

Financial Accounting

2014/2015

GAI

Chapter 1

Cases



Cases to solve in class (*):



Case 1.01	Luís Simões
Case 1.02	Galp Energia
Case 1.03	FEPSA
Case 1.04	Toyota Caetano
Case 1.05	Brisa

(*)These cases were prepared based on the consultation of the sources mentioned in each. They were built exclusively for educational purposes, in an academic perspective. Some of the qualitative and quantitative information and the issues presented are purely hypothetical. The names, trademarks and logos are property of the entity (ies) mentioned to which we appreciate the understanding, collaboration and courtesy.



CASE 1.01 Luís Simões¹

Concepts

- ❖ Concept, legal form and nature of business.
 - ❖ Operating, financing and investing activities
 - ❖ Stakeholders in a business
 - ❖ Relation between business and accounting.
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Learning goals

During and after the study / resolution of the case students must:

- ❖ Concept, legal form and nature of business.
 - ❖ Operating activities, investing and financing.
 - ❖ Stakeholders in the business.
 - ❖ Relationship between business and accounting.
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Support resources

- ❖ Vídeo Luís Simões: www.luis-simoes.com/page/mediateca
 - ❖ Slides from teoretical lessons.
 - ❖ Recommended Book.
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Previous autonomous work

- ❖ See the video.
 - ❖ Read the case.
 - ❖ Study the slides and the recommended book.
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¹ Source: www.luis-simoes.pt. The names, trademarks and logos are property of the entity (ies) mentioned, to which we appreciate the understanding, collaboration and courtesy.

CASE 1.01 Luís Simões

Story of a "big company" born with vegetables and a cart

- ❖ Lesson: Viewing the video Luís Simões
www.luis-simoes.com/page/mediateca (change then to EN)

Preliminary note

Luís Simões (LS) is one of the companies that currently leads the transport and logistics sector in the Iberian Peninsula. Its founder, Fernando Luís Simões, was honored in 2009 by the President of the Republic, Cavaco Silva, being awarded the degree of Commander in the class of Industrial Merit. He died on July 12, 2011 at 92 years of age.

History

The story of Luís Simões starts in the 1930's, when Fernando Luís Simões and Delfina Rosa Soares, who were still in their teens, used a cart to transport fruit and vegetables produced by their families to the supply markets of Lisbon and Malveira. They married in 1945, and at the same time they started to get involved in horticulture, and opened a grocer's shop. In 1948 Fernando Luís Simões ventured to get an HGV license and the couple bought their first lorry.

The 1950's – the first lorries

Between 1952 and 1960 Fernando Luís Simões bought more lorries, which were progressively replaced, and diversified from a transport service for vegetables to transportation of construction materials.

The 1960's - The first company

These years saw the *boom* of the public works policy in the new state and the start of compound food industry for animals. Fernando Luís Simões specialised in transportation of grain cereals and civil construction materials, always combined with vegetables and commerce (groceries). "Transportes Luís Simões, Lda." was officially founded in 1968 to give form to the business that already existed.

The 1970's - The business is passed on

In 1973 the management of the business passed from the founding couple to their sons, Leonel, José Luís and Jorge. This is when its market position was defined: in response to variable and changing demand, the fleet of vehicles should be flexible and adapted to the market. The important thing is not to own lorries, but to serve clients. As a result, the company chose to subcontract about 50% of the fleet, a strategy that has been maintained to this day.

After the April Revolution, the main client, which represented 80% of revenues, went bankrupt. This is how the stockholders learnt their first great lesson: do not depend on just 1 client.

The 1980's - Expanding to Spain

In 1983 Portugal was struck by a deep economic crisis that had a considerable effect on the civil construction sector, which represented about 50% of business at the time. The Simões brothers learnt their second great lesson from this story: no sector of activity should represent more than 20% of sales volume.

However the 1980's were marked by international expansion to Spain. In 1985 the International Traffic Department was founded from the headquarters in Loures, a strategic move that defined the future of Luís Simões.

For the first time the strategies were defined for the mission of TLS: segmentation of business by areas of activity and leading the market for road transport of goods in Portugal, which came true in 1993.

The 1990's and 2000's

Anticipating the logistical consequences of the European market, logistics activities were started in Portugal. The business areas were divided and they diversified. Integrated management systems were installed for warehouses, transport and distribution, and, on the 50th anniversary of Luís Simões, the corporate image was renewed and the Centre for Logistics Operations in Carregado was inaugurated, setting the standard for the Iberian Peninsula.

In 1996 the legal form of the company changed to “anonymous society”, to facilitate the management of the firm.

In 2000 the LS network was founded, a model of production franchising to professionalize the sector and guarantee subcontracting with a level of service guaranteed by LS's own fleet, and there was another technological jump in operations with the introduction of on-board IT and GPS in the vehicles, and a radio frequency and optical barcode reading in the warehouses.

The LSnet Portal is an advanced technical tool on the web for managing the relationship of Luís Simões with its main business partners (clients and suppliers).

They created also the Centre for Logistics Operations of the Future, in Carregado, an automatic warehouse that improves the range of logistics solutions and strengthens the Luís Simões brand for innovation and pioneering.

Luís Simões today

LS Business Units

Currently, LS operates in two big business units:

- **Transportation:** Transportation of goods by road and only a few additional system of flows, by ship and train.
- **Logistics:** development of integrated logistics activities, including primary transportation, warehousing, order preparation, inventory control, product distribution and other services such as handling logistics products or promotional events.

Corporate Governance and Owners

The Board of Directors is formed by José Luís Simões, Leonel Simões and Jorge Simões. The family “Simões” is the owner of 100% of the equity of LS.

Some numbers reflecting the scale of LS

- 10 transport operations centres: Portugal (3) and Spain (7)
- 15 logistics operations centres: Portugal (7) and Spain (8)
- A fleet of about 2.000 vehicles
- About 2.000 staff
- 250.000 m2 of warehouses

- 145 milhões de kms drive/year
- About 1.600 clients: various sectors including food, paper, retail outlets, home appliances and automotive industry

Questions:

1. Business

- a. What is the current business of LS?
- b. What is the legal form of the LS business?
- c. What is the nature of the business developed by LS?
- d. Give examples of operating, investing and financing activities developed by LS?
- e. Identify some features that the LS uses in the development of your business?
- f. How can these resources be funded?

2. Stakeholders in business

- a. Who are the investors in LS?
- b. Who are the managers of the LS?
- c. Who are the customers of LS?
- d. Who are the suppliers of LS?
- e. Give examples of other creditors that LS can have?

3. Business and accounting:

- a. What is the importance of understanding the business for accounting?
- b. What is the importance of accounting for business management?

Concepts

- ❖ Accounting System.
- ❖ Financial Accounting and Management Accounting.
- ❖ Users of Financial Statements.
- ❖ Financial Statements.

Learning Objectives

After reading the case and solving it, students should:

- ❖ Understand the objective of financial accounting.
- ❖ Identify the users of financial and accounting information (*stakeholders*).
- ❖ Understand the relation between accounting information and the main stakeholders.
- ❖ Identify the financial statements to be presented by companies.
- ❖ Distinguish between the book value and the market value of a company.

Support resources

- ❖ Vídeos about Galp Energia:
<http://www.galpenergia.com/EN/agalpenergia/ogrupopaginas/Corporate-videos.aspx>
- ❖ Slides from the theoretical classes.
- ❖ Recommended book.

Previous Autonomous Work

- ❖ See the above video.
 - ❖ Read the case.
 - ❖ Study the slides and chapter 1 related to the concepts used in this exercise.
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² Sources: www.galpenergia.pt. The information presented is used purely for educational and academic. The names, trademarks and logos are property of the entities mentioned in the case, to which we appreciate the understanding, cooperation and courtesy.

CASE 1.02 Galp Energia

Galp Energia: The Positive Energy

❖ Lesson: Movie

<http://www.galpennergia.com/EN/agalpennergia/ogruppo/Paginas/Corporate-videos.aspx>

History

The origins of Galp Energia (GE), under a different name at the time, date back to 18th century. In 1780, Lisbon began to be lit by the first olive oil-fired lamps. From olive oil to coal, from gas-fired lighting to petroleum and natural gas, many years elapsed of technical, economic and social development. Just as these new sources of energy developed, several companies - CRGE, Sonap, Sacor, Cidla, SPP and Petrosul - were born that eventually defined the path of the Portuguese energy sector and later gave rise to Galp Energia.

Galp Energia (GE) was established on 22 April 1999 under the name of GALP - Petróleos e Gás de Portugal, SGPS, S.A. for the purpose of operating in the oil and natural gas businesses after the Portuguese energy sector was restructured. Galp Energia combined Petrogal, Portugal's sole refiner and the main distributor of oil products, and Gás de Portugal, the company importing natural gas into Portugal and transporting and distributing it domestically.

GE was privatized and listed in 2006, and currently its shares are one of the most trade securities on the NYSE Euronext Lisbon. GE is currently one of the largest companies in Portugal, controlling about half the fuel trade and the total refining capacity of Portugal. Recently adopted an aggressive expansion strategy in the Spanish market and retail continues its exploration of hydrocarbons in Brazil and Angola.

Business

Galp Energia is an integrated operator, active at every stage of the oil and natural gas value chain and with ever-growing interests in renewable energy sources and markets. Their activities include the exploration and production of oil and natural gas, process raw materials and distribute refined products, production of electricity and supply and sale of natural gas. Galp runs its activities in 13 countries and 4 continents.

Below are presented some business indicators extracted from Galp's consolidated financial statements:

Indicatorss	N-1	N
Sales (total)	13.747.406	16.362.671
Total assets	9.147.515	10.155.417
Total Shareholders' equity attributable to Galp shareholders	2.613.209	2.885.483
Net income attributable to Galp Shareholders	451.810	432.682
Number of employees	7.311	7.381

Shareholding structure

Equity is formed by 829.250.635 shares. The largest shareholders (reference) are the Amorim Energia, CGD and Eni and, also, Parpública..

Shareholders	Headquarters	Number of shares	% Equity
Qualified Participations			
Amorim Energia, B.V.	Netherlands	317.934.693	38,34%
Caixa Geral de Depósitos	Portugal	8.292.510	1,00%
Eni, S.p.A.	Italy	235.009.629	28,34%
Parpública - Participações Públicas	Portugal	58.079.514	7,00%
Free-float			
Other shareholders(number od shares outstanding)	Diverse	209.934.289	25,32%

Galp shares are traded since 2006 on the Euronext Lisbon. They are one of the most traded securities and one of the largest market capitalizations of Portuguese equity market. You can consult additional information and visualize videos on the website www.galpennergia.com

Questions:

1. Accounting System

- What is the accounting system of Galp?
- What is the output of financial accounting Galp?
- Perform the logical link between a capital letter (A, B, C), a lower case letter (a, b) one or more numbers (1, 2, 3, 4) and one of the points (i, ii or iii).

Accounting System	Decision Makers	Type of User	Standards
A – Financial Accounting		1 – Managers	i – Revenue Code
B – Management Accounting	a – Internal	2 – Investors	ii – IFRS/NC
C – Tax Accounting	b – External	3 – Creditors	iii – none
		4 – State	

2. (Consolidated) Financial Statements

- What accounting standards Galp should use in preparing its (consolidated) financial statements? Why?
- What are the (consolidated) financial statements that Galp must prepare?
- What is the purpose of these financial statements? What represent each one?
- If Galp had not their shares admitted to trading on the stock exchange, which (consolidated) financial statements would have to submit?
- Perform the logical link between a capital letter (A, B, C) and a lower case letter (a, b, c, d).

Financial Statements	Key words
A – Statement of cash flows	a – Financial Position
B – Income Statement	b – Operations with shareholders
C – Notes	c – Inflows and outflows of cash
D – Balance sheet/Statement of financial position	d – net income
C – Statement of changes in shareholders' equity	e – Additional information

- Give examples of assets and liabilities that may be included in the Statement of financial position (balance sheet) of Galp.
- What is the difference between the active and the shareholder's equity attributable to shareholders of Galp at the end of year N? What is your economic significance?

3. Users of financial statements

- Who are the users of financial statements of Galp?
- Who are the shareholders of Galp?
- What is the usefulness of Galp financial statements for its shareholders?
- What are the information needs of other users of the financial statements of Galp?



CASE 1.03 FEPSA³



Concepts:

- ❖ Financial Statements.
- ❖ Elements of Financial Statements.
- ❖ Balance Sheet, Income Statement, Statement of Cash-Flow.

Learning Objectives:

During and after the study / resolution of the case students must:

- ❖ Know the statutory financial statements and the meaning of each one.
- ❖ Understand the components (eg, large aggregates) of each financial statement.
- ❖ Understand the information presented in each financial statement.
- ❖ Distinguish income from cash flows.

Support Resources:

- ❖ movie «Public Enemies» in http://www.youtube.com/watch?v=Q8xOgO7_eT8
- ❖ Slides from the theoretical classes.
- ❖ Recommended book.
- ❖ Images and caricatures.

Autonomous work:

- ❖ Read the case.
 - ❖ Study the slides and the book.
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³ Source: www.fepssa.pt; www.labor.pt/noticia.asp?idEdicao=189&id=9512&idSeccao=1989&Action=noticia. The information presented is used purely for educational and academic. The names, trademarks and logos are property of the entities mentioned in the case, to which we appreciate the understanding, cooperation and courtesy.

FEPSA: Hats without Frontiers



Johnny Depp



Indiana Jones



George Bush

What do these celebrities have in common?

Presentation of FEPSA

The FEPSA – Feltros portugueses SA was established in 1969 and is a world leader in the manufacture of felt-end, the stuff that gives body to the hat.

Johnny Depp, Christian Bale, Clint Eastwood, George W. Bush, Vladimir Putin, Robert de Niro, Nicolas Cage, Harrison Ford / Indiana Jones (last film) and elements of the Black Eyed Peas are some of the personalities who have used and / or produced with felt hats are of Fepsa.

For example, the 80 hats that are seen in the movie "Public Enemies," starring Johnny Depp and Christian Bale are produced by Fepsa in S. João da Madeira. The Fepsa also provides high-fashion brands like Hermès.

However, the vast majority of 450,000 felts produced annually in Fepsa intended to ethnic groups and uniforms institutions. The main ethnic groups are Orthodox Jews, cowboys, Australians, Tyrolean and peoples of the Andes. In uniforms, Fepsa provides felt hats for the RCMP Canadian, Air Force from New Zealand, and Swiss postmen.

Questions:

1. Financial Statements

Imagine that Fepsa presented the following documents for the year ended at N. According to what you have learned at classes, identify the Basic Financial Statements according to the Portuguese accounting standards (CNC).

Documents/Reports	
• Social Balance	• Minutes of General Assembly
• Management Report	• Balance Sheet
• Statement of cash-flows	• Statement of changes in shareholders' equity
• Audit Report	• Sustainability Report
• Notes	• Remuneration Committee's Report
• Income Statement	• Statistics for INE

2. Contents of financial statements

Assume, hypothetically, that the financial statements of Fepsa present, among others, the following elements for the years N and N + 1.

Elements	N	N+1
Assets	260.000	335.000
Liabilities	100.000	150.000
Revenues	300.000	310.000
Expenses	260.000	265.000
Dividends distributed	15.000	20.000
Cash	10.000	25.000
Receipts	280.000	275.000
Payments	270.000	260.000

Required:

- Prepare the Balance Sheet, the Income Statement and the Statement of cash flows in N+ 1, considering only the main elements that constitute each of these financial statements.
- Assuming that at the end of N, the capital (equity) of Fepsa totals 50.000 and in year N+1 there were no changes in capital, present a breakdown of equity at the end of the Fepsa N and N+1.
- Explain the change that occurred in the shareholders' equity of N to N + 1.
- What is the link between the Balance Sheet and the Income Statement?

- e. What is the difference between profit and net income?
- f. Is the variation in cash equal to the profit? Why?

3. Elements of financial statements

Assume, hypothetically, that the Balance sheet and the Income statement of Feps at the end of N+2 have the following elements:

Elements	Amount	Asset	Liability
1. Industrial Equipment	70.000		
2. Industrial Building	125.000		
3. Office furniture	5.000		
4. Software (acquired)	15.000		
5. Warehouse for raw materials and products	60.000		
6. Accounts payables to suppliers	55.000		
7. Accounts receivable from clients	40.000		
8. Patent (acquired)	20.000		
9. Cash in Banques	10.000		
10. Bank borrowings	125.000		
11. Raw materials in warehouse	10.000		
12. Products in warehouse	35.000		

Elements	Amount	Revenue	Expense
1. Sales to costumers	347.000		
2. Cost of Sales	80.000		
3. Expenses with telecommunications	8.000		
4. Expenses with energy	12.000		
5. Expenses with fuel	5.000		
6. Depreciations for buildings and equipment	60.000		
7. Expenses with work labor	120.000		
8. Interests from borrows	11.000		
9. Interests from bank deposits	3.000		
10. Rent for the use of offices	4.000		

Required:

1. Classify the above elements between assets (resources), liabilities (present obligations) and Shareholders' Equity
2. Classify the above elements between revenues and expenses and compute net income.



CASE 1.04 Toyota Caetano⁴

Toyota Caetano
Portugal, S.A.

Concepts:

- ❖ Content and relations between financial statements.
- ❖ Accounting standards.

Learning objectives:

After study and in the end of this chapter, students should:

- ❖ Identify the financial statements that are required to be presented by listed companies;
- ❖ Understand the content of each financial statement;
- ❖ Understand the relation between different financial statements;
- ❖ Understand the importance of the Notes to analysing information.

Support Resources

- ❖ Movie (just in Portuguese, but is not required to be seen):
www.youtube.com/watch?v=WAQYsYmtb-A
- ❖ Slides and recommended Book

Autonomous work:

- ❖ Read the case.
 - ❖ Read the book and the financial statements of Toyota Caetano.
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⁴ sources: www.toyotacaetano.pt. The information presented is used purely for educational and academic. The names, trademarks and logos are property of the entities mentioned in the case, to which we appreciate the understanding, cooperation and courtesy.

CASE 1.04 Toyota Caetano

The history of a man that is one of the richest in Portugal

- **Lesson:** institutional video: www.youtube.com/watch?v=WAOYsYmtb-A

Foreword

Toyota Caetano Portugal (TC) is one of the largest Portuguese companies in the automotive sector. Its founder, Salvador Fernandes Caetano, was awarded the Degree of Commander of the Order of Agricultural Merit by the Portuguese Government and Industry and was awarded by the Japanese Government with the Order of the Sacred Treasure. He died on June 27, 2011 at 85 years of age. On this date his fortune was estimated at 637.4 million Euros, ie, Salvador Caetano was the eighth richest man in Portugal.

A brief history

Salvador Caetano began working with eleven years as an assistant painter, established himself on his own with eighteen years. Two years later, in 1946, the company has created Martins & Caetano & Brother Ltd, a factory of coachworks, which would be the origin of Toyota Caetano Portugal.

In 1968, Salvador Caetano became the exclusive representative of Toyota in Portugal and built the Assembly Plant of Motor Vehicles in Ovar, inaugurated in 1971, the first production Toyota in Europe. Thereafter, the company's growth and business expansion widened to the whole country and later abroad, offering diversification of products and activities.

Business

Toyota Caetano is mainly dedicated to the import of commercial and passenger vehicles, the assembly of mini-buses Caetano and the assembly of commercial and passengers vehicles Toyota (Dyna and Hiace).

Shareholders

TC is a public company whose shares are, since 1987, listed on Euronext Lisbon. On December 31 2010, the Company's capital consists of 35,000,000 shares, of which 64% belong to the heirs of Salvador Caetano and 27% to the group Japanese Toyota Motor.

Financial statements

Toyota Caetano, being the parent-company of a group of companies perceived as a single economic entity company simultaneously presents a set of separate (or individual) financial statements and a set of consolidated financial statements, which are especially important for making economic decisions.

The statement of financial position, income statement, statement of other comprehensive income, statement of changes in equity, statement of cash flows and some notes taken from the set of consolidated financial statements presented by Toyota Caetano for the year 2010 are showed below.

Consolidated Statement of Financial Position

Toyota Caetano

euros

ASSETS	NOTES	31/12/10	31/12/09
NON-CURRENT ASSETS			
Intangible Assets	6	313.801	334.149
Property, plant and equipment	7	98.443.328	93.487.822
Goodwill	9	611.997	611.997
Investment properties	8	16.910.528	16.076.792
Available for sale Investments	10	3.395.705	62.136
Deferred tax	15	2.506.497	1.798.198
Accounts Receivable	12	1.556.626	2.093.425
Other Non Current Assets			
Total non-current assets		123.738.482	114.464.519
CURRENT ASSETS			
Inventories	11	66.797.892	69.173.277
Accounts Receivable	12	68.808.514	62.017.688
Other Credits	13	7.970.625	13.173.423
Public Entities	23	1.636.769	127.892
Other Current Assets	14	2.115.892	1.713.612
Available for sale Investments	10		5.305.021
Cash and cash equivalents	16	20.102.375	25.214.005
Total current assets		167.432.067	176.724.918
Total assets		291.170.549	291.189.437

Consolidated Statement of Financial Position (cont.)

Toyota Caetano

EQUITY & LIABILITIES	NOTES	31/12/10	31/12/09
EQUITY			
Share Capital	17	35.000.000	35.000.000
Legal Reserve		7.498.903	7.498.903
Revaluation reserves		6.195.184	6.195.184
Translation reserves		(1.695.238)	(1.695.238)
Fair value reserves		(271.329)	885.936
Other Reserves		81.278.229	76.079.493
Net Income		11.740.117	10.379.409
		139.745.866	134.343.687
Non-controlling interests	19	1.081.820	3.284.681
Total equity		140.827.686	137.628.368
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	20	250.000	250.000
Other Loan	20	1.908.747	2.119.358
Other Creditors	22	6.621.087	8.880.233
Deferred tax	15	1.771.535	1.578.930
Total non-current liabilities		10.551.369	12.828.521
CURRENT LIABILITIES			
Borrowings	20	59.565.402	73.387.506
Accounts Payable	21	37.913.647	30.611.514
Other Creditors	22	5.011.963	5.728.156
Public Entities	23	18.818.974	14.046.886
Other current liabilities	24	17.205.024	14.961.426
Provisions	26	1.101.702	828.133
Derivative financial instruments	27	174.782	1.168.927
Total current liabilities		139.791.494	140.732.548
Total liabilities and shareholder' equity		291.170.549	291.189.437

Consolidated Income Statement

Toyota Caetano

euros

	NOTES	31/12/2010	31/12/2009
Operational Income:			
Sales	33	400.197.180	372.200.557
Service Rendered	33	26.061.086	26.924.355
Other Operating Income	34	37.007.063	38.949.037
		463.265.329	438.073.949
Operational Costs:			
Cost of sales	11	(328.775.232)	(303.155.837)
Variation of Products	11	(1.036.729)	(3.295.243)
External Supplies and Services		(47.500.001)	(45.320.386)
Payroll Expenses	32	(48.509.077)	(47.897.001)
Depreciations and Amortizations	6 e 7	(18.003.463)	(18.510.791)
Investment property Amortization	8	(916.724)	(1.138.524)
Provisions and Impairment loss	26	(2.658.157)	(1.030.447)
Other Operating expenses		(2.732.061)	(3.240.310)
		(450.131.444)	(423.588.539)
Operational Profit		13.133.885	14.485.410
Finance costs	36	(2.959.989)	(3.620.389)
Finance Income	36	4.371.094	3.369.006
Profit before taxation from continuing operations		14.544.990	14.234.027
Income tax expense	29	(2.608.280)	(3.992.468)
Net profit for the period		11.936.710	10.241.559
Net profit for the period attributable to:			
Owners of the parent		11.740.117	10.379.409
Non-Controlling interests		196.593	(137.850)
		11.936.710	10.241.559
Earnings per share:			
Basic	30	0,341	0,293
Diluted		0,341	0,293

Consolidated Statement of (other) Comprehensive Income

Toyota Caetano

	IAS/IFRS 31/12/2010	IAS/IFRS 31/12/2009
Consolidated net profit for the year, including non-controlling interest	11.936.710	10.241.559
Components of other consolidated comprehensive income, net of tax:		
Available for sale Investments fair value changes (Note 10)	(1.157.265)	654.400
Others	69.327	(125.242)
Consolidated comprehensive income	10.848.772	10.770.717
Atributable to:		
Owners of the parent	10.652.179	10.976.495
Non-controlling interests	196.593	(205.778)

Consolidated Statement of changes in Shareholders' equity

Toyota Caetano

	euros									
	SHARE CAPITAL	LEGAL RESERVES	REVALUATION RESERVES	TRANSLATION RESERVES	FAIR VALUE RESERVES	OTHER RESERVES	TOTAL RESERVES	NON- CONTROLLING INTERESTS	NET PROFIT	TOTAL
BALANCES AT 31 OF DECEMBER 2008	35.000.000	7.498.903	6.195.184	(1.695.238)	231.536	76.789.014	89.019.399	3.490.459	1.797.793	129.307.651
Application of the Consolidated Net Income 2008										
Legal reserves transfer										
Distributed dividends										
Other reserves transfer										
Total comprehensive income for the year										
BALANCES AT 31 OF DECEMBER 2009	35.000.000	7.498.903	6.195.184	(1.695.238)	885.936	76.079.493	88.964.278	3.284.681	10.379.409	137.628.368
Balances at 31 of December 2009	35.000.000	7.498.903	6.195.184	(1.695.238)	885.936	76.079.493	88.964.278	3.284.681	10.379.409	137.628.368
Application of the Consolidated Net Income 2009										
Legal reserves transfer										
Distributed dividends										
Other reserves transfer										
Total comprehensive income for the year										
Others										
BALANCES AT 31 OF DECEMBER 2010	35.000.000	7.498.903	6.195.184	(1.695.238)	(271.329)	81.278.229	93.005.749	1.081.820	11.740.117	140.827.686

Consolidated Statement of Cash Flows

Toyota Caetano

euros

OPERATING ACTIVITIES	31/12/2010		31/12/2009	
Collections from Customers	446.426.493		433.737.918	
Payments to Suppliers	(362.561.678)		(321.211.227)	
Payments to Personnel	(40.894.340)		(39.358.985)	
Cash generated from operations		42.970.475		73.167.706
Payments of Income Tax		(1.839.614)		(1.322.638)
Other Collections/Payments Related to Operating Activities		(15.550.847)		(10.522.648)
Flow in Operating Activities		25.580.014		61.322.420

INVESTING ACTIVITIES	31/12/2010		31/12/2009	
Collections from:				
Investments	5.589.458			
Property, plant and equipment	19.767.478		11.598.704	
Intangible Assets	56.133		99.468	
Subsidies	476.841		2.120.963	
Interest and Others	130.487		356.807	
Dividends	268.398	26.288.795	144.915	14.320.857
Payments to:				
Investments	(3.604.898)			
Property, plant and equipment	(27.206.926)		(15.259.779)	
Intangible Assets	(212.258)	(31.024.082)	(88.963)	(15.348.742)
Flow in Investing Activities		(4.735.287)		(1.027.885)

FINANCING ACTIVITIES	31/12/2010		31/12/2009	
Collections from:				
Loan	730.000	730.000	2.369.358	2.369.358
Payments to:				
Loan	(14.762.716)		(45.020.256)	
Lease Down Payments	(3.644.156)		(1.743.540)	
Interest and Others	(3.040.660)		(3.872.670)	
Dividends	(5.238.825)	(26.686.357)	(2.447.894)	(53.084.360)
Flow in Financing Activities		(25.956.357)		(50.715.002)

CASH	31/12/2010		31/12/2009	
Cash and Cash Equivalents at Beginning of Period (Note 16)		25.214.005		15.634.472
Changes in perimeter (Note 5)				
Cash and Cash Equivalents at End of Period (Note 16)		20.102.375		25.214.005
Net Flow in Cash Equivalents		(5.111.630)		9.579.534

Some of the Notes

Toyota Caetano

4. Group Companies Included in Consolidation

The affiliated companies included in consolidation by the full consolidation method and share of capital held as of 31 December, 2010 e 2009, are as follows:

Companies	EFFECTIVE PERCENTAGE HELD	
	DEC-10	DEC-09
Toyota Caetano Portugal, S.A.	Parent Company	
Saltano - Investimentos e Gestão (S.G.P.S.), S.A.	99,98%	99,98%
Salvador Caetano (UK), Ltd.	99,82%	99,82%
Caetano Components , S.A.	99,98%	99,98%
Cabo Verde Motors, S.A.R.L.	81,24%	81,24%
Caetano Renting, S.A.	99,98%	99,98%
Caetano - Auto, S.A.	98,39%	93,18%
Caetano Retail (Norte) II, S.G.P.S., S.A.	49,20%	46,59%
Auto Partner - Comércio de Automóveis, S.A.	49,20%	46,59%
Caetano Colisão (Norte), SA	49,20%	46,59%
Movicargo - Movimentação Industrial, Lda.	100,00%	100,00%

These subsidiaries were included in the consolidated financial statements using the full consolidation method, as established in IAS 27 – “Consolidated and Separate Financial Statements” (subsidiary control through the major voting rights or other method, being owner of the company’s share capital– Note 2.2 a)).

11. Inventories

As of 31 December, 2010 and 2009, this caption breakdown is as follows:

	DEC-10	DEC-09
Raw Materials and Others	9.398.703	8.454.175
Production in Process	6.235.204	7.229.196
Built-up and Finished Products	3.869.884	3.896.895
Goods	49.655.887	51.975.486
	69.159.678	71.555.752
Accumulated impairment losses in inventories (Note 26)	(2.361.786)	(2.382.475)
	66.797.892	69.173.277

33. Sales and Services Rendered by Geographic Markets and Activities

The detail of sales and services rendered by geographic markets, during the years ended as of 31 December, 2010 and 2009, was as follows:

Market	DEC-10		DEC-09	
	VALUE	%	VALUE	%
National	399,447.852	93,71%	374,172.902	93,75%
Germany	53.574	0,01%	4.378	0%
United Kingdom	1.225	0%	1.494	0%
Spain	389.421	0,09%	225.180	0,05%
Palop's	11.879.499	2,79%	14.602.419	3,66%
Other markets	14.486.695	3,40%	10.118.539	2,54%
	426.258.266	100%	399.124.912	100%

Additionally, sales and services rendered by activity were as follows:

Activity	DEC-10		DEC-09	
	VALUE	%	VALUE	%
Vehicles	335.675.555	78,75%	310.946.223	77,91%
Spare parts	59.060.790	13,86%	56.538.168	14,17%
Repairs	26.061.086	6,11%	26.924.356	6,75%
Others	5.460.835	1,28%	4.716.165	1,18%
	426.258.266	100%	399.124.912	100%

You can consult additional information and view videos on the website Toyota Caetano www.toyotacaetano.pt.

Questions:

1 Financial Statements

- What are the financial statements presented by Toyota Caetano?
- What accounting framework was used by Toyota Caetano in the preparation of its financial statements? Why this framework?

2 Statement of financial position

- What information is provided by the Statement of financial position of Toyota Caetano?
- What is the value and the meaning of assets, liabilities and equity of Toyota Caetano on 31.12.2010?
- What are the main assets and liabilities of Toyota Caetano?

3 Statement of results

- What information is provided by the Income Statement of Toyota Caetano?
- What is the value of sales and services of Toyota Caetano in 2010? What is the change over the previous year?
- What are the main operating expenses of Toyota Caetano in 2010? What is the weight of operating expenses in total sales and services?
- What is the amount of earnings per share of Toyota Caetano in 2010? What is the change over the previous year?

4 Statement of other comprehensive income

- a. What information is provided by the statement of other comprehensive income of Toyota Caetano?
- b. What is the value of other comprehensive income of Toyota Caetano in 2010?
- c. What is the main component of other comprehensive income of Toyota Caetano?

5 Statement of changes in equity

- a. What information is provided by the statement of changes in equity of Toyota Caetano?
- b. What is the value of the investments made in Toyota Caetano by its shareholders and that the value of distributions made by the entity to its shareholders during the year 2010?
- c. How does the Toyota Caetano applied in 2010, net income generated in the year 2009?

6 Statement of cash flows

- a. What information is provided by the statement of cash flows of Toyota Caetano?
- b. What is the meaning and value of cash flows from operating, investing and financing activities of Toyota Caetano in 2010?
- c. What are the major cash flows from operating activities of Toyota Caetano?

7 Notes

- a. What information is provided by the notes of Toyota Caetano?
- b. Which companies belong to the Toyota Caetano Group on 31.12.2010?
- c. What is the value of raw materials, goods and intermediate and finished products held by Toyota Caetano on 31.12.2010?
- d. What is the proportion of sales and services of Toyota Caetano for the internal market in the year 2010? What is the value of vehicle sales in the same year?



CASE 1.05

BRISA⁵



Concepts:

- ❖ Content and relations between financial statements.
- ❖ Accounting standards.

Learning objectives:

After study and in the end of this chapter, students should:

- ❖ Identify the financial statements that are required to be presented by a company using IFRS;
- ❖ Understand the content of each financial statement;
- ❖ Understand the relation between different financial statements;
- ❖ Understand the importance of the Notes to analysing information.

Support Resources

- ❖ Slides and recommended Book

Autonomous work:

- ❖ Read the case.
 - ❖ Read the book and the financial statements of Toyota Caetano.
-

⁵ sources: www.brisa.pt. The information presented is used purely for educational and academic. The names, trademarks and logos are property of the entities mentioned in the case, to which we appreciate the understanding, cooperation and courtesy.

Business

Brisa is dedicated to the construction, maintenance and operation in toll regime, of a set of motorways, both in Portugal and abroad. In parallel, Brisa develops other businesses linked to the operation of motorways, such as the system of electronic toll collection (Via Verde), the automotive inspection (Controlauto), and remote customer service (call centers), services which has been adding sales and telemarketing, surveys, and collection services.

history

Brisa Auto-roads of Portugal was founded in 1972. With more than 40 years, is the largest enterprise in Portugal providing infrastructure of transport, and one of the largest operators of motorways all over the world.

The first concession contract gave it the responsibility to build 390 km of highway, which included the A1 (Lisbon / Porto), and in the early 80 explored 104 km, of which 12 are not subject to tolling. The 90 is marked, on the one hand, by the strong growth of the business and, second, by implementing a new model of tolling - Via Verde. In 1997, was the first phase of privatization of Brisa, with a dispersion in the stock exchange of 35% of the capital of the Company; in 1998, the 2nd phase with dispersion of 31% more capital; and in 1999, the third phase with dispersion of 20%.

With the turn of the millennium, the company diversifies its intervention to other markets and other businesses. It is present in the United States of America, India, and the Netherlands.

Currently, the company is organized into five business areas: concessions, road services, car inspections and international business.

Brisa holds six road concessions in Portugal comprising 17 motorways and 1678 km. To support its operations, Brisa holds road service companies, especially Brisa Operation and Maintenance, which provides assistance to all the Group's domestic concessionaires.

Via Verde, one of the most emblematic services created by Brisa, consists of an electronic payment system for toll roads, car parks and petrol stations supply. This service currently has approximately of one million two hundred thousand subscribers.

Shareholders

Brisa is a limited anonymous company whose shares were listed on Euronext Lisbon. By April 2013 the company ceased to be listing on the official quotation of the Euronext market following the takeover bid launched Tagus Holdings S.à r l ..

On December 31, 2013, the Company's share capital consisted of 600.000.000 shares, at the nominal value of one euro each. On the same date, shareholders with more than 10% participation were as follows:

Shareholders	Number of shares	% Equity
Tagus Holding S.à r l.	243.444.818	40,6%
José de Mello Investimentos, SGPS, SA	182.681.904	30,4%
Arcus European Infrastructure Fund	114.557.795	19,1%%

Financial statements

Being Brisa the parent-company of a group of companies perceived as a single economic entity company simultaneously presents a set of separate (or individual) financial statements and a set of consolidated financial statements, which are especially important for making economic decisions.

Concerning individual financial statements, the statement of financial position, income statement, statement of other comprehensive income, statement of changes in equity, statement of cash flows and some notes taken from the set of financial statements presented by Brisa for the year 2013 are showed below.

Statement of Financial Position Brisa – Auto-Estradas de Portugal, SA

	Notes	2013	2012
Non-current assets:			
Tangible fixed assets	11	12 175	12 340
Intangible assets	12	1 180	1 067
Investments in subsidiaries and associates	13	801 487	795 212
Other investments	13	10 254	6 972
Deferred tax assets	14	3 182	10 859
Total non-current assets		828 278	826 450
Current assets:			
Inventories		23	23
Trade and other receivables	15	42 706	26 979
Group companies	13	85 434	89 509
Other current assets	16	16 318	20 807
Cash and cash equivalent	17	95 089	477 502
Total current assets		239 570	614 820
Total assets		1 067 848	1 441 270
Shareholders' equity:			
Share capital	18	600 000	600 000
Treasury shares - nominal value	19	(47 353)	(47 237)
Treasury shares - discounts and premiums	19	(228 246)	(228 185)
Legal and other reserves	20	492 648	603 025
Net profit for the year		51 321	270 254
Total shareholders' equity		868 370	1 197 857
Non-current liabilities:			
Pension liabilities	25	892	947
Provisions	22	150 144	203 966
Deferred tax liabilities	14	9	19
Total non-current liabilities		151 045	204 932
Current liabilities:			
Provisions	22	1 182	1 200
Suppliers		2 576	2 080
Loans	17	10	29
Shareholders		133	757
Suppliers of investment		826	1 451
Other current liabilities	23	43 706	32 964
Total current liabilities		48 433	38 481
Total liabilities and equity		1 067 848	1 441 270

Statement of Profit and Loss and Other Comprehensive Income

Brisa – Auto-Estradas de Portugal, SA

	Notes	2013	2012
Operating income	3	46 991	29 908
Operating expenses:			
Supplies and services	4	(7 931)	(9 443)
Personnel costs	6	(15 724)	(16 592)
Provisions, amortisation, depreciation, adjustments and reversals	11, 12, 21 and 22	(1 999)	(3 661)
Tax		(64)	(53)
Other operating expenses		(633)	(885)
Total operating expenses		<u>(26 351)</u>	<u>(30 634)</u>
Operating Results		<u>20 640</u>	<u>(726)</u>
Financial expenses	7	(2 147)	(10 036)
Financial income	7	10 381	11 065
Investment income	7	27 633	269 497
Profit before tax		<u>56 507</u>	<u>269 800</u>
Income tax	8	(5 186)	454
Net profit for the year		<u>51 321</u>	<u>270 254</u>
Other income and expenses recognised under Shareholders' Equity which will not be subsequently reclassified in results:			
Retirement benefits - actuarial gains and losses	25	255	270
Income recognised directly in shareholders' equity		<u>255</u>	<u>270</u>
Total net profit and loss and other comprehensive income for the year		<u>51 576</u>	<u>270 524</u>
Earnings per share (in Euro):			
Basic	9	0,09	0,49
Diluted	9	0,09	0,49

Statement of Changes in Shareholders' Equity

Brisa – Auto-Estradas de Portugal, SA

Notes	Share capital	Treasury stock	Reserve legal and Other	Result Income for the year	Total
Balance at 01 January 2012	600 000	(275 422)	572 692	30 063	927 333
Net profit for 2012	-	-	-	270 254	270 254
Other income and expenses recognised under Shareholders' Equity:					
Retirement benefits - actuarial gains and losses	-	-	270	-	270
Total net profit and loss and other comprehensive income for the year	-	-	270	270 254	270 524
Appropriation of net profit for 2011:					
Other reserves	-	-	30 063	(30 063)	-
Balance at 31 December 2012	600 000	(275 422)	603 025	270 254	1 197 857
Balance at 01 January 2013	600 000	(275 422)	603 025	270 254	1 197 857
Net profit for 2013	-	-	-	51 321	51 321
Other income and expenses recognised under Shareholders' Equity:					
Retirement benefits - actuarial gains and losses	-	-	255	-	255
Total net profit and loss and other comprehensive income for the year	-	-	255	51 321	51 576
Appropriation of net profit for 2012:					
Other reserves	-	-	270 254	(270 254)	-
Distribution of free reserves	-	-	(381 407)	-	(381 407)
Purchase/(sale) of treasury shares	-	(177)	-	-	(177)
Other	-	-	521	-	521
Balance at 31 December 2013	600 000	(275 599)	492 648	51 321	868 370

Statement Cash Flows
Brisa – Auto-Estradas de Portugal, SA

	Notes	2013	2012
OPERATING ACTIVITIES:			
Cash receipts from clients		28 004	12 550
Cash paid to suppliers		(8 522)	(10 317)
Cash paid to personnel		(14 212)	(16 641)
Flows generated by operations		<u>5 270</u>	<u>(14 408)</u>
Income tax received		9 590	19 086
Other receipts relating to operating activities		7 625	17 084
Net cash from operating activities (1)		<u><u>22 485</u></u>	<u><u>21 762</u></u>
INVESTING ACTIVITIES:			
Cash receipts relating to:			
Investments in subsidiaries, associates and other		11 362	2 456
Tangible and intangible fixed assets		1	66
Interest and similar income		8 986	9 432
Dividends	7	<u>22 931</u>	<u>493 937</u>
		<u>43 280</u>	<u>505 891</u>
Cash payments relating to:			
Investments in subsidiaries, associates and other	13	(64 039)	(466 522)
Tangible and intangible fixed assets		(2 203)	(1 462)
		<u>(66 242)</u>	<u>(467 984)</u>
Net cash from investing activities (2)		<u><u>(22 962)</u></u>	<u><u>37 907</u></u>
FINANCING ACTIVITIES:			
Cash payments relating to:			
Borrowings		-	(246 000)
Interest and similar costs		(232)	(5 067)
Dividends	10	(381 509)	-
Acquisition of treasury stock	19	(177)	-
Net cash from financing activities (3)		<u><u>(381 918)</u></u>	<u><u>(251 067)</u></u>
Foreign exchange effect (4)		1	-
Variation in cash and cash equivalents (5) = (1) + (2) + (3) + (4)		(382 394)	(191 398)
Cash and cash equivalents at the beginning of the year	17	477 473	668 871
Cash and cash equivalents at the end of the period	17	95 079	477 473

Some Notes

2. MAIN ACCOUNTING POLICIES

2.1. Basis of presentation

The accompanying financial statements were prepared on a going concern basis from the Company's books and accounting records, restated to International Financial Reporting Standards, effective for the years beginning 01 January 2013, as adopted in the European Union. Such standards include the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards ("IAS") issued by the Accounting Standards Committee ("ASC") and respective interpretations – SIC and IFRIC issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC"). These standards and interpretations are hereinafter referred to collectively as "IFRS".

4. SUPPLIES AND SERVICES

The Goods & Services Account for the years ended 31 December 2013 and 2012 is made up as follows:

	2013	2012
Maintenance and repair	2 145	2 039
Specialised works		
Technical and administrative assistance	1 255	1 272
Legal and tax advice	578	785
Studies and opinions	542	780
Other	584	1 031
Rents and rentals	498	562
Communications	360	413
Advertising costs	99	402
Other	1 870	2 159
	<u>7 931</u>	<u>9 443</u>

13. INVESTMENTS

Investments in subsidiaries, associates and other investments as well as respective changes occurred in the years ended at 31 December 2013 and 2012 are as follows:

	2013				
	Opening balance	Increases	Decrease	Impairment Losses (Note 21)	Closing balance
Investments in subsidiaries and associates:					
Brisa Serviços (a) (b)	12 302	5 541	(4 400)	-	13 443
Brisa Internacional	140 568	-	-	-	140 568
Brisa Participações, SGPS, S.A. ("Brisa Participações") (b)	557 346	185	-	-	557 531
Brisa Infraestruturas, SGPS, S.A. ("Brisa Infraestruturas")	50	-	-	-	50
Brisal (c)	-	-	-	-	-
Via Oeste (a)	48 562	-	(190)	-	48 372
Tecnoholding II, Investimentos Tecnológicos, S.A. ("Tecnoholding")	50	-	-	-	50
AEDL (c)	-	41 555	-	(41 555)	-
AEBT - Auto-Estradas do Baixo Tejo, S.A. ("AEBT")	2 745	-	-	-	2 745
SICIT	18	-	-	-	18
Transport Infrastructure Investment Company SCA ("SICAR") (Note 24)	33 200	5 500	-	-	38 700
Transport Infrastructure S. à r.l.	6	-	-	-	6
TIICC, S. à r.l. ("TIICC")	4	-	-	-	4
	<u>794 851</u>	<u>52 781</u>	<u>(4 590)</u>	<u>(41 555)</u>	<u>801 487</u>
Other investments					
AELO - Auto-Estradas do Litoral Oeste, S.A. ("AELO") (d)	6 462	622	-	-	7 084
Asterion	9	-	(9)	-	-
I-Start	90	138	-	-	228
F-Hitec	84	13	-	-	97
Farncombe Limited	1	-	-	-	1
ELOS - Ligações de Alta Velocidade, S.A. ("ELOS")	679	2 157	-	-	2 836
ELOS - OM, S.A. ("ELOS - OM")	8	-	-	-	8
	<u>7 333</u>	<u>2 930</u>	<u>(9)</u>	<u>-</u>	<u>10 254</u>

17. CASH AND CASH EQUIVALENT

Cash and cash equivalents at 31 December 2013 and 2012 were made up as follows:

	2013	2012
Cash	-	4
Bank deposits	95 089	477 498
Cash and cash equivalent	95 089	477 502
Bank overdrafts	(10)	(29)
	<u>95 079</u>	<u>477 473</u>

22. PROVISIONS

Changes in the provisions and accumulated impairment losses in the years ended 31 December 2013 and 2012 are as follows:

2013							
Headings	Opening balance	Increase (Note 8)	Used (Note 8)	Decrease (Notes 7 and 8)	Financial revision (Notes 7 and 8)	Transfers (Note 21)	Closing balance
Provisions:							
Non current							
Pending legal proceedings	64	-	-	(8)	-	-	56
Financial investments	179 431	-	-	-	150	(41 555)	138 026
Other risks and charges	24 471	58	(7 758)	(4 709)	-	-	12 062
	<u>203 966</u>	<u>58</u>	<u>(7 758)</u>	<u>(4 717)</u>	<u>150</u>	<u>(41 555)</u>	<u>150 144</u>
Current							
Other risks and charges	1 200	-	(18)	-	-	-	1 182
	<u>205 166</u>	<u>58</u>	<u>(7 776)</u>	<u>(4 717)</u>	<u>150</u>	<u>(41 555)</u>	<u>151 326</u>

2012							
Headings	Opening balance	Increase (Note 8)	Used (Note 8)	Decrease (Notes 7 and 8)	Financial revision (Notes 7 and 8)	Transfers (Note 21)	Closing balance
Provisions:							
Non current							
Pending legal proceedings	125	-	-	(61)	-	-	64
Financial investments (Note 7)	286 096	36 156	-	(14)	78	(142 885)	179 431
Other risks and charges	34 591	4 240	(14 360)	-	-	-	24 471
	<u>320 812</u>	<u>40 396</u>	<u>(14 360)</u>	<u>(75)</u>	<u>78</u>	<u>(142 885)</u>	<u>203 966</u>
Current							
Other risks and charges	-	1 200	-	-	-	-	1 200
	<u>320 812</u>	<u>41 596</u>	<u>(14 360)</u>	<u>(75)</u>	<u>78</u>	<u>(142 885)</u>	<u>205 166</u>

The provision for ongoing lawsuits views to face potential liabilities with lawsuits brought against the company, which were estimated based on information from legal consultants. The total amount of the claims at 31 December 2013 stood at EUR 4 265 thousand and respective provision corresponds to the best estimate of the amount of such liabilities.

As of 31 December 2013 and 2012, provisions for financial investments stemmed from commitments with the capitalisation of AEDL (Note 13). At 31 December 2013 this caption included the amount of EUR 128304 thousand corresponding to future liabilities to increase AEDL's own funds, as established in the Facility Agreement.

Provision for other risks and charges as of 31 December 2013 and 2012 includes the amounts of EUR 9484 thousand and EUR 21 951 thousand respectively, corresponding to the Board of Directors' current estimate of the amount of the potential losses to be incurred by the Company associated to the Douro Litoral Concession, resulting from commitments assumed under agreements entered into with the consortium responsible for the construction of Douro Litoral motorway, DLACE. In the year ended at 31 December 2013 a reversal of this obligation was carried out, in the amount of EUR 4 709 thousand (Note 7). In the year ended at 31 December 2012 the Company recognised losses stemming from this investment obligation in the amount of EUR 3 611 thousand.

24. CONTINGENT LIABILITIES

At 31 December 2013 the Company had the following bank guarantees given to third parties:

	2013	2012
AEDL (a)	128 305	148 687
AEA (a)	23 100	23 100
ELOS (a)	19 853	19 853
AEBT (a)	16 680	16 680
AELO (a)	1 404	2 357
Other guarantees provided in favour of 3rd parties (b)	118 196	91 019
	<u>307 538</u>	<u>301 696</u>

(a) This amount corresponds to bank guarantees given by Brisa, to guarantee compliance with the Capital Subscription and Realisation Agreement of each of the mentioned entities.

(b) At 31 December 2013 this caption included the amount of EUR 117 871 thousand corresponding to bank guarantees provided to the Tax Authorities within the scope of pending proceedings (Note 8).

You can see additional information on the company website at

<http://www.brisa.pt/PresentationLayer/homepage.aspx>.

Answer each of the following questions, based on the individual financial statements of Brisa.

Questions:

1. Financial Statements

- What are the financial statements presented by Brisa?
- What accounting framework was used by Brisa, in preparing its financial statements?

2. Statement of financial position

- What is the amount of Brisa's assets on 31.12.2013? Which asset has the most weight? What is the meaning of that asset?
- What is the value and the meaning of the liability and equity Brisa on 31.12.2013?
- Which is the main liability of Brisa to 31.12.2013?

3. Statement of income and other comprehensive income

- What information is provided by the statement of profit or loss and other comprehensive income of Brisa?
- What is the value of net income in the year 2013? What is the change over the previous year?
- What are the main operating expenses of Brisa in the year 2013? What is the percentage of operating expenses in total income?
- In 2013, what amount of spending on supplies and services was supported by the company? What type of expenditures are these?
- What is the value of other comprehensive income in the year 2013 Brisa? And what is the main component of other comprehensive income of the company?

- f. Which is the another financial statement that also recognizes actuarial gains or losses on the pension plan Brisa?

4. Statement of changes in equity

- a. What information is provided by the statement of changes in equity of Brisa?
- b. What is the value of distributions made by the entity to its shareholders during the years 2012 and 2013?
- c. How does Brisa applied in 2013, net income generated in the year 2012?
- d. What is the change in equity (in value and as a percentage), between the beginning and the end of the year 2013? What are the main reasons for this variation?

5 Statement of cash flows

- a. What is the value of receipts and payments related to investing activities in the year 2013?
- b. What are the major cash flows from financing activities Brisa?
- c. What is the value of cash and cash equivalents at end of 2013? And what is the variation compared with January 1, 2013? What are the reasons for this variation?

6 Notes

- a. What is the detail of Cash and Cash Equivalents on 31.12.2013?
- b. Did Brisa disclose contingent liabilities on 31.12.2013? If so, to which they refer?
- c. On what date the Directors of Brisa approved the financial statements for 2013?