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Note 1
Accounting policies

*Basis of
preparation*
IFRS 1:38

An entity shall explain how the transition from previous GAAP to IFRSs affected its reported financial position, financial performance and cash flows.

IFRS 1: App A - definitions The first annual financial statements in which an entity adopts **International Financial Reporting Standards (IFRSs)**, by an explicit and unreserved statement of compliance with IFRSs.

*Changes in
accounting policies
- exemptions*
IFRS 1: B1

A first-time adopter may elect not to apply IFRS 3 'Business Combinations' retrospectively to past business combinations (business combinations that occurred before the date of transition to IFRSs). However, if a first-time adopter restates any business combination to comply with IFRS 3, it shall restate all later business combinations and shall also apply IAS 36 Impairment of Assets (as revised in 2004) and IAS 38 Intangible Assets (as revised in 2004) from that same date.

IFRS 1: B2 (g)

The carrying amount of goodwill in the opening IFRS balance sheet shall be its carrying amount under previous GAAP at the date of transition to IFRSs, after the three adjustments:

(i) If required by paragraph B2(c)(i) above, the first-time adopter shall increase the carrying amount of goodwill when it reclassifies an item that it recognised as an intangible asset under previous GAAP. Similarly, if paragraph B2(f) requires the first-time adopter to recognise an intangible asset that was subsumed in recognised goodwill under previous GAAP, the first-time adopter shall decrease the carrying amount of goodwill accordingly (and, if applicable, adjust deferred tax and minority interests).

(ii) A contingency affecting the amount of the purchase consideration for a past business combination may have been resolved before the date of transition to IFRSs. If a reliable estimate of the contingent adjustment can be made and its payment is probable, the first-time adopter shall adjust the goodwill by that amount. Similarly, the first-time adopter shall adjust the carrying amount of goodwill if a previously recognised contingent adjustment can no longer be measured reliably or its payment is no longer probable.

(iii) Regardless of whether there is any indication that the goodwill may be impaired, the first-time adopter shall apply IAS 36 in testing the goodwill for impairment at the date of transition to IFRSs and in recognising any resulting impairment loss in retained earnings (or, if so required by IAS 36, in revaluation surplus). The impairment test shall be based on conditions at the date of transition to IFRSs.

IFRS 1:B2 (i)

If the first-time adopter recognised goodwill under previous GAAP as a deduction from equity:

(i) it shall not recognise that goodwill in its opening IFRS balance sheet. Furthermore, it shall not transfer that goodwill to the income statement if it disposes of the subsidiary or if the investment in the subsidiary becomes impaired.

(ii) adjustments resulting from the subsequent resolution of a contingency affecting the purchase consideration shall be recognised in retained earnings.

IFRS 1:20

Under IAS 19 Employee Benefits, an entity may elect to use a 'corridor' approach that leaves some actuarial gains and losses unrecognised. Retrospective application of this approach requires an entity to split the cumulative actuarial gains and losses from the inception of the plan until the date of transition to IFRSs into a recognised portion and an unrecognised portion. However, a first-time adopter may elect to recognise all cumulative actuarial gains and losses at the date of transition to IFRSs, even if it uses the corridor approach for later actuarial gains and losses. If a first-time adopter uses this election, it shall apply it to all plans.

A Layout (International) Group PlcNotes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

1 Accounting policies

In case the entity reports under IFRS for the first time in the year ended 31 December 2007, the following additional disclosures are required in the accounts:

Basis of preparation

This is the first time the company has prepared its financial statements in accordance with IFRSs, having previously prepared its financial statements in accordance with UK GAAP accounting standards. Details of how the transition from UK accounting standards to EU adopted IFRS has affected the group's reported financial position, financial performance and cash flows are given in note X.

Changes in accounting policies- First-time adoption

In preparing these financial statements, the group has elected to apply the following transitional arrangements permitted by IFRS 1 'First-time Adoption of International Financial Reporting Standards':

- Business combinations effected before 1 January 2006, including those that were accounted for using the merger method of accounting under UK accounting standards, have not been restated.
- The carrying amount of capitalised goodwill at 31 December 2005 that arose on business combinations accounted for using the acquisition method under UK GAAP was frozen at this amount and tested for impairment at 1 January 2006. The carrying amount was adjusted for intangible assets that would have been required to be recognised in the acquiree's separate financial statements in accordance with IAS 38 'Intangible Assets', such as development costs.
- Goodwill written off directly to reserves on business combinations effected before 1 January 1998 has not retrospectively been capitalised and will not be transferred to the income statement on the disposal of a subsidiary to which it relates.
- Actuarial gains and losses of employee defined benefit plans have been recognised in full in equity at 1 January 2006 [this is applicable only where the recognition of actuarial gains and losses has been deferred, or a valuation basis other than that required by IAS 19 has previously been followed].

Note 1
Accounting policies

- IFRS 1:22 A first-time adopter need not comply with the requirements for cumulative translation differences that existed at the date of transition to IFRSs. If a first-time adopter uses this exemption:
- (a) the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRSs; and
 - (b) the gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to IFRSs and shall include later translation differences.
- IFRS 1:26 An entity shall not reflect in its opening IFRS balance sheet a hedging relationship of a type that does not qualify for hedge accounting under IAS 39 (for example, many hedging relationships where the hedging instrument is a cash instrument or written option; where the hedged item is a net position; or where the hedge covers interest risk in a held-to-maturity investment). However, if an entity designated a net position as a hedged item under previous GAAP, it may designate an individual item within that net position as a hedged item under IFRSs, provided that it does so no later than the date of transition to IFRSs.
- IFRS 1:23 IAS 32 Financial Instruments: Presentation requires an entity to split a compound financial instrument at inception into separate liability and equity components. If the liability component is no longer outstanding, retrospective application of IAS 32 involves separating two portions of equity. The first portion is in retained earnings and represents the cumulative interest accreted on the liability component. The other portion represents the original equity component. However, under this IFRS, a first-time adopter need not separate these two portions if the liability component is no longer outstanding at the date of transition to IFRSs.
- IFRS 1:25A(a) IAS 39 Financial Instruments: Recognition and Measurement permits a financial asset to be designated on initial recognition as available for sale or a financial instrument (provided it meets certain criteria) to be designated as a financial asset or financial liability at fair value through profit or loss. Despite this requirement exceptions apply in the following circumstances
- (a) any entity is permitted to make an available-for-sale designation at the date of transition to IFRSs.
 - (b) *an entity that presents its first IFRS financial statements for an annual period beginning on or after 1 September 2006*—such an entity is permitted to designate, at the date of transition to IFRSs, any financial asset or financial liability as at fair value through profit or loss provided the asset or liability meets the criteria in paragraph 9(b)(i), 9(b)(ii) or 11A of IAS 39 at that date.
- IFRS 1:25B A first-time adopter is encouraged, but not required, to apply IFRS 2 Share-based Payment to equity instruments that were granted on or before 7 November 2002. A first-time adopter is also encouraged, but not required, to apply IFRS 2 to equity instruments that were granted after 7 November 2002 that vested before the later of (a) the date of transition to IFRSs and (b) 1 January 2005. However, if a first-time adopter elects to apply IFRS 2 to such equity instruments, it may do so only if the entity has disclosed publicly the fair value of those equity instruments, determined at the measurement date, as defined in IFRS 2. For all grants of equity instruments to which IFRS 2 has not been applied (eg equity instruments granted on or before 7 November 2002), a first-time adopter shall nevertheless disclose the information required by paragraphs 44 and 45 of IFRS 2.
- IFRS 1:31 An entity's estimates under IFRSs at the date of transition to IFRSs shall be consistent with estimates made for the same date under previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

A Layout (International) Group Plc**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)**

1 Accounting policies*Changes in accounting policies- First-time adoption (Continued)*

- Only those exchange differences arising on the retranslation of foreign operations since 1 January 2006 have been recognised as a separate component of equity, with the related reserve being reset to zero at that date.
- Where the requirements for hedge accounting were satisfied as at 1 January 2006, the date of transition, the transactions were accounted for as hedges from 1 January 2006. Transactions entered into before 1 January 2006 were not retrospectively designated as hedges.
- Where the liability component of a compound financial instrument was not outstanding at 1 January 2006, the portion of equity representing the cumulative interest accreted on the liability component and the portion of equity representing the original equity component of the instrument have not been disclosed as separate components of equity.
- Designation of previously recognised financial assets and financial liabilities as at fair value through profit and loss, and financial assets as available for sale, was made at 1 January 2006.
- IFRS 2 'Share-based payments' has been applied to employee options granted after 7 November 2002 that had not vested by 1 January 2006.

The group has made estimates under IFRSs at the date of transition, which are consistent with those estimates made for the same date under UK GAAP unless there is objective evidence that those estimates were in error, i.e. the group has not reflected any new information in its opening IFRS balance sheet but reflected that new information in its income statement for subsequent periods.

Note X
First-time adoption

IFRS 1:39

Explain how the transition from previous GAAP to IFRSs affected the entity's reported financial position, financial performance and cash flows. Such explanation should include:

- reconciliations of its equity reported under previous GAAP to its equity under IFRSs for both of the following dates:
 - the date of transition to IFRS;
 - the end of the latest period presented in the entity's most recent annual financial statements under previous GAAP
- a reconciliation of the profit or loss reported under previous GAAP for the latest period in the entity's most recent annual financial statements to its profit or loss under IFRSs for the same period;
- if the entity recognised or reversed any impairment losses for the first time in preparing its opening IFRS balance sheet, the disclosures that IAS 36 'Impairment of Assets' would have required if the entity had recognised those impairment losses or reversals in the period beginning with the date of transition to IFRSs [this disclosure is not relevant to A Layout (International) Plc]

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Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)**X First time adoption of International Financial Reporting Standards (IFRS)**

Reconciliations and explanatory notes on how the transition to IFRS has effected profit and net assets previously reported under UK Generally Accepted Accounting Principles are given below:

Profit and loss account reconciliation for the year ended 31 December 2006

	Sub- note	UK GAAP £'000	Adjustments £'000	IFRS £'000
Revenue	i			
Cost of sales	ii			
Gross profit		_____	_____	_____
Other operating income	iii			
Distribution costs	iv			
Administrative expenses	v			
Profit from operations		_____	_____	_____
Finance costs	vi			
Finance income	vii			
Share of profits/(losses) of associates/joint ventures	viii			
Profit before tax		_____	_____	_____
Tax expense	ix			
Profit after tax		_____	_____	_____
Profit/(loss) on discontinued operation, net of tax	x			
Profit for the year	xi	_____	_____	_____

Note X
First-time adoption
(continued)

IFRS 1:40 Give sufficient detail in the reconciliations required by IFRS 1:39 to enable users to understand the material adjustments to the balance sheet and income statement.

A Layout (International) Group Plc

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

X First time adoption of International Financial Reporting Standards (IFRS) (Continued)

Balance sheet reconciliation as at 1 January 2006 – transition date

Assets	Sub- note	UK GAAP £'000	Adjustments £'000	IFRS £'000
Non-current assets				
Property, plant and equipment	xii			
Investment property	xiii			
Intangible assets	xiv			
Investments in equity accounted associates	xv			
Available-for-sale investments	xvi			
Derivative financial assets	xvii			
Deferred tax asset	xviii	_____	_____	_____
Total non-current assets		_____	_____	_____
Current assets				
Inventories	xix			
Trade and other receivables	xx			
Available-for-sale investments	xxi			
Derivative financial assets	xxii			
Cash and cash equivalents	xxiii			
Non-current assets classified as held for sale	xxiv	_____	_____	_____
Total current assets		_____	_____	_____
Total assets		=====	=====	=====
Liabilities				
Non-current liabilities				
Loans and borrowings	xxv			
Derivative financial liabilities	xxvi			
Employee benefits	xxvii			
Provisions	xxviii			
Deferred tax liability	xxix	_____	_____	_____
Total non-current liabilities		_____	_____	_____
Current liabilities				
Trade and other payables	xxx			
Loans and borrowings	xxxi			
Derivative financial liabilities	xxxii			
Corporation tax liability	xxxiii			
Employee benefits	xxxiv			
Provisions	xxxv			
Liabilities directly associated with non-current assets classified as held for sale	xxxvi	_____	_____	_____
Total current liabilities		_____	_____	_____
Total liabilities		_____	_____	_____
TOTAL NET ASSETS AND EQUITY		=====	=====	=====

Note X
First-time adoption
(continued)

See narrative on previous page

A Layout (International) Group Plc

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

X First time adoption of International Financial Reporting Standards (IFRS) (Continued)

Balance sheet reconciliation as at 31 December 2006

Assets	Sub- note	UK GAAP £'000	Adjustments £'000	IFRS £'000
Non-current assets				
Property, plant and equipment	xii			
Investment property	xiii			
Intangible assets	xiv			
Investments in equity accounted associates	xv			
Available-for-sale investments	xvi			
Derivative financial assets	xvii			
Deferred tax asset	xviii	_____	_____	_____
Total non-current assets		_____	_____	_____
Current assets				
Inventories	xix			
Trade and other receivables	xx			
Available-for-sale investments	xxi			
Derivative financial assets	xxii			
Cash and cash equivalents	xxiii			
Non-current assets classified as held for sale	xxiv	_____	_____	_____
Total current assets		_____	_____	_____
Total assets		=====	=====	=====
Liabilities				
Non-current liabilities				
Loans and borrowings	xxv			
Derivative financial liabilities	xxvi			
Employee benefits	xxvii			
Provisions	xxviii			
Deferred tax liability	xxix	_____	_____	_____
Total non-current liabilities		_____	_____	_____
Current liabilities				
Trade and other payables	xxx			
Loans and borrowings	xxxi			
Derivative financial liabilities	xxxii			
Corporation tax liability	xxxiii			
Employee benefits	xxxiv			
Provisions	xxxv			
Liabilities directly associated with non-current assets classified as held for sale	xxxvi	_____	_____	_____
Total current liabilities		_____	_____	_____
Total liabilities		_____	_____	_____
TOTAL NET ASSETS AND EQUITY		=====	=====	=====

Note X
First-time adoption
(continued)

See narrative on previous page

A Layout (International) Group PlcNotes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

X First time adoption of International Financial Reporting Standards (IFRS) (*Continued*)*Adjustments*

Explanations of the adjustments made to the UK GAAP income statement and balance sheets are as follows:

Sub-note	Explanation
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