completed for the social security, and
- the worker is salaried (not self-employed persons)

The registration of some specific categories of workers depends on the national legislations summarized in the following table.

Category	Austria	Belgium	France ^(a)	Germany ^(a)	Greece	Italy ^(a)	Portugal	Spain
Fixed paid worker	X	X	X	X	X	X	X	X
Self-employed person		–	–				--	–
Temporary employment agency	–	–	– ⁵	–		–	–	–
Home worker	X	X	X	X		X	X	X
Students, apprentices	X	X	–	–		X	X	– ¹
On strike	X	X	X	X	X	X	X	X
Maternity leave, sickness	X	X	X	X	X	X	X	X
Career interruption	--	X	–	?		?	–	–
Early retirement	--	–	–	?		?	–	–
Workers of abroad branches	X	X ³	X	?		?	X ³	X ³
Temporary assignment	--	– ⁴	–	?	X	?	X ⁴	–
Workers of state-owned companies	--	X	–	?		?	?	X
Civil servants	--	–	–	?		?	–	–

(a): based on "BACH" table on employment.

Explanations

- 1 (Spain): Grantees or scholarships are not included as employees in Spain. They collaborate and make practices at the same time they are studying. The maximum time possible of the scholarship is half of a university yearly period (about 4 and a half months). In fact, they contribute to the entity as a third party, rendering a service, because it does not contribute to the Social Security for them. The entity pays directly to the School or University and not to the students, as a result of an agreement between parties.
- 2 (Portugal): Sick leave of more than one month is excluded (except maternity).
- 3 (Belgium), (Portugal), (Spain): Workers of abroad branches (different from subsidiaries) are considered employees of the entity, although for National Accountancy purposes, it is necessary to know the amount of employees and salaries paid, because they must be treated as non-residents.
- 4 (Belgium): On the employment board of the entity with which they have the contract.

(Portugal): On the employment board of the entity where they temporary work.

- 5 (France): The accounting authorities recommend for individual accounts the calculation of two kinds of average number of employees: the number of employees that have a work contract with the entity and the number of employees that have worked for the entity during the year (including the workers that have a contract with an interim entity). For the consolidated accounts, the rules to determine the employment have not been specified. In the board we have presented the calculation of the number of employees that have a work contract with the entity.

1.2. Work schedule

Full time (unit): number of employees who perform the normal work schedule applied by the entity (e.g. 40 hours a week = 100%)

Part time (unit): number of employees who perform, on average, only a part of the normal work schedule

An apprentice is considered as part time taking into account the time spent on training sessions needed for his schooling.

Total in FTE: sum of all employees whereby

- Full time employed workers count for 1
- A part time employed worker counts for the number of hours performed by the part time worker divided by the number of hours normally performed by a full-time worker

Examples:

- *An employee works 8 hours a day, but only for 3 days a week => part time at 60% (expressed in full time equivalents = 0,6)*
- *An employee is hired on July 1st and working at 50%. At the end of the accounting year, the number expressed in FTE for this employee = 0,5 and the average in FTE = $0,5 \times 6/12 = 0,25$*

ANNEX II – CONTRACT ASSETS AND LIABILITIES

IFRS 15, “Revenues from contracts with customers”, under the satisfaction of the “performance obligations with customer” principle turns out to be much more restrictive than former revenue recognition standards, mainly IAS 18 “Ordinary Revenues” and IAS 11 “Construction Contracts”, as well as its corresponding IFRIC interpretations.

One of the main implications of the standard application is that it can imply changes in the temporal distribution of revenue recognition and its associated costs, which might as well imply an impact in other areas of analysis (loan covenants, bonus calculations, key performance measures, and so on). New accounting standards governing revenue recognition from contracts with customers may imply a deferral or anticipation of revenue recognition. Everything will depend on the aforementioned “performance obligations” and the moment when they are satisfied.

According to IFRS 15, revenue recognition (from contracts with customers) should be analysed following these steps: 1) Identify the contract(s) with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract, 5) Recognise revenue when (or as) the entity meets a performance obligation.

So, it is really important that all involved parties in a commercial relationship understand the implications that certain aspects or clauses in the contract might imply (amount, uncertainty of revenue and cash flows arising from a contract with a customer) and the moment when revenue can be recognised.

For instance, in a telecommunications company, commercial offers are sold in bundles combining different goods and services, such as packages of landline, mobile, phone, TV and broadband services.

Under IFRS 15, every individual service and product will be assigned its independent transaction price in relation to the total bundle price (relative stand-alone selling price method). The revenue for that service or product will be recognised with the satisfaction of the performance obligation, independently of other services to be provided or products to be delivered.

While the service is rendered and not billed, claims cannot be recognized but the performance obligation was fulfilled. Until it is highly probable that the revenue will not be reversed, a contract asset is recognized in the telecommunication company balance sheet.

If a mobile phone is sold (normally at a discount price within the bundle), revenue from the smartphone will be generally recognised at the very same moment when the device is delivered (when the transfer of control takes place).

Regarding the construction sector, while the former IAS 11 “Construction Contracts” only required conditions to be “probable” to be accepted or approved by the customer and negotiations about claims to have reached an advanced stage for revenue recognition to take place, under IFRS 15, revenue recognition is only allowed when it is “highly probable” that a significant reversal will not occur once the uncertainty is resolved. The reason for the change was to avoid revenue reversals in subsequent periods, thus enabling better estimates of future revenue.

With regard to the contract assets (non-current and current contract assets) (cc_391 and cc_470 in CBSO Codes) and contract liabilities (non-current and current liabilities) (cc_691 and cc_785 in CBSO Codes)

EXAMPLE FOR A SPANISH LISTED GROUP (CONSTRUCTION/SERVICES SECTOR)

The balance of work completed pending certification at a certain date relates almost entirely to revenue under the main contract with the customer since, according to the Group's general policy, only work that is due and payable, i.e. has been approved by the customer, may be recognized in the accounts.

Claims only include cases in which it is deemed highly likely that there will be no reversal of revenue in the future. In general, performance obligations in the construction business are fulfilled over time.

Therefore, as the amounts relating to changes and claims are immaterial under the completed work pending certification heading, the balance relates basically to differences between work completed and work certified due to timing differences in the customer certification and review process, billing milestones or certification schedule.

For instance, for contracts in which the performance obligations are measured over time, the difference between:

a) *the revenues recognized for services rendered and*

b) *the amounts actually billed to the customer* are systematically analyzed on a contract by-contract basis.

If the b) is lower than a), the difference is recognized as an asset under "Trade receivables for sales and services - Completed work pending certification" (*type of contract asset*), whereas if a) is lower b), a liability is recognized under "Short-term trade and other payables - Work certified in advance" (*type of contract liability*).

For certain construction contracts, advances are agreed, paid by the customer at contract inception (*type of contract liability*) and offset against progress billings as the works are executed.

These balances are carried on the liabilities side of the balance sheet under the heading "Trade payables". In contrast to the advance payments, under some contracts the customer retains a portion of the payment of each progress billing to guarantee certain contractual obligations are met (*type of contract asset*), which is not reimbursed until the contract is definitively settled. These balances are carried on the assets side of the balance sheet under "Trade receivables for sales and services".

Unlike completed work pending certification and work certified in advance, advances and retentions are balances that will have an impact on future cash flows, since in the case of the advances a lower amount will be collected in the future as the advances are discounted from the progress billings, whereas the retentions will give rise to higher collections in the future, since the customer will reimburse the related amounts as and when the contract work is settled. Set out below is a breakdown of the amounts recognized in this connection at 31 December 2022 and 2021:

Million euro	2021 (*)
Completed work pending certification	347
Retentions	119
Total customer contract assets	466
Work certified in advance	692
Advance payments	193
Total customer contract liabilities	885

EXAMPLE OF A GERMAN LISTED GROUP (DIGITAL ENGINEERING (IT) SECTOR)

With the fulfillment of contractual obligations of one of the contractual parties, either the company or a customer, a contract asset or a contract liability is recognized, depending on the net balance of the performed contract work and the customer's advanced payment.

Contract assets and contract liabilities are generally reported as current, as they generally arise within the normal operating cycle of less than one year and include **customer-specific fixed fee contracts that are accounted for using the percentage-of-completion method in accordance with IFRS 15**. Revenue is recognized **in line with the stage** of completion at the reporting date. *(in projects/contracts where they bill on the number of hours invested by employee according to the price in the contract, they bill the number of hours at the end of the month, so there are no contract assets/liabilities on that kind of contracts/projects)*

The stage of completion corresponds to the proportion of contract costs incurred for work performed to date and the estimated total contract costs as of the reporting date. After deduction of partial payments received *(at the beginning a type of contract liabilities, since they are advanced payments by the client)*, contract costs are recognized under contract assets if the contract balance is positive *(partial payments received in advanced are less than revenues recognized according to percentage of contract costs incurred with regard to estimated total contract costs for that project)*, and under contract liabilities if the contract balance is negative *(partial payments received more than revenues recognized according to the stage/percentage of completion calculated as contract costs incurred with regard to estimated total contract costs for that project)*.

A contract asset is company's right to consideration in exchange for goods or services that the company has transferred to the customer. A contract asset becomes a receivable when the company's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

Trade receivable: Trade receivables are recognized initially at the amount of consideration that is unconditional. They are subsequently measured at amortized cost using the effective interest method, less loss allowance. The group applies the IFRS 9 simplified approach to measuring expected credit losses.

Revenue from services is recognized depending on the contractual agreements and considering the services commissioned. This approach is generally used for contracts that are billed according to working hours and costs incurred.

In the case of fixed price contracts, revenue from services is recognized in accordance with the progress of the contract and considering realized partial services.

In revenue recognition, there is a risk of inaccuracies and breaches in connection with the achievement of performance targets and forecasts, which can lead on the one hand to sales being realized before the corresponding opportunities and risks are transferred to the buyer and on the other hand to fictitious sales being realized. **At the company, contracts are concluded with customers.** The accounting presentation and recognition in profit or loss of these contracts and the sales attributable to them requires, for example in the case of fixed price projects, an estimate of the total costs of the contract and an assessment of whether and when the significant opportunities and risks have been transferred to the buyer.