



Tier 1 models and reporting considerations

Financial reporting periods ending on or after
31 December 2021

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A. Using this publication



This section introduces the 31 December 2021 models and reporting considerations and provides an overview of using the document.

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A1 Introduction

Effective communication for December 2021 financial reporting

As the Australian and global communities and economies emerge from the COVID-19 pandemic, financial reporting continues to face challenges and opportunities.

There are few new and amended financial reporting requirements to be applied in the current financial reporting period. This presents the opportunity for entities to focus on their existing financial reporting and clearly articulate their financial performance and financial position, and also to focus on issues such as climate change.

ASIC continues to focus on disclosures made in the financial report and is increasing surveillance of material risk disclosures in the operating and financing review (OFR). Entities can continue to expect regulatory scrutiny to be rigorous. Early planning and timely preparation of position papers will enable management and directors to make informed decisions on key estimates and judgments, which will support the quality of the financial information provided to the market.

We believe that the factors below can contribute to effective communication through financial reporting in the current period:

- Ensure that profit is correctly reflected, e.g. by correctly responding to the IFRIC agenda decisions on **Software-as-a-Service (SaaS) arrangements** and net realisable value of inventories, ensuring material government grants are clearly disclosed and explained, and that non-IFRS measures are reconciled to statutory measures and follow ASIC guidance
- Disclose **key judgements and estimation uncertainties** to assist users of the financial statements to understand asset values and how they were calculated, including consistency with historical performance and information outside the financial statements, the use of probability weighted assessments in areas such as impairment assessments, expected credit loss calculations, unlisted investment valuations and the recoverability of inventories
- Transparently communicate the **liquidity** of the entity and its impacts on the entity's future prospects, by providing easy to understand analyses of how risk is managed, details of key aspects of arrangements such as the impact of covenants, disclosing clearly understandable maturity analysis of financial liabilities and movement schedules of borrowings and focused disclosure of other key matters such as supplier financing or debtor securitisation, set-off and hedging.

In early November 2021, the COP 26 climate change conference saw continued emphasis on the impacts of climate change, including financial and climate reporting. The formation of the International Sustainability Standards Board (ISSB) and its intended urgent progress on standard setting provides additional evidence that this issue is of crucial importance to investors and others. Entities should be enhancing disclosures about **climate risks** in their OFR, focusing on the entity's governance process, its strategy, how the entity manages the associated risks, and key metrics and targets.

November 2021



“Effective communication relies on transparent and informative entity-specific information written in plain English”

Alison White
National Leader
Accounting Technical

A2 Using the Tier 1 model annual report

This model annual report can be used as a guide in achieving best practice outcomes in annual reports of 'Tier 1' entities.

Roadmap to this section

| Topic | What is covered | Who does it apply to? |
|---|--|---|
| A2.1 Purpose | Brief overview of who is required to prepare "Tier 1" financial statements under Australian Accounting Standards | Entities preparing GPFS |
| A2.2 Who should use this model annual report? | Understanding who is required, or chooses, to prepare Tier 1 financial statements | Entities preparing Tier 1 GPFS |
| A2.3 Other considerations | Other information about using the model annual report | Entities preparing Tier 1 GPFS |
| A2.4 Effective date | Effective date of this model annual report i.e. 31 December 2021 | Entities using this model annual report |
| A2.5 Abbreviations | Abbreviations used in this model annual report | Entities using this model annual report |

A2.1 Purpose

The Deloitte IFRS model financial statements contained in the main section of this document (i.e. section *Core model financial statements*) illustrate the presentation and disclosure requirements of IFRS Standards for the year ended 31 December 2021 by an entity that is not a first-time adopter of IFRS Standards and are also applicable for the ended 31 December 2021. They comprise consolidated financial statements which illustrate the impact of the application of IFRS Standards that are mandatorily effective for the annual period beginning on 1 January 2021.

The Deloitte model IFRS financial statements, however, do not illustrate the presentation and disclosure requirements specific to annual reports prepared in Australia. Therefore, Appendix 2 to the model financial statements has been designed by Deloitte Australia to assist users with the preparation of annual reports in Australia in accordance with:

- Provisions of the *Corporations Act 2001*
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board
- Other requirements and guidelines current as at the date of issue, including ASX Listing Rules, ASIC Class Orders/Corporations Instruments, Regulatory Guides and Media Releases.

The information in the core model financial statements has been presented for a financial year ending on 31 December 2021, consistent with the date of Deloitte IFRS model financial statements. However, these illustrative disclosures are designed to be used in conjunction with the Australian-specific information in Appendix 2, which has been updated and presented as relevant for the year ended 31 December 2021. Appendix 2 also includes additional considerations for Tier 1 financial reports for the year ended 31 December 2021 for Australian not-for-profit and public sector entities. Entities with differing year ends will need to ensure that they include the relevant dates when preparing their financial reports.

Not-for-profit and public sector entities

Illustrative disclosures and guidance specific to not-for-profit and public sector entities have been highlighted in this document by being shaded using teal colouring as illustrated here.

A2.2 Who should use this model annual report?

A2.2.1 Overview

These financial statements are designed for entities required to comply with 'Tier 1' financial reporting requirements, as set out in AASB 1053 *Application of Tiers of Australian Accounting Standards*.

AASB 1053 outlines the categories of entities that are required to comply with Tier 1 requirements (AASB 1053.11-12):

- For-profit private sector entities that have public accountability and are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards
- Australian Government, State, Territory and Local governments
- Subject to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, general government sector financial statements of the Australian Government and State and Territory Governments.

Other entities may be required to comply with Tier 1 reporting requirements under other legislation, regulatory or legal requirements.

Other entities can choose to comply with Tier 1 or Tier 2 reporting requirements.



More information about Australia's differential reporting framework can be found in the *Australian financial reporting guide*, available at www.deloitte.com/au/models

A2.2.2 Tier 1 and Tier 2 reports

Entities preparing Tier 2 GPFS – Reduced Disclosure Requirements (RDR) are exempt from some of the disclosure requirements set out in Australian Accounting Standards as illustrated in this model annual report. The Australian Accounting Standards set out disclosure requirements from which Tier 2 entities applying RDR are exempt by shading the exempted requirements and adding special 'RDR' paragraphs. RDR is being replaced by 'Australian Accounting Standards – Simplified Disclosures' (Tier 2 (SD)) with effect from annual reporting periods beginning on or after 1 July 2021.

These International GAAP Holdings Limited model financial statements include disclosures that apply to Tier 1 general purpose financial statements and do **not** illustrate the disclosures applicable to Tier 2 general purpose financial statements.



Entities applying Tier 2 (RDR) should refer to earlier editions of our model financial statements, and those applying Australian Accounting Standards – Simplified Disclosures should refer to our Tier 2 Simplified Disclosures model financial statements. These models are available at www.deloitte.com/au/models

A2.3 Other considerations

A2.3.1 Amounts

The model financial statements are intended to illustrate the presentation and disclosure requirements of Australian Accounting Standards without the use of any actual numbers. They also contain additional disclosures considered to be best practice, particularly where such disclosures are included in illustrative examples provided within a specific Standard.

A2.3.2 Additional disclosures included

This model annual report includes line items that are not applicable to International GAAP Holdings Limited to illustrate items that are commonly encountered in practice. This does not mean that we have illustrated all possible disclosures, nor should it be taken to mean that entities are required to display such line items in practice.

A2.3.3 Limitations

We have developed the Deloitte model financial reports and the *Australian financial reporting guide* (available at www.deloitte.com/au/models) to assist you to meet the general financial reporting requirements applying to many entities reporting under the Corporations Act. General guidance cannot cover all possibilities, or deal with every possible permutation. We have not dealt with specific industries and types of entities, including:

- Entities that are investment entities under AASB 10 *Consolidated Financial Statements*
- Entities where the parent company or its subsidiaries are entities whose functional currency is the currency of a hyperinflationary economy
- Not-for-profit and public sector entities (other than the information provided in Appendix 2 – Australian-specific disclosures which is highlighted by being shaded using teal colouring)
- Entities subject to the regulatory requirements of Australian Charities and Not-for-profits Commission (ACNC)
- Australian financial services licences (AFSL) holders
- Entities subject to the regulatory requirements of the Australian Prudential Regulation Authority (APRA)
- Stapled entities
- Notified foreign passport funds.

Inquiries regarding specialised industries (e.g. life insurance companies, credit unions etc.) should be directed to an industry specialist in your Deloitte office.

A2.3.4 Pronouncements

Unless otherwise specified, this model annual report only includes references to Standards not yet effective (and not early adopted) in the context of illustrating the disclosures specified by AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The model financial statements do not illustrate the early adoption of any Australian Accounting Standards or Interpretations that are not mandatory as at 31 December 2021 unless otherwise noted. Furthermore, this model annual report does not illustrate the disclosure requirements of the following Australian Accounting Standards and Interpretations:

| Reference | Title / comment |
|-----------|--|
| AASB 1 | <i>First-time Adoption of Australian Accounting Standards</i> |
| AASB 4 | <i>Insurance Contracts</i> |
| AASB 6 | <i>Exploration for and Evaluation of Mineral Resources</i> |
| AASB 14 | <i>Regulatory Deferral Accounts</i> |
| AASB 17 | <i>Insurance Contracts</i> |
| AASB 129 | <i>Financial Reporting in Hyperinflationary Economies</i> |
| AASB 134 | <i>Interim Financial Reporting</i> |
| AASB 141 | <i>Agriculture</i> |
| AASB 1004 | <i>Contributions</i> |
| AASB 1023 | <i>General Insurance Contracts</i> |
| AASB 1038 | <i>Life Insurance Contracts</i> |
| AASB 1039 | <i>Concise Financial Reports</i> (other than as noted) |
| AASB 1049 | <i>Whole of Government and General Government Sector Financial Reporting</i> |
| AASB 1050 | <i>Administered Items</i> |

| Reference | Title / comment |
|-----------|--|
| AASB 1051 | <i>Land Under Roads</i> |
| AASB 1052 | <i>Disaggregated Disclosures</i> |
| AASB 1053 | <i>Application of tiers of Australian Accounting Standards</i> |
| AASB 1055 | <i>Budgetary Reporting</i> |
| AASB 1056 | <i>Superannuation Entities</i> |
| AASB 1060 | <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i> |
| Int 2 | <i>Members Shares in Co-operative Entities and Similar Instruments</i> |
| Int 7 | <i>Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies</i> |
| Int 10 | <i>Interim Financial Reporting and Impairment</i> |
| Int 12 | <i>Service Concession Arrangements</i> |
| Int 20 | <i>Stripping Costs in the Production Phase of a Surface Mine</i> |
| Int 129 | <i>Service Concession Arrangements: Disclosures</i> |
| Int 1019 | <i>The Superannuation Contributions Surcharge</i> |
| Int 1003 | <i>Australian Petroleum Resource Rent Tax</i> |
| Int 1019 | <i>The Superannuation Contributions Surcharge</i> |
| Int 1038 | <i>Contributions by Owners Made to Wholly-Owned Public sector Entities</i> |
| Int 1042 | <i>Subscriber Acquisition Costs in the Telecommunications Industry</i> |
| Int 1047 | <i>Professional Indemnity Claims Liabilities in Medical Defence Organisations</i> |
| Int 1055 | <i>Accounting for Road Earthworks</i> |

A2.3.5 Source references

References to the relevant requirements are provided in the left hand column where relevant. Where doubt exists as to the appropriate treatment, examination of the source of the disclosure requirement is recommended.

A2.3.6 Icons used in the core model financial statements

The following icons are used throughout the core model financial statements to indicate the following:

| Icon | Meaning |
|---|---|
|  | Indicates that an Australian-specific consideration applies. Additional information and cross reference to the relevant section of Appendix 2 is noted. |
|  | Indicates places where the model financial statements could be impacted by the effects of the COVID-19 pandemic. |
|  | Indicates disclosures that might need to be adapted to explain how the group impacts or/and is impacted by climate change. |

The tables in Appendix 1 give an overview of all areas impacted by climate change and/or COVID-19 and Appendix 2 provides additional and/or modified illustrative disclosures applicable to Tier 1 financial statements prepared for Australian entities.

A2.4 Effective date

This model annual report includes reporting obligations and illustrative disclosures that are effective for financial years ending on 31 December 2021.

Unless otherwise noted, the information in this guide has been updated for developments to 19 November 2021.

A2.5 Abbreviations

The following abbreviations are used in this guide:

| Abbreviation | Description |
|---------------------------------|--|
| AASB | Australian Accounting Standards Board |
| ACNC | The Australian Charities and Not-for-profits Commission |
| AGM | Annual general meeting |
| AUASB | Australian Auditing and Assurance Standards Board |
| Australian Accounting Standards | Australian Accounting Standards issued by the Australian Accounting Standards Board |
| ASA | Australian Auditing Standard issued by the Auditing and Assurance Standards Board |
| ASIC | Australian Securities & Investments Commission |
| ASIC-CO/ ASIC-CI | Australian Securities and Investments Commission Class Order/Corporations Instrument issued pursuant to s.341(1) of the <i>Corporations Act 2001</i> |
| ASIC-RG | Australian Securities and Investments Commission Regulatory Guide |
| ASX | Australian Securities Exchange |
| ASX-LR | Australian Securities Exchange Limited Listing Rule |
| ASX-GN | Australian Securities Exchange Limited Guidance Note |
| ATO | Australian Tax Office |
| Corporations Act | <i>Corporations Act 2001</i> |
| ED | Exposure Draft issued by the Australian Accounting Standards Board or the International Accounting Standards Board |
| FVTOCI | Fair value through other comprehensive income |
| FVTPL | Fair value through profit or loss |
| GPFS | General purpose financial statements |
| IASB | International Accounting Standards Board (IASB®) |
| IBOR | Interest Rate Benchmark Reform |
| IFRIC | IFRS Interpretations Committee |
| IFRS Standards | International Financial Reporting Standards issued by the International Accounting Standards Board |
| Int | Interpretation issued by the Australian Accounting Standards Board |
| ITAA 1997 | <i>Income Tax Assessment Act 1997</i> |
| OCI | Other comprehensive income |
| s. | Section of the <i>Corporations Act 2001</i> |
| SPFS | Special purpose financial statements |
| Tax Administration Act | <i>Tax Administration Act 1953</i> |
| Reg | Regulation of the <i>Corporations Regulations 2001</i> |

Understanding source references in this model annual report

The source references included in the core model financial statements generally refer to the international versions of pronouncements, rather than their Australian equivalents. Accordingly:

- References to "IFRS X" should instead be read as a reference to the Australian equivalent "AASB X"
- References to "IAS X" should instead be read as a reference to the Australian equivalent "AASB 10X" (where X is less than 10) or "AASB 1X" (otherwise)
- References to "IFRIC X" should instead be read as a reference to the Australian equivalent "Interpretation X"
- References to "SIC X" should instead be read as a reference to the Australian equivalent "Interpretation 10X" (where X is less than 10) or "Interpretation 1X" (otherwise).

B. Key considerations for 31 December 2021



This section provides pertinent information for financial reporting at 31 December 2021, including: what's new for the current reporting season, a summary of new and revised pronouncements and reporting deadlines.

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B1 What's new in financial reporting?

This section provides a high level overview of the key financial reporting considerations for financial reporting periods ending on 31 December 2021.

Roadmap to this section

| Topic | What is covered |
|--|---|
| B1.1 Summary of key financial reporting considerations for 31 December 2021 | An easy-to-follow summary of the key changes and other considerations for financial reporting at 31 December 2021 |
| B1.2 Ongoing financial reporting considerations of COVID-19 and the recovery | <ul style="list-style-type: none"> • Effective communication in financial reporting through transparency • Lessee rent concession amendments • Resources available |
| B1.3 Key global developments | <ul style="list-style-type: none"> • Climate-related and other emerging risks financial disclosures • Software-as-a-service arrangements • Net realisable value of inventories • Mergers and acquisitions and other complex transactions |
| B1.4 Australian specific considerations | <ul style="list-style-type: none"> • Accounting implications of Australian responses to the COVID-19 crisis and other government initiatives • Listed entities must announce JobKeeper information to the market • ASIC focus areas for financial reporting • Results from prior ASIC financial report reviews • ASIC calls on insurers to respond to new insurance standard • ASX developments • Continuous disclosure obligations • Using technology to hold meetings and sign documents • Auditor remuneration disclosure • Changes to reporting requirements for registered charities |

The information in this section was prepared as of **19 November 2021** and entities should ensure any developments occurring from this date to the date of authorising of the financial statements are appropriately taken into account. This publication is updated twice yearly (for June and December reporting periods) and the latest edition can be found at www.deloitte.com/au/models.

As occurs so often with changes to accounting standards and financial reporting requirements, some of the new or revised pronouncements and other information noted in this section may have a substantial impact on particular entities. Therefore, it is important that the information in this section is carefully reviewed for any potential impacts or opportunities.

B1.1 Summary of key financial reporting considerations for 31 December 2021

B1.1.1 Relevant to full year and half-year financial reports at 31 December 2021

The following should be considered for full year and half-year financial reports at 31 December 2021. More detail is provided in the following sections.

| What's changed? | Who is affected? | What needs to be considered? |
|--|--|---|
| Overall considerations | | |
| The ongoing impact of the COVID-19 pandemic, government responses to the pandemic and the ongoing economic recovery may have a pervasive impact on financial reporting | Virtually all entities are affected in some way | An important response to these challenges is to enhance the transparency of the financial report so that readers understand the impacts of the crisis, government support and the emerging recovery on the entity and the decisions, judgements and uncertainties involved in compiling the financial report. For areas affected by COVID-19, it would be expected that the entity discusses in its disclosures how the area is affected. More information and available resources are included in section B1.2, and specifically in relation to mergers and acquisitions and other complex transactions in section B1.3.4. |
| Disclosure considerations | | |
| Entities need to respond to a continuing global push for standardised environmental, social and governance (ESG) reporting. The IFRS Foundation has announced the formation of the International Sustainability Standards Board (ISSB) and the Australian regulatory environment continues to evolve | Entities that are exposed to material climate-related or other emerging risks or have investors with an expectation that climate-related or emerging risks would influence their decisions | The ISSB is expected to finalise its first Standards in 2022. ASIC is also increasingly focusing on material risk disclosures in the operating and financial review (OFR). Financial reporting areas that may be impacted include asset impairment, changes in useful lives, valuation of assets, provisions and contingent liabilities and expected credit losses. The OFR should also include discussion of material risks arising from climate change (see section B1.3.1) |
| Entities should provide transparent disclosures about auditor remuneration | All entities | Transparent information about auditor remuneration improves the quality of financial reporting and enhances the understanding of corporate governance policies around auditor independence (see section B1.4.8) |
| Underlying accounting changes | | |
| A practical expedient is available to account for COVID-19 related rent concessions | Entities entering into lease concessions (as lessee) as a result of COVID-19 | Lessees with eligible lease concessions are not required to assess whether COVID-19-related rent concessions are lease modifications and instead can account for such rent concessions as if they were not lease modifications (see section B1.2.2). |
| IFRIC has finalised agenda decisions dealing with Software-as-a-Service (SaaS) arrangements | Entities entering into SaaS arrangements | Entities impacted by the IFRIC agenda decisions should consider the need to change their accounting policies for SaaS arrangements and, where material, retrospectively adjust for the effects of the agenda decisions in their December financial reports (see section B1.3.2) |
| IFRIC finalised an agenda decision on the costs an entity includes as the 'estimated costs necessary to make the sale' when determining the net realisable value of inventories | Entities which sell inventories | The impacts of agenda decision will depend on the entity's existing policies and its specific facts and circumstances. Whilst entities have had a reasonable timeframe in which to respond to the agenda decision, its implementation may be complex (see section B1.3.3). |
| A number of less significant amendments to Australian Accounting Standards become applicable for the first time | Various entities depending upon the nature of the entity's activities and transactions | Although these largely represent minor changes, in some cases particular entities may be impacted. It is important to understand the nature and detail of these changes to determine if they could significantly impact each entity (see section B2.2). |

| What's changed? | Who is affected? | What needs to be considered? |
|---|--|--|
| Other considerations | | |
| New legislation requires Australian listed entities who participated in the Federal government JobKeeper scheme to disclose prescribed information to the market operator (e.g. ASX) | Listed entities that participated in the Federal government JobKeeper scheme | Australian listed entities that participated in the JobKeeper scheme must ensure they comply with new legislative requirements to announce prescribed details to the market. (Federal Parliament passed the Treasury Laws Amendment (2021 Measures No. 2) Bill 2021 on 2 September 2021). The requirement to make an announcement to the market applies even though the entity may have already disclosed equivalent information in financial reports, previous announcements or other documents (see section B1.4.2). |
| The ASX Listing Rules and guidance have been updated | Entities listed on the ASX | Minor updates to the ASX Listing Rules and guidance, effective from 5 June 2021 and 1 July 2021 must be considered by entities in ensuring compliance with their listing obligations (see section B1.4.6). |
| The ability of many entities to prepare special purpose financial statements will be removed, and a new 'Tier 2' reporting framework implemented, for annual periods beginning on or after 1 July 2021 | Many private-sector for-profit entities and not-for-profit entities currently preparing Tier 2 financial statements. | Although not directly applicable to half-year reports, impacted entities (which may include subsidiaries of entities preparing Tier 1 financial statements that have a financial reporting obligation) need to prepare to implement the new requirements. More information can be found in Clarity publication Removal of special purpose financial statements and Clarity publication Simplified Disclosures – Transition option and opportunities |
| A change in the way in which accounting policies are disclosed in financial reports are effective for annual reporting periods beginning on or after 1 January 2023, requiring disclosure of material accounting policy information rather than significant accounting policies | Entities preparing GPFS | Whilst not applicable until 2023, early adoption may be attractive for entities wishing to place an emphasis on meaningful, entity-specific accounting policy information rather than repeating the requirements of standards. More information can be found in IFRS in Focus IASB amends IAS 1 and IFRS Practice Statement 2 with regard to the disclosure of accounting policies |

The above table is a high-level summary and each entity will be affected differently. Accordingly, financial report preparers should consider their own specific circumstances when preparing their financial reports and ensure they fully consider all the requirements on the following pages.

Important note regarding ASIC focus areas

At the time of going to finalising this publication (19 November 2021), ASIC had not released its focus areas for 31 December 2021 and had last updated its [frequently asked questions](#) on COVID-19 implications for financial reporting and audit on 29 September 2021.. We expect that the focus areas will be largely consistent with prior periods, covering recoverability of assets, classification of debt as current or non-current, adequacy of provisions, solvency and going concern assessments, disclosure of subsequent events and accounting for software-as-a-service arrangements.

ASIC's 31 December 2021 focus areas are expected to be announced on the [ASIC website in the near future](#). More information on key matters to consider can be found in our [Clarity publication Responding to regulatory focus areas - Financial reporting under COVID-19 and the emerging economic recovery](#). We will provide updates in future editions.



Our Client financial reporting update podcasts provide insights from leading specialists in financial reporting from our Accounting Technical team and audit practice who share thoughts and lessons learnt from the recent reporting season as well as discussing current and emerging reporting issues for the December 2021 reporting season. The podcasts can be [accessed here](#).

B1.2 Ongoing financial reporting considerations of COVID-19 and the recovery

B1.2.1 Effective communication in financial reporting through transparency

With greater clarity on the path out of COVID-19 restrictions in most parts of Australia, confidence is gradually increasing that the worst of the pandemic is behind us. However, the outlook remains uncertain on the back of possible new variants, the pace of economic recovery and the potential for the pandemic to have left 'structural' or permanent effects on the economy in areas such as consumer spending and organisational profitability. Accordingly, the COVID-19 pandemic and the uncertainties around recovery continue to present challenges in preparing financial reports for 31 December 2021.

An important response to these challenges is to enhance the transparency of the financial report so that readers understand the impacts on the entity and the decisions, judgements and uncertainties involved in compiling the financial report.

One of ASIC's key focus areas for June 2021 and December 2020 financial reporting was disclosure. Entities can expect regulatory scrutiny to continue to be rigorous. Early planning and timely preparation of position papers will enable management and directors to make informed decisions on key estimates and judgments and will support the quality of the financial information provided to the market.

Transparency is particularly important in areas outlined below.

Significant judgements and estimates

The COVID-19 crisis led to more variability and uncertainty underlying the preparation of the financial reports. The ongoing economic recovery may also present more uncertainty than in pre-pandemic times. As a result, a broader range of disclosures, in both full year and half-year reports may be needed, including consideration of AASB 101 *Presentation of Financial Statements* paragraphs 122, 125 and 129, amongst others). These disclosures may include:

- Sources of estimation uncertainty
- Assumptions made
- Sensitivity and scenario analysis.

Key estimates and judgments will differ from entity to entity, but most commonly include impairment of assets (and reversals of impairments), fair values of investment property and investments, expected credit losses of loans and receivables, recovery of deferred tax assets, long-term provisions (such as rehabilitation provisions) and the assessment of the entity's ability to continue as a going concern.

Entities should also take care to ensure that assumptions relating to future cash flows are consistent across the different estimates and judgments (e.g. recoverable amount models and support for the recognition of deferred tax assets), and any differences are attributable to different requirements of the relevant accounting standard.

The broader financial reporting package should also address how the business was impacted by COVID-19 and government responses to it, the impacts of the emerging recovery, its ongoing strategies in response and its prospects.

In the current period, the recent COVID-19 outbreaks in various states and territories and the rapid take up of vaccinations permitting the removal of restrictions may not align with the entity's prior expectations, forecasts and assumptions. The business impacts may include discussion of the underlying drivers of financial performance, strategies and risks, impacts on supply and demand, covenant compliance and lending arrangements and liquidity management (either in the financial statements or the operating and financial review).

Impairment

The ongoing impacts of COVID-19 and the emerging recovery may be pervasive to an entity's impairment testing under AASB 136 *Impairment of Assets*. Users will continue looking to the financial statements to understand the impact of COVID-19 and associated developments on asset values.

A challenging area of the impairment test may be making reasonable and supportable estimates of cash flows. In contrast to pre-COVID-19 impairment tests which may have been determined using a single estimate of cash flows over the forecast period, entities may continue to need to use a weighted probability approach to cash flows which considers a range of possible scenarios on the speed at which continuing recovery is expected, as well as the level to which business activities are expected to return. Terminal value cash flows and long term growth rates may also be different to those adopted prior to the COVID-19 pandemic.

In addition, as vaccination rates improve and restrictions are progressively removed, current period impairment modelling may require the development of alternate scenarios to prior periods. In some cases, this may lead to improvements in recoverable amounts determined and result in a reversal of impairments recognised in prior periods in respect of assets other than goodwill. It is not acceptable to be 'conservative' and not reverse prior period impairment where circumstances have clearly improved and assets (other than goodwill) have been impaired in prior periods.

Finally, transparent disclosures should be made so that users of the financial report can understand how recoverable amount has been determined. Disclosure may include:

- Key assumptions
- Description of approach to each of the key assumptions, whether they reflect past experience, whether they are consistent with external sources of information, and, if not, how and why they differ from past experience, external sources, and earlier COVID-19 assumptions
- Key changes in underlying performance during the period and how these changes have been reflected in recoverable amount models
- Period of projected cash flows, growth rates in the terminal value and discounts rates
- Sensitivity analysis, where a reasonably possible change in a key assumption could cause impairment
- Scenario analysis, including possible ongoing recovery outcomes.

Government support

Where the entity has taken advantage of the various government COVID-19 support packages such as JobKeeper, JobMaker or loan guarantees, it is important the nature and impacts of these schemes are clearly disclosed.

Readers of the financial statements should be able to understand:

- What support the entity has received
- How the support has been accounted for
- How the support has impacted the financial position, financial performance and cash flows of the entity, including, where appropriate areas such as segment reporting, impairment and operating and financial review
- The impacts of any voluntary repayments of support received.

In addition, in September 2021, amendments were made to the Corporations Act which requires Australian listed entities to give a notice to the relevant market operator (e.g. ASX) that contains prescribed information about JobKeeper. These requirements are discussed in section B1.4.2.

Non-IFRS profit measures

Information about the impact of COVID-19 on the entity's results is useful to investors and it is important to disclose the underlying drivers of results in the operating and financial review. However, ASIC is concerned that entities may disclose non-IFRS profit measures that purport to show the result had COVID-19 not occurred and has therefore published an [FAQ](#) to provide additional guidance.

ASIC's view is that any non-IFRS profit measures should be unbiased and not used to avoid presenting 'bad news' to the market. Measures purporting to show the result had the impact of the COVID-19 pandemic not occurred are likely to be misleading as they will be hypothetical and may not show the actual performance of an entity. It may also not be possible to reliably identify and separately quantify the impact of the COVID-19 pandemic.

ASIC has also stated that presenting a split of profit or loss between pre-COVID-19 and post-COVID-19 periods is problematic and can be potentially misleading.

Furthermore, where asset impairment losses were excluded from a non-IFRS profit measure in a prior period, ASIC reminds entities that any subsequent impairment reversal should also be excluded from that measure in the current period.

Going concern

Consistent with the [conclusion reached](#) by the IFRS Interpretations Committee in July 2014, disclosure is required when an entity concludes there is no material uncertainty regarding its ability to continue as a going concern but reaching this conclusion involved significant judgement. This requires disclosure of the significant judgments made and is important to provide users of the financial statements with enough information to understand the pressures on liquidity, viability and solvency.

The AASB and AUASB issued a [joint publication](#) on the impacts of COVID-19 on going concern and related assessments which includes a section on going concern disclosures in various scenarios. They further issued a [joint FAQ](#) which provides guidance on some of the issues financial report preparers and auditors should consider as a result of the impact of COVID-19. This FAQ includes going concern as one of the key issues to consider.

With the ongoing impacts of the COVID-19 pandemic on the economic environment, deciding whether the financial statements should be prepared on a going concern basis may continue to involve a greater degree of judgement than usual. To support companies, in January 2021, the IFRS Foundation published educational material [Going concern – a focus on disclosure](#) which brings together the requirements in IFRS Standards relevant for going concern assessments. The educational material is published to support consistent application of IFRS Standards and does not change, or add to, existing requirements. The IFRS Foundation material notes that:

- Management's assessment of going concern is required to cover at least 12 months from the reporting date but that this is a minimum period, not a cap¹
- That assessment needs to reflect the effect of events occurring after the end of the reporting period up to the date that the financial statements are authorised for issue
- As well as the specific requirements to disclose the basis on which financial statements are prepared and any material uncertainties over going concern, disclosure of significant judgements made as part of a going concern assessment might be required under the general requirements of IAS 1 *Presentation of financial statements*.

As noted in the educational material, in the meantime, it is important to remember what currently applicable IFRS Standards require in relation to going concern assessments—disclosures about not only material uncertainties but also significant judgements².

Potential disclosures where there is significant judgment in determining whether a material uncertainty exists (or not) or where it is determined that a material uncertainty does exist may include:

- Commentary on the events or conditions (e.g. deterioration in the financial results, working capital or cash constraints) that indicate the uncertainties exist at or arose post the balance date and the severity of the entity's current financial position
- Commentary on management's plans and options (e.g. capital raising, refinancing, or cost reductions etc) to mitigate the financial position and whether they are within management's control or subject to third party actions, the status of the plans and options and their interdependency
- Commentary on the feasibility of the plans or events that need to occur for the outcomes to be positive and why the outcomes are probable
- Based on the above:
 - A summary of the existence of material uncertainty and therefore that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business, or
 - Significant judgements in management's evaluation that no material uncertainty exists e.g. evidence that plans are effective, additional financing, waiver of covenants, loan guarantees, government grants
- Other relevant information (e.g. interface with contingent liabilities such as legal claims).

¹ Under Australian Auditing Standard [ASA 570 Going Concern](#), the relevant period for assessment of going concern is the period of approximately 12 months from the date of the auditor's current audit report to the expected date of the auditor's report for the next annual reporting date (in the case of an annual financial report), or the corresponding reporting period for the following year (in the case of an interim financial report) (ASA 570.Aus 13.2). ASA 570 also notes that if management's assessment of the entity's ability to continue as a going concern covers less than the relevant period, the auditor is required to request management to extend its assessment period to correspond to the relevant period used by the auditor (ASA 570.Aus 13.1).

² The IFRIC released an [agenda decision](#) in June 2021 dealing with the preparation of financial statements where the entity is no longer a going concern, addressing the preparation of financial statements for prior periods, and the impact on comparatives.

Subsequent events

A [joint FAQ](#) issued by the AASB and AUASB provides guidance on some of the issues financial report preparers and auditors should consider as a result of the impact of COVID-19. This FAQ includes events after the reporting period as one of the key issues to consider. This guidance continues to be relevant as unexpected events may occur after the reporting date, or events after reporting date may confirm possible scenarios³.

Each subsequent event should be assessed in accordance with AASB 110 *Events After the Reporting Period* to determine whether it provides evidence of conditions that existed at the end of the reporting period (and therefore should be adjusted for in the financial statements) or whether it reflects a change in conditions after the reporting date (and therefore disclosure is required).

For example, if a debtor is placed into voluntary administration soon after the reporting date, should this be taken into account in determining the expected credit losses at reporting date? We expect this assessment may involve significant judgement for the 31 December 2021 reporting period, and therefore management should allow sufficient time in its reporting calendar to consider such events.

If non-adjusting events are material, an entity is required to disclose the nature of the event and an estimate of its financial effect. The estimate does not need to be precise. It is preferable to provide a range of estimated effects as an indication of the impact rather than to not provide any quantitative information at all. However, where the quantitative effect cannot be reasonably estimated, a qualitative description should be provided, along with a statement that it is not possible to estimate the effect.

Fair value measurements

The ongoing impacts of COVID-19 may require changes in valuation techniques (e.g. market transactions may not be available, particularly in prior periods) and changes in categorisation of fair value measurements in the 'fair value hierarchy' (often to or from 'Level 3'). This may be particularly relevant for direct and indirect investments in properties and infrastructure and other unlisted investments. In other cases, more recent transactions may now be available, which may be a different position to previous reporting periods.

AASB 13 *Fair Value Measurements* requires disclosures about both recurring and non-recurring fair value measurements, particularly those categorised as 'Level 3' in the fair value hierarchy, and may include the following disclosures:

- Valuation techniques used, changes in those techniques and reason for change
- Quantitative information about the significant unobservable inputs used in the fair value measurements
- Narrative description of sensitivity to changes in unobservable inputs
- Sensitivity analysis of unobservable inputs that change fair values significantly.

Liquidity risk management

Liquidity disclosures, including how the entity manages its liquidity risk, are particularly important where uncertainty exists. Entities should consider how the use of working capital enhancement or management techniques is reflected in the entity's disclosure of its liquidity risk management as required by AASB 7 *Financial Instruments: Disclosures*.

In addition, if outflows of cash (or another financial asset) could occur significantly earlier than indicated in its summary quantitative data about its exposure to liquidity risk, entities should state this fact and provide additional disclosure. For example, this may arise where there is uncertainty about continued compliance with covenants under financing arrangements.

³ For example, at 30 June 2021, almost 50% of the Australian population was in lock down across many states in response to cases of community transmission of COVID-19. Major population centres in New South Wales, Queensland, Western Australia and the Northern Territory were subject to stay at home orders of varying lengths, and other areas of those jurisdictions, together with other states and the Australian Capital Territory, were subject to restrictions on travel, border restrictions and/or varying public health measures. At that date, a number of plausible scenarios may have arisen and subsequent developments would have needed to be considered in light of the guidance in this section. At 31 December 2021, progress with vaccinations, border openings (or closing), or the emergence of additional strains of COVID-19 may be factors to consider.

Entities should also consider:

- The specific disclosure requirements for transfers of financial assets as required by AASB 7 when financial assets are sold to fund working capital needs
- The accounting policies and judgements applied in determining the balance sheet and cash flow statement presentation of amounts due and paid when supplier finance and reverse factoring arrangements are used.

This could include separate presentation of amounts payable, key terms of arrangements, accounting judgements applied in determining whether to present such amounts as payables or borrowings and how risks and exposures are managed.

Payment of dividends

It is important entities considering paying a dividend ensure they consider all appropriate accounting, legal and tax aspects before declaring a distribution.

For entities incorporated under the Corporations Act, the declaration of dividends is subject to the 'net assets test' in s.245T. In order to pay a dividend, an entity must have sufficient net assets, the declaration of a dividend must be fair and reasonable to the company's shareholders, and the payment of a dividend must not materially prejudice the company's ability to pay its creditors.

The net assets test was introduced a number of years ago and followed the previous 'profits test' that only permitted the payment of dividends from profits. There is a significant amount of case law around the operation of the profits test, but the net assets test has not been scrutinised by the Courts to any comparable degree.

Under Australian tax law, a dividend can only be franked if it is paid out of profits. Accordingly, the profits test remains relevant for these purposes, and some argue the profits test remains relevant in relation to the declaration of dividends under the *Corporations Act 2001*.

With the widespread impacts of COVID-19 over the past two years, many entities may have experienced new conditions, and profitability patterns may have altered. Some companies may have incurred their first accounting loss for some time, or may need to fund dividends from different sources within the group than in the past.

Because of the uncertainty around the interpretation of the legal and tax requirements for dividends, particular care is needed where an entity:

- Has negative net assets and/or negative retained earnings (even if the group as a whole does not)
- Wishes to pay a dividend exceeding the available profits and retained earnings of the entity itself (even if the dividend is less than the consolidated position)
- Needs to rely on the payment of dividends from subsidiaries, particularly where a chain of entities exists (as there may be 'dividend traps' whereby an entity in the chain is prohibited from paying a dividend due to its own circumstances)
- Seeks to frank a dividend for taxation purposes when profits are not available, or the dividend is being paid in a different period to when the profits were originally earned.

The payment of a dividend when not permitted can expose the directors to consequences under the *Corporations Act 2001*, and the incorrect franking of a dividend for tax purposes can have significant tax repercussions.

Whilst the accounting is fairly straightforward, it is nevertheless important for directors to carefully consider the legal and tax implications of dividends before they are declared. Entities should obtain appropriate advice where there is uncertainty.

There may also be indirect accounting implications that need to be considered, e.g. if a dividend is being funded by paying dividends up from subsidiaries, this may result in current or deferred income tax impacts that must be recognised.

B1.2.2 Lessee rent concession amendments

The IASB and AASB made amendments to provide lessees with a practical expedient not to assess whether COVID-19-related rent concessions are lease modifications and instead allows lessees to account for such rent concessions as if they were not lease modifications.

The practical expedient applies to rent concessions as a direct consequence of COVID-19 that meet *all* of the following conditions:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (see subsequent developments below)
- There is no substantive change to other terms and conditions.

A lessee that applies the practical expedient would generally account for:

- The forgiveness or waiver of lease payments as a variable lease payment. The lessee would therefore derecognise that part of the lease liability that has been extinguished by the forgiveness of lease payments with a corresponding credit in profit or loss, the timing of which will depend on the facts and circumstances
- A change in lease payments that reduces payments in one period but proportionally increases payments in another (i.e. a deferral of lease payments such that there is no change to the overall consideration for the lease and only the timing of individual payments changes), by continuing to recognise interest on the liability and reduce that liability for payments made to the lessor. This necessitates a recalculation of the amortisation table using the original discount rate.

If the lease payments are reduced in one period but increased by a lower amount in a later period (such that the total consideration overall is still lower) the change in lease payments incorporates both a forgiveness of payments (for the amount that results in an overall decrease in payments) and deferred lease payments (for the amount that is a change to the timing of payments).

The lease liability recognised by a lessee applying the practical expedient represents the present value of future lease payments owing to the lessor. The lessee also discloses the amount recognised in profit or loss to reflect changes in lease payments arising from COVID-19-related rent concessions.

The amendment applies on a modified retrospective basis for annual reporting periods beginning on or after 1 June 2020.

In April 2021 the AASB issued *AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*, which extends the relief by one year to cover rent concessions that only reduce lease payments due on or before 30 June 2022. This means some rent concessions negotiated by lessees that may have previously failed to meet the criteria to apply the practical expedient under the previous amendment (e.g. if the relief extended beyond 30 June 2021) may subsequently qualify for the practical expedient given the extension to 30 June 2022 contained within AASB 2021-3. The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted, including in financial statements not authorised for issue at 31 March 2021.

As noted in the [Amendment to the Basis for Conclusions on IFRS 16 Leases](#) paragraph BC205J, a lessee:

- That has already applied the practical expedient (in AASB 2020-4) *must* apply the extended scope of the expedient (in AASB 2021-3) to eligible contracts with similar characteristics and in similar circumstances
- May not elect to apply the practical expedient if the lessee has previously elected not to apply it to eligible rent concessions
- That has not established an accounting policy on applying (or not applying) the practical expedient to eligible rent concessions can still decide to apply the practical expedient. However, such a lessee would be required to do so retrospectively and consistently to eligible contracts with similar characteristics and in similar circumstances.

In practice, typically entities that have applied AASB 2020-4 in prior periods and have elected to apply the practical expedient to eligible rent concessions may elect to early adopt the amendments in AASB 2021-3, particularly where the additional rent concessions to which the practical expedient could be applied were negotiated or entered into during the current financial year.



Disclosures on the COVID-19 rent concession amendment

Two illustrative examples of the disclosures of AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions* and AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021* can be found in Appendix 2 in Note 2 on page 258 and 259.

B1.2.3 Resources available

Outlined below are various resources that may assist entities in understanding and responding to the financial reporting considerations arising from the COVID-19 crisis:

| Resource | Details |
|---|--|
| Key Deloitte publications | |
| Appendix 1 to this publication | Provides a summary of the disclosures in financial statements that might need to be adapted to explain how the entity impacts or is impacted by climate change and be impacted by the effects of the COVID-19 pandemic. |
| IFRS in Focus <i>Accounting considerations related to the Coronavirus 2019 Disease</i> | Discusses certain key IFRS accounting considerations related to conditions that may result from the COVID-19 pandemic. The significance of the individual issues discussed will vary by industry and by entity, but the topics discussed are the most pervasive and difficult to address. |
| IFRS in Focus <i>COVID-19 and financial reporting under IFRS Standards</i> | Addressed to high level executives and audit committees and takes a strategic look at what are likely to be the most common hot topics for the upcoming financial reports, whether annual or interim. The publication explains why those topics are trending and what might be some of the related tension points. |
| IFRS in Focus <i>Expected credit loss accounting considerations related to Coronavirus Disease 2019</i> | Discusses certain key IFRS accounting considerations related to the accounting for expected credit losses (ECL) that may result from the COVID-19 pandemic. The focus of this publication is for lenders and banks though much of it will be applicable to the measurement of ECL in industries other than financial services. |
| IFRS in Focus <i>IASB finalises amendment to IFRS 16 'Leases' regarding COVID-19-related rent concessions</i> | Addresses the amendment to IFRS 16 Leases published by the IASB in May 2020, titled <i>Covid-19-Related Rent Concessions</i> . |
| IFRS in Focus <i>IASB publishes amendment to IFRS 16 to extend the practical relief on COVID-19-related rent concessions</i> | Outlines the recent amendment to IFRS 16 Leases titled <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> , published by the International Accounting Standards Board (Board) in March 2021. |
| IFRS in Focus <i>IFRS Foundation publishes educational material on the requirements of IFRS Standards relevant for going concern assessment</i> | Addresses the educational material Going concern - a focus on disclosure . |
| Impairment: A diagnosis - <i>The impact of a pandemic on your AASB 136 assessment</i> | Discusses the wide-ranging financial and operational impacts of COVID-19 on an organisation, and as a result, the potentially pervasive effect on the financial statements either through adjustments to fair value of assets such as investment property and agriculture assets, or through impairment testing of goodwill, property, plant and equipment, right-of-use assets, intangible assets, and other investments. |
| AASB 9 in the Spotlight - <i>Considerations going into 2022</i> | This blog discusses the issues and trends that entities should be considering in their calculation of expected credit losses (ECL) under AASB 9 <i>Financial Instruments</i> going into 2022. |
| Other Deloitte resources | |
| IAS Plus COVID-19 page | Includes news items and resources in connection with COVID-19 developments that highlight some of the key accounting and disclosure issues to be considered by entities that may arise as a result of COVID-19 in preparing financial statements. |

| Resource | Details |
|---|--|
| IAS Plus COVID-19 video series | A series of webcasts discussing certain key accounting considerations related to conditions that may result from the COVID-19 pandemic. |
| Navigating to a resilient world | A collection of Deloitte tools to assess your business and have it come out stronger and more resilient, It includes COVID-19 and beyond: 2021 scenarios for resilient leaders. |
| AASB and AUASB | |
| AASB COVID-19 guidance | Links to relevant publications and other resources to support entities prepare their financial reports during and as a result of the COVID-19 outbreak. |
| AASB-AUASB publication: The impact of coronavirus on financial reporting and the auditor's considerations | Describes the key considerations and impacts on financial reporting and auditing arising from the COVID-19 pandemic. |
| AASB-AUASB publication: The impact of COVID-19 on going concern and other related assessments | Provides an overview of directors' and management's duties in relation to assessments of solvency and going concern, how these concepts interact and how these may be impacted by COVID-19 and their responsibilities to assess whether the going concern basis of preparation is appropriate and how this impacts the preparation of and the disclosures in their financial statements. |
| AASB Staff FAQs – Accounting for Government Support | Reminds entities of the various Standards that may be applicable to for-profit and not-for-profit entities in accounting for government support provided by governments to stimulate the economy and to support those entities that have been significantly affected by the economic impacts of COVID-19. |
| AASB Staff FAQs – Impairment of Non-Financial Assets | Provides FAQs which reminds entities of the guidance available in Australian Accounting Standards when testing a non-financial asset for impairment in light of the economic uncertainties arising from COVID-19. |
| AASB Staff FAQs – Events after the reporting period during the COVID-19 pandemic | Provides a reminder of how events after the reporting period affect financial statements not yet authorised for issue and discusses the requirements of Australian Accounting Standards for assessing such events. (The AUASB has also issued an FAQ for auditors on the same topic.) |
| IASB | |
| IFRS 9 and COVID-19 | Accounting for expected credit losses applying IFRS 9 <i>Financial Instruments</i> in the light of current uncertainty resulting from the COVID-19 pandemic. |
| Applying IFRS Standards in 2020—impact of COVID-19 | Provides an overview of some financial reporting considerations for preparers, auditors, investors and regulators as they tackle the complexities associated with covid-19 induced disruptions. |
| ASIC | |
| ASIC COVID-19 implications for financial reporting and audit: Frequently asked questions (FAQs) | A series of occasionally updated frequently asked questions about financial reporting and audit matters relating to the impact of the COVID-19 pandemic. Discusses key issues in relation to financial reports and directors' reports, solvency statements, other audit-related matters and changes in ASIC activities. |
| ASIC new and updated regulatory documents | A weekly tracker of ASIC regulatory document updates for 2021 and 2020. It lists and includes links to all new and updated regulatory guides, information sheets, reports and consultation papers issued by ASIC in light of the COVID-19 pandemic. Also includes links to legislative instruments (including rules, determinations and waivers) made by ASIC. This resource allows for the easy monitoring of new developments and announcements. |
| ASIC COVID-19 regulatory information | Provides ASIC regulatory information and priorities about various classes of entities, public companies, market participants, insurers, responsible entities and financial advisers and advice licensees in light of the COVID-19 pandemic. |

B1.3 Key global developments

B1.3.1 Climate-related and other emerging risks financial disclosures

New International Sustainability Standards Board (ISSB)

In early November 2021, the IFRS Foundation Trustees announced three significant developments to provide global financial markets with high-quality disclosures on climate and other sustainability issues:

- The creation of a new International Sustainability Standards Board (ISSB) that will develop a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' information needs
- A commitment by leading investor-focused sustainability disclosure organisations to merge into the new board. The IFRSF will complete acquisition of the Climate Disclosure Standards Board (CDSB, an initiative of CDP) and the Value Reporting Foundation (VRF, which houses the Integrated Reporting Framework and the SASB Standards) by June 2022
- The publication of prototype climate and general disclosure requirements developed by the Technical Readiness Working Group (TRWG), which the IFRS Foundation Trustees formed to undertake preparatory work for the ISSB.

Together, these developments create the necessary institutional arrangements and lay the technical groundwork for a global sustainability reporting standard-setter for the financial markets. The IFRS Foundation has also made the constitutional changes that have become necessary to bring in the ISSB.

The IFRS Foundation created the Technical Readiness Working Group (TRWG) in March 2021 to facilitate a running start to the ISSB. The TRWG was designed to integrate and build on the work of relevant initiatives focused on meeting investors' information needs, with the purpose of providing technical recommendations for consideration by the ISSB.

Two key documents from the TRWG's work have been published and will be considered by the incoming ISSB:

- **Climate-related Disclosures Prototype** - [This prototype](#) is structured around the four pillars of governance, strategy, risk management, and metrics and targets under the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- **General Requirements for Disclosure of Sustainability-related Financial Information Prototype** - [This prototype](#) is inspired by IAS 1 *Presentation of Financial Statements* and sets out the overall requirements for sustainability-related disclosures to investors.

The ISSB's work is expected to commence as soon as the Chair and Vice-Chair(s) have been appointed and to begin with public consultations to inform the ISSB's work plan and on proposals informed by recommendations from the TRWG. Following these consultations, the ISSB's work will follow the IFRS Foundation's rigorous due process, including public discussions by the ISSB of feedback received to the consultations and possible improvements to the proposals prior to their finalisation as standards in 2022.

The International Organization of Securities Commissions (IOSCO) has [welcomed](#) the announcement of the formation of the ISSB and the publication of the Climate-related Disclosures Prototype. IOSCO will consider the draft standard (developed from the prototype) to be issued by the ISSB during 2022 and intends by the end of calendar 2022 to consider endorsing a final Standard. If endorsed, it is expected that IOSCO's 130 members will consider ways "they might adopt, apply or be informed by the Standard".

More information about the new International Sustainability Standards Board (ISSB) can be found in [Purpose-driven Business Reporting in Focus](#) *IFRS Foundation creates new board to set global sustainability standards*.

Australian developments

Council of Financial Regulators

The Council of Financial Regulators Working Group on Financial Implications of Climate Change was established in 2017. The working group brings APRA, ASIC, RBA and Treasury together to consider and coordinate actions in relation to understanding and managing climate risks. Under the working group's terms of reference, the group reports to the CFR, as needed, on international developments, emerging regulatory gaps and risks to the financial system in relation to climate change.

As part of its [2021/22 priorities](#), CFR agencies will also consider how international developments in standards for climate-related disclosures, including moves to mandate disclosures in some jurisdictions, may affect Australia. This includes the possibility that a dominant standard for climate-related disclosures emerges that is not well suited to the Australian context, which could undermine the ability of markets to price climate-related risks accurately. ASIC will continue to engage with the IFRS Foundation proposals to develop a globally consistent and comparable sustainability reporting baseline, through its participation in the IOSCO

Sustainable Finance Taskforce. Treasury and the RBA will continue to support the work of the IFRS Foundation through their participation in the G20 Sustainable Finance Working Group. CFR agencies will consider possible impacts for Australian firms and markets, and principles that should guide any response to international regimes, noting that any policy decisions are a matter for Government.

ASIC

In September 2018, ASIC released a media release, 18-273MR *ASIC reports on climate risk disclosure by Australia's listed companies*. ASIC noted that of the 60 listed companies in its ASX 300 sample, 17% identified climate risk as a material risk to their business. ASIC also noted that while most of the reviewed ASX 100 entities had considered climate risk to the company's business to at least some extent, disclosure practices were considerably fragmented, with information provided to the market in differing forms across a wide range of means of disclosure. In some cases, the review found climate risk disclosures to be far too general, and of limited use to investors. The full text of the media release can be found at www.asic.gov.au.

ASIC also amended [ASIC Regulatory Guide RG 247](#) *Effective disclosure in an operating and financial review* to indicate that climate change is a systemic risk that could have a material impact on the future financial position, performance or prospects of entities. Example of other risks that may be material for particular entities include digital disruption, new technologies, geopolitical risks and cyber security.

In a [Corporate Finance Update](#) issued in March 2021, ASIC outlined that it had undertaken a further surveillance exercise to examine the climate-change-related disclosure and governance practices of a cohort of large listed companies. The exercise, focusing on the TCFD recommendations, resulted in the following primary observations:

- The quantity of climate-related disclosure has increased materially, but quality still varies significantly
- There is limited consistency in the adoption, application and disclosure of specific scenarios and underlying assumptions
- Board oversight of climate risk was evident across all surveillance targets
- 'Greenwashing' was prevalent in some disclosures reviewed.

For listed entities disclosing, or working toward disclosure, under the TCFD recommendations, ASIC considers that:

- Disclosing material assumptions underpinning scenario analysis of physical and transitional risks increases transparency
- Obtaining independent assurance supports the reliability of disclosures
- Updating material climate-related disclosures may be necessary and appropriate when underlying facts change.

As part of its participation in the Council of Financial Regulators Working Group on Financial Implications of Climate Change, ASIC [proposes](#) another round of surveillance of climate change-related disclosure by large listed companies during 2021/22, representing a continuation of ASIC's ongoing monitoring of developing market practices in this area.

In a [speech](#) given by ASIC Commissioner Sean Hughes at the Governance Institute of Australia Fellows Roundtable, Thursday 14 October 2021, the following four core messages on climate risk from the Corporate Finance Update were explained in further detail:

- **Consider climate risk** – directors and officers of listed companies must understand and continually reassess existing and emerging risks, including both physical and transitional climate risk
- **Develop and maintain strong and effective corporate governance** – boards should be comfortable with the level of oversight they maintain over climate risks and opportunities and the governance structures in place to assess, manage and disclose these risks and opportunities
- **Comply with the law** – compliance with laws relating to the operating and financial review for listed companies and other requirements for prospectuses or continuous disclosure requirements should include material climate-related disclosures and whether those disclosures have been made and updated where necessary and appropriate
- **Disclose useful information to investors** – listed companies with material exposure to climate risk should consider reporting under the TCFD framework, as this provides information that is useful for investors.

In its [focus areas](#) for financial reporting at 30 June 2021, ASIC also noted that directors should consider whether to disclose information that would be relevant under the TCFD recommendations in their operating and financial review (OFR). ASIC's focus areas for 31 December 2021 (not yet issued at the date of this publication), are expected to further emphasise these themes.

Standard setters

The AASB and AUASB together previously released a bulletin on *Climate-related and other emerging risks disclosures: assessing financial statement materiality using AASB Practice Statement 2 (APS 2)* which guides directors, preparers and auditors when preparing and auditing financial statements for their half and full year ends. In early May 2019, the AASB and AUASB released an updated version of the bulletin (dated April 2019). The full text of the AASB/AUASB bulletin can be found at www.auasb.gov.au.

In November 2021, the FRC, AASB and AUASB (the 'Boards') issued [Position Statement Extended External Reporting and Assurance](#). In the Position Statement, the Boards recognise there is a desire for authoritative guidance on extended external reporting in Australia and are taking steps to ensure Australia adopts a reporting regime that meets the needs of users of financial and non-financial reporting information and supports Australia's international competitiveness.

Operating within the existing institutional framework, the AASB intends to develop reporting requirements for non-financial information and the AUASB intends to simultaneously update relevant assurance standards, which are already capable of addressing current voluntary disclosures.

The AASB has issued [Invitation to Comment ITC 48 Extended External Reporting](#) which seeks feedback on the AASB's proposed position that, as an initial step, the voluntary adoption of the recommendations put forward by the TCFD should be used as the basis for extended external reporting. Comments on the AASB's Invitation to Comment close on 28 January 2022.

Other developments

During 2021, the following additional developments have occurred (to the date of this publication):

- The International Integrated Reporting Council (IIRC) has published revisions to the International <IR> Framework, originally released in 2013, to enable more decision-useful reporting ([press release](#), [reviewed framework](#))
- The European Commission has proposed a Corporate Sustainability Reporting Directive (CSRD) which aims to improve sustainability reporting to better exploit the potential of the European single market and to contribute to the transition to a fully sustainable and inclusive economic and financial system in line with the European Green Deal and the UN Sustainable Development Goals ([Business Reporting in Focus](#), [proposals](#), [press release](#))
- The European Commission is also [proposing](#) a new Corporate Sustainability Reporting Directive (see our [Purpose-driven Business Reporting in Focus publication](#) for details)
- CDP, the Investor Group on Climate Change (IGCC) and the Principles for Responsible Investment [issued a report](#) outlining a plan for mandatory Task Force on Climate-related Disclosures (TCFD) aligned disclosure in Australia. The report calls for a phased approach commencing in 2021/22 and culminating in suggested legislative measures from 2024/25 ([press release](#)).
- The TCFD, which released its widely accepted recommendations on climate-related financial disclosures in 2017, published the following three documents in October 2021 (for more information, see the [TCFD announcement](#)):
 - A [2021 status report](#) which notes that disclosure of climate-related financial information aligned with the TCFD recommendations has accelerated over the past year and highlights that further progress is needed
 - [Guidance on metrics, targets, and transition plans](#) to support preparers in disclosing decision-useful information and linking those disclosures with estimates of financial impacts
 - Updated [Implementation guidance](#) on its recommendations, replacing guidance initially published in 2017.



This model annual report highlights those disclosures that may be impacted by climate change. [Appendix 1](#) summarises the disclosures that may be impacted by climate change.



More information about general climate-related and other emerging risks disclosures can be found in our Clarity publication *Disclosure of climate-related risks*, which is available at www.deloitte.com/au/clarity.

Information about the broader impacts on financial reporting can be found in the *Australian financial reporting guide*, available at www.deloitte.com/au/models.

B1.3.2 Software-as-a-service arrangements

New guidance on accounting for cloud computing arrangements is in place and needs to be taken into account in for December 2021 reporting periods.

The IFRS Interpretations Committee has published two agenda decisions clarifying how arrangements in respect of a specific part of cloud technology, Software-as-a-Service (SaaS), should be accounted for. The agenda decisions do not address the accounting for other components of cloud technology such as Infrastructure-as-a-Service and Platform-as-a-Service:

- The first agenda decision, published in March 2019, concludes that SaaS arrangements are likely to be **service arrangements**, rather than intangible or leased assets. This is because the customer typically only has a right to receive future access to the supplier's software running on the supplier's cloud infrastructure and therefore the supplier controls the intellectual property (IP) of the underlying software code
- The second agenda decision, published in April 2021, deals with specific circumstances in relation to **configuration and customisation costs** incurred in implementing SaaS:
 - In limited circumstances, certain configuration and customisation activities undertaken in implementing SaaS arrangements may give rise to a separate asset, where the customer controls the IP of the underlying software code. For example, the development of bridging modules to existing on-premise systems or bespoke additional software capability
 - In all other instances, configuration and customisation costs will be an operating expense. They are generally recognised in profit or loss as the customisation and configuration services are performed or, in certain circumstances, over the SaaS contract term when access to the cloud application software is provided.

This conclusion could result in a reduction in profit in a particular year, impacting measures such as earnings before interest and tax (EBIT), earnings before interest, tax, depreciation and amortisation (EBITDA) and profit before tax (PBT).

Where a change in accounting policy is required, comparative financial information should be retrospectively restated to derecognise previously capitalised costs, where material, in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

There may be several consequential impacts beyond the immediate accounting implications arising from the IFRIC agenda decisions that should be considered, e.g. the impact on business metrics and targets linked to profit measures.



For more analysis and background to this issue, see our [Clarity publication *Software-as-a-Service arrangements*](https://www.deloitte.com/au/clarity), available at www.deloitte.com/au/clarity

B1.3.3 Net realisable value of inventories

In June 2021, IFRIC finalised an [agenda decision](#) on the costs an entity includes as the 'estimated costs necessary to make the sale' when determining the net realisable value of inventories. In particular, IFRIC was responding to a request asking whether an entity includes all costs necessary to make the sale or only those that are incremental to the sale.

Paragraph 6 of AASB 102 *Inventories* defines net realisable value as "the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale". Paragraphs 28 to 33 of AASB 102 include further requirements regarding how an entity estimates the net realisable value of inventories. These paragraphs do not identify which specific costs are "**necessary to make the sale**" of inventories, in particular whether such costs are limited to incremental costs. However, AASB 102:28 describes the objective of writing inventories down to their net realisable value as being to avoid inventories being carried "in excess of amounts expected to be realised from their sale".

When determining the net realisable value of inventories, AASB 102 requires an entity to estimate the costs necessary to make the sale. The IFRIC agenda decision states that this requirement does not allow an entity to limit such costs to only those that are incremental, thereby potentially excluding costs the entity must incur to sell its inventories but which are not incremental to a particular sale. Including only incremental costs could fail to achieve the objective set out AASB 102:28.

Therefore, when determining the net realisable value of inventories, an entity estimates the costs necessary to make the sale in the ordinary course of business. An entity uses its judgement to determine which costs are necessary to make the sale considering its specific facts and circumstances, including the nature of the inventories.

Prior to the publication of the agenda decision, entities may have concluded that it is acceptable to limit the costs necessary to make the sale to incremental costs by analogy to AASB 136 which defines 'costs of disposal' as the "incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense". If an entity determines that it needs to change its accounting policy as a result of the June 2021 IFRIC agenda decision, it would be entitled to take sufficient time to make that determination and implement any necessary accounting policy change. Nonetheless, it would be expected to implement the change on a timely basis and, if material, consider whether disclosure related to the change is required.

B1.3.4 Mergers and acquisitions and other complex transactions

There has been increasing transaction activity in the marketplace, with acquisitions, mergers, IPOs and capital management initiatives occurring. Entities need to consider accounting implications as part of their planning and implementation process for material transactions.

When considering or undertaking such transactions, entities need to consider the accounting aspects early in the process, ensuring optimal accounting outcomes and clear and transparent disclosures. This is particularly relevant when unusual or infrequent transactions occur to ensure there are 'no surprises' in outcomes.

Australian Accounting Standards generally adopt a substance over form approach. It is particularly important that legal agreements and other documents surrounding a transaction are fully understood so that their commercial substance is clear.

Set out below are a number of common challenges that arise in complex transactions and common points to consider. These examples are not designed to be comprehensive but seek to illustrate some of the types of issues that can arise in these transactions.

Asset acquisitions vs business combinations

Where groups of assets and liabilities are acquired, misclassifying the transaction can have a broad impact, including:

- **Recognition and measurement of assets and liabilities.** In a business combination, the initial recognition of identified assets and liabilities is at fair value, while an asset acquisition is accounted for by allocating the total cost of the transaction to the assets and liabilities acquired
- **Recognition of deferred taxes.** In a business combination, deferred taxes are recognised, while in an asset acquisition there is a recognition exemption and deferred taxes should not be recognised
- **Transaction costs.** In a business combination transaction costs are expensed, while in an asset acquisition they form part of the total transaction price allocated to assets and liabilities acquired
- **Provisional accounting.** Provisional accounting for the transaction is only permitted (within the measurement period) for business combinations, with no guidance for asset acquisitions.

Recent amendments to the definition of a business in AASB 3 *Business Combinations* provide guidance on making the distinction between acquisitions of businesses and asset acquisitions. For more information, see [IFRS in Focus newsletter](#) *IASB amends the definition of a business in IFRS 3*⁴.

Accounting for business combinations

The accounting requirements for business combinations can be complex and require attention to detail, understanding all of the aspects of the transaction. Common areas that may result in unexpected outcomes include:

- **Embedded employee remuneration arrangements.** Transaction components must be treated as employee remuneration rather than part of the transaction price in some cases, particularly contingent payments (including earn out arrangements) involving employees or selling shareholders that are directly or indirectly linked to continued employment (even if the linkage is in a document other than the acquisition agreement)
- **Identification of the acquirer.** The acquirer is the entity that obtains control of the acquiree. Determining the acquirer is often straightforward but can be complex and involve substantial judgement when numerous entities are involved, in transactions involving entities under common control, or where a 'reverse acquisition' occurs. Incorrect identification of the acquirer can result in material errors in accounting for the combination

⁴ The amendments apply to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

- **Determining the acquisition date.** Determination of the acquisition date will require careful assessment of a number of factors, particularly where there are conditions precedent (including shareholder approvals). The acquisition date drives the measurement of equity consideration (and the fair value of assets and liabilities acquired), which can have a material impact on resultant goodwill, particularly where the acquirer's share price moves significantly between transaction announcement and the acquisition date
- **Contracts and arrangements between acquirer and acquiree.** Arrangements such as franchise agreements, licensing arrangements, leases, legal cases, supply arrangements and other contracts between the parties need to be assessed. Settlement of non contractual arrangements such as legal cases will have a profit or loss impact, and any 'off-market' component of contractual arrangements needs to be separately recognised (e.g. long-term contracts where market prices have changed since the contract was entered into)
- **Put and call options.** Put and call options over a non controlling interest arising from a partial acquisition can result in unexpected outcomes. Providing a minority shareholder with an option to sell their interest will usually result in a 'gross liability' being recognised for the amount that would be paid on exercise of the option. This liability is remeasured to fair value and changes are reflected in profit or loss, resulting in volatility.

Complex financing arrangements

Some financing transactions such as raising capital, supplier finance arrangements and borrowing facilities may involve features that change the accounting treatment of the transaction (e.g. classification, debt vs equity).

The following are some examples of arrangements to look out for:

- **Debt or equity. Arrangements may involve features that appear to be equity but are in fact liabilities.** For example, share options that may be settled in cash in certain circumstances. Incorrect classification may result in material errors. Transactions involving share capital are not automatically classified as equity. For example, "piggyback options" attached to a rights issue can result in derivative classification, resulting in profit or loss volatility.
- **Sale and leaseback transactions.** Transactions where an asset is legally sold to another party and immediately leased back by the seller can result in unexpected accounting outcomes. In some cases, the transaction will be considered purely a financing arrangement (i.e. not a sale), whilst in others only a proportion of the overall gain will be recognised
- **Supplier finance arrangements.** In light of the [IFRIC agenda decision](#), entities need to carefully assess presentation of such arrangements in the statement of financial position and statement of cash flows, the necessary disclosures around liquidity and other risks, derecognition and other factors
- **Unusual features.** Financing facilities that contain linkages to non standard variables may result in embedded derivatives or compound financial instrument accounting, e.g. conversion features, equity linked features.

B1.4 Australian specific considerations

Some of the Australian-specific and other related factors that need to be considered in the current reporting season:

B1.4.1 Accounting implications of Australian responses to the COVID-19 crisis and other government initiatives

JobKeeper

The Federal Government's JobKeeper scheme effectively provided a wage subsidy to entities materially impacted by COVID-19. The JobKeeper scheme ended on 28 March 2021.

JobKeeper may have had a material impact on many entities. There are several accounting issues such as whether the employer was acting as principal or agent, and how and when any amounts should be recognised.

In our view, the employer was acting as principal and the JobKeeper payment represents a government grant (for for-profit entities) which is recognised under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. This grant is recognised as a receivable when there is reasonable assurance that the entity will comply with the conditions attached to the grant and the grant will be received. The grant is recognised in profit or loss in the period in which the entity recognises the related costs as expenses.

Where the employee cost is recognised as an expense, for-profit entities have an accounting policy choice of presenting the grant income as other income, or alternatively deducting the grant from the related expense. Where material, the accounting policy for these grants should be clearly disclosed together with the nature and extent of such grants. Separate disclosure is particularly important where the grant has been deducted from the related expense.

Payments made to employees are subject to PAYG withholding and potentially other imposts such as superannuation, workers' compensation levies and payroll tax (depending on the State or Territory). Additionally, the employee cost is deductible under normal tax rules whereas the grant received is assessable when derived (which will include consideration of whether the taxpayer has a cash or accruals basis of recognition of income).

Consideration should also be given to the entity's accounting policy for previous government grants, consistency in treatment between grants, and transparency of the amount received when making the required disclosures, both in the financial statements as well as the operating and financial review. This will include how the amounts are presented in the profit or loss and cash flow statement as well as flow on impacts on areas such as segment reporting, impairment and non-IFRS measures.

Not-for-profit entities applying AASB 1058 *Income of Not-for-Profit Entities* are required to recognise the grant in income and do not have the accounting policy choice to deduct the grant from the related expense.

In addition, some entities have chosen to voluntarily return JobKeeper funds to the government. The ATO has [released guidance](#) for entities seeking to voluntarily return JobKeeper funds, including guidance on when such amounts may be considered deductible for tax purposes. Entities choosing to return such payments should ensure the amounts returned are only recognised once the company has clearly committed to returning the amounts, are clearly disclosed in their financial statements and are treated consistently for accounting and tax purposes. More information is available in our [Tax@Hand article](#).

In addition, in September 2021, amendments were made to the Corporations Act which requires Australian listed entities to give a notice to the relevant market operator (e.g. ASX) that contains prescribed information about JobKeeper. These requirements are discussed in section B1.4.2.

Temporary tax loss carry backs

Changes announced in the October 2020 Federal Budget, and subsequently enacted, permit corporate tax entities with an aggregated annual turnover of less than \$5 billion to elect to carry back tax losses from the 2019-20, 2020-21 and 2021-22 income years to offset previously taxed profits in 2018-19 or later income years. The Federal Budget delivered in May 2021 announced that the Government intends to extend this to tax losses from the 2022-23 income year. The extension is not yet law.

This measure allows entities to access the benefit of tax losses earlier and receive a refund of tax previously paid. The loss offset can be, or will be able to be, claimed in the 2020-21, 2021-22 and 2022-23 income years. The amount carried back must not generate a franking deficit and is limited to the level of previously taxed profits.

Accounting considerations include:

- Recognition of a current tax asset – AASB 112 *Income Taxes* requires the benefit relating to a tax loss that can be carried back to recover current tax of a previous period to be recognised as an asset. As the carry back is optional, only entities that elect to carry back will be able to recognise a current tax asset
- Classification – Any tax asset recognised would be classified based on its expected receipt. As the intention is that refunds of past tax would be paid on lodgement of the entity's tax return, the amount would generally be classified as a current asset
- Deferred taxes – The assessment of the recoverability of deferred tax assets may change as a result of the ability to carry back tax losses
- Uncertain tax positions – As the carry back is limited to the level of previously taxed profits, uncertain tax positions in relation to prior income years may directly or indirectly impact the amount of tax losses that can be recognised as a carry-back asset. In our view, the amount recognised for a carry back should be consistent with the recognition and measurement of current tax amounts in prior years (i.e. the amounts recognised for accounting purposes should be recognised as a carry-back asset where relevant, notwithstanding that there may be uncertainty surrounding certain tax positions taken in calculating the amounts recognised). This is consistent with the requirements of Interpretation 23 *Uncertainty over Income Tax Treatments*.

See the discussion under *Substantive enactment*, section *Other considerations* on page B-23 below for recognition of the current and deferred tax implications of the Budget changes.

Immediate deduction for capital expenditure

Also announced in the October 2020 Federal Budget and subsequently enacted was a concession whereby businesses with aggregated annual turnover of less than \$5 billion can deduct the full cost of eligible capital assets acquired after 7:30pm AEDT on 6 October 2020 and first used or installed ready for use by 30 June 2022. The Federal Budget delivered in May 2021 announced that the Government intends to extend this measure allowing for the temporary full expensing of eligible depreciating assets for a further 12 months, until 30 June 2023. At the date of finalisation of this publication, the extension is not yet law.

The key concession is available for the full cost of new eligible depreciating assets and the cost of improvements made during the period to existing eligible depreciable assets. However, only businesses with aggregated annual turnover less than \$50 million can deduct the cost of second-hand eligible depreciating assets.

Accounting considerations include:

- Deferred tax considerations – An immediate deduction will give rise to a deferred tax liability for the taxable temporary difference between the carrying amount of the asset and the tax base (which will generally be zero)
- Interaction with the tax loss carry back provisions – The immediate tax deduction (similar to other deductions) may result in a tax loss, which may be eligible for carry back, resulting in a refund of past tax paid (as discussed above). Accordingly, any amount of the tax loss able to be carried back will be recognised as a current tax asset rather than a deferred tax asset arising from a tax loss
- Other impacts – The immediate deduction may cause some entities to preference direct acquisition rather than leasing of business assets, which may change capital management approaches and disclosures.

See the discussion under *Substantive enactment*, section *Other considerations* on page B-23 below for recognition of the current and deferred tax implications of the Budget changes.

Self-assessing the effective life of certain intangible assets

The Government announced in the May 2021 Federal Budget that it intends to amend the law to allow taxpayers to self-assess the effective life of certain intangible assets comprising patents, registered designs, copyrights, licenses, in-house software and telecommunications site access rights, instead of being required to use the effective life currently prescribed in the *Income Tax Assessment Act 1997* (section 40-95(7)). Further deductions can be brought forward if it is self-assessed that an asset has a shorter effective life than the current statutory life.

Under this measure taxpayers would be able to depreciate such intangible assets for tax purposes over a shorter or longer period where they self-assess the asset as having a shorter or longer effective life than its statutory effective life. This may reduce deferred taxes compared to existing tax law, as useful lives might generally be expected to align for accounting and tax purposes.

The self-assessment of effective lives will apply to eligible assets acquired from 1 July 2023, following the completion of the Immediate deduction for capital expenditure (temporary full expensing) regime, which will be extended to 30 June 2023.

See the discussion under *Substantive enactment*, section *Other considerations* on page B-23 below for recognition of the current and deferred tax implications of the Budget change.

Research and development (R&D) concession

The October 2020 Federal Budget announced that the existing R&D law will continue to apply until 30 June 2021 with a new regime applying after this date. This measure was substantively enacted as of Friday 9 October 2020, and accordingly must be taken into account in the measurement of current and deferred taxes in reporting periods ending on or after this date

Under the new regime applying to income years commencing on or after 1 July 2021, the refundable R&D tax offset rate for entities with turnover of less than \$20m is fixed at 18.5 per cent above the prevailing corporate tax rate. For entities with turnover of \$20 million or more, the non refundable R&D tax offset is based on a two-stepped intensity threshold. The R&D expenditure threshold was also increased from \$100 million to \$150 million.

Accounting for the new regime is expected to be largely consistent with general practice under the prior regime:

- The refundable R&D tax offset is generally accounted for as a government grant, with a credit recognised in profit before tax over the period necessary to match the benefit of the credit with the costs for which it is intended to compensate
- In contrast, the non-refundable R&D tax offset is generally accounted for as an income tax and a credit recognised within tax expense and a tax asset recorded when the entity satisfies the criteria to receive the credit. In addition, a deferred tax liability is recognised in relation to any related capitalised R&D asset.

The new R&D tax offset has different 'clawback' mechanisms for related government grants, 'feedstock adjustments' and balancing adjustments from the previous regime, and this may impact accounting policies.



See our [Clarity publication](#) for more information on accounting for the R&D concession.

See our [Tax Essentials publication](#) *Understanding the R&D Tax Incentive Regime* for an understanding of the tax aspects of the R&D tax offset.

Removal of aged care bed licences from 2024

Under the proposals announced in the [2021-22 Federal Budget](#), aged care bed licences would be discontinued from 1 July 2024 as part of a series of reforms. The Federal Department of Health subsequently released a [discussion paper](#) in September 2021 dealing with the proposed transition to the new regime. Whilst the focus of the consultation is not on whether the bed licences will be discontinued, the paper has indicated the following:

- A large number of new bed licences remain available to be allocated at no charge in the period until 1 July 2024 and that a large number of provisional places will also be available
- Whilst further measures may be required to mitigate potential risks that may arise from the removal of the licences, currently there are no plans to provide direct compensation to providers for the removal of the licences as the licences were initially provided by the government at no cost.

Whilst the relevant legislation may not be passed before the next Federal election, ASIC has updated its [frequently asked questions](#) on COVID-19 implications for financial reporting and audit to include additional commentary on proposed changes to aged care bed licences, noting that aged care providers should review the carrying amount of aged care bed licences.

New commentary added to the end of [ASIC FAQ 9D](#) suggests aged care providers consider how the discontinuation of the current licencing regime may affect any bed licence intangible assets appearing on their statement of financial position in the lead up to 1 July 2024, in particular it is recommended that entities consider:

- Changes in the amortisation period
- Impairment of the licences

- Revaluations of the licences
- Other assets
- Disclosure of judgements and uncertainties.

JobMaker Plan

The October 2020 Federal Budget announced a JobMaker Hiring Credit (or payment for eligible employers creating additional jobs over the subsequent 12 month period⁵). Eligible employers must be able to demonstrate that the new employees increase overall headcount and payroll in order to claim the JobMaker Hiring Credit. Eligible employers can access the JobMaker Hiring Credit for each eligible additional employee aged between 16 and 35 they hire between 7 October 2020 and 6 October 2021.

Additionally, a Boosting Apprenticeship Commencements wage subsidy is available to employers employing an eligible Australian apprentice or trainee who commences on or after 5 October 2020. The subsidy provides 50% of the wages paid to eligible employees between 5 October 2020 and 30 September 2021, up to a maximum of \$7,000 per quarter per eligible apprentice or trainee. In the May 2021 Federal Budget, the government announced its intention to provide an additional \$2.7 billion over four years from 2020-21 to expand the Boosting Apprenticeships Commencements wage subsidy. As a result of the measures announced in the May 2021 Federal Budget, the wage subsidy would cover 50% of 12 months' wages for businesses and Group Training Organisations who sign up new apprentices and trainees before 31 March 2022 and will be capped at \$7,000 per quarter per apprentice or trainee.

Consistent with how the JobKeeper scheme is accounted for (see above), the employer is acting as principal and the Hiring Credit and Boosting Apprenticeship Commencement wage subsidy represents a government grant (for for-profit entities) which is recognised under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

Grants are recognised as a receivable when there is reasonable assurance that the entity will comply with the conditions attached to the grant and the grant will be received – this will depend upon meeting the eligibility criteria for each scheme. The grant is recognised in profit or loss in the period in which the entity recognises the related costs as expenses and will either be classified as other income or offset against the relevant expense.

Corporate collective investment vehicle (CCIV) regime

Originally announced in the 2016-17 Budget, the Government subsequently announced in the May 2021 Federal Budget that it will proceed with the introduction of a tax and regulatory framework for corporate collective investment vehicles (CCIV) with a revised commencement date of 1 July 2022.

On 27 August 2021 Federal Treasury released [proposed legislation](#) to introduce the Corporate Collective Investment Vehicles (CCIV) regime. Comments closed on 24 September 2021 ([Treasurer media release](#)). This legislation updates an initial [proposed Bill to implement the regime](#) which was released for consultation in early 2019.

Under the proposed legislation, a CCIV would be an investment vehicle with a corporate structure that provides flow through tax treatment for investors. A CCIV would be a company that is limited by shares and which has as its sole director a public company with an Australian Financial Services Licence (AFSL) authorising it to operate the business and conduct the affairs of the CCIV.

A CCIV may either be retail or wholesale, with retail CCIVs subject to a regulatory framework that encompasses protections for retail investors. The business of a CCIV would be required to be conducted through one or more sub-funds (in other words, a CCIV would be required have at least one sub-fund). The CCIV, and each sub-fund of the CCIV, would be required have at least one member. The CCIV could issue shares and debentures that are referable to only one sub-fund, including redeemable ordinary shares.

Financial reporting considerations include:

⁵ The JobMaker Hiring Credit was implemented by the *Economic Recovery Package (JobMaker Hiring Credit) Amendment Act 2020* (available at www.legislation.gov.au) and *Coronavirus Economic Response Package (Payments and Benefits) Amendment Rules (No. 9) 2020* (also available at www.legislation.gov.au).

- Under the proposed Bill, a retail CCIV would be required to prepare an annual financial report for each sub-fund, but however would prepare only one directors' report for the CCIV as a whole, and not separate directors' reports for each sub-fund⁶. Half-year financial and directors' reports would be prepared for sub-funds with enhanced disclosure securities on issue
- Being a flow-through vehicle for tax purposes, it is unlikely that a CCIV would be required to recognise any current or deferred taxes.

Patent box regime

The Government announced in the May 2021 Federal Budget that from 1 July 2022, a concessional tax rate of 17% would apply to income which is relevantly derived from Australian owned and developed medical and biotechnology patents (with the clean energy sector also being considered). Only granted patents, which were applied for after the Budget announcement, would be eligible. Federal Treasury released a [discussion paper](#) on the proposed patent box regime in July 2021.

For tax accounting purposes, this would create another category of tax activity which may require separate current and deferred tax accounting. For instance:

- Current tax accounting may need to be bifurcated into amounts that would be taxed at 17% and those that may be taxed at a higher rate. This may require a similar process to that applied to the determination of amounts on revenue and capital account
- Deferred tax assets and liabilities associated with assets and liabilities would be measured using the 17% tax rate to the extent they were used in the eligible activity and counted in the determination of the taxable profits subject to the lower rate
- The determination of whether it is probable sufficient taxable profits are available against which deferred taxes can be utilised would need to consider both the design of the regime (including any ring-fencing) and the differing tax rates applicable to each income stream. In some cases, it may mean deferred tax assets expected to be probable no longer meet the test.

See the discussion under *Substantive enactment*, section *Other considerations* on page B-23 below for recognition of the current and deferred tax implications of this regime.

Digital games tax offset

The Budget includes a refundable Digital Games Tax Offset (DGTO) of 30% which would target the development of transferable skills and position Australia to take a greater share of the global gaming market. The new offset would commence with effect from 1 July 2022 for Australian resident companies or foreign resident companies with a permanent establishment in Australia. To qualify, there will be a minimum spend requirement of \$500,000 on qualifying Australian games expenditure.

Accounting considerations include:

- As the tax offset is refundable, it may be accounted for as a government grant under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*
- A credit will be recognised in profit or loss over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. Such periods will depend on whether the related costs are capitalised or expensed as incurred for accounting purposes.

See the discussion under *Substantive enactment*, section *Other considerations* on page B-23 below for recognition of the current and deferred tax implications of this regime.

Other considerations

Both the 2020-21 and 2021-22 Federal Budgets contain numerous other measures which have/could impact various entities. A vast array of government packages have been made available from all levels of government to assist entities to manage cash flow challenges. In addition, the Budgets have an impact on overall economic outcomes. The effects of the Budgets may need to be considered in such areas as:

- **Characterisation of schemes** – Characterisation of schemes such a JobKeeper and JobMaker, between government assistance or government grants under AASB 120 or income tax under AASB 112 directly impacts the accounting. For instance, AASB 120 indicates that the provision of a guarantee is government assistance rather than a grant (so only requiring

⁶ Wholesale CCIVs would be not be subject to the financial reporting requirements of the Corporations Act, but would be required to comply with the requirements for financial records.

disclosure). However government support and loan packages involving other features may have government grant elements that require separate accounting

- **Substantive enactment** – The current and deferred tax implications of the Budget changes must be recognised where the entity's reporting date is after substantive enactment of the enabling legislation of each measure. Where the legislation has not been enacted at the entity's reporting date, subsequent events disclosure may be required, rather than amending current and deferred tax accounting reflected in the financial statements. Many of the measures announced in the October 2020 Budget were substantively enacted as of Friday 9 October 2020. However, as of 19 November 2021, the legislation to enact many of the measures announced in the May 2021 Budget has not been passed by Parliament and therefore are not substantively enacted date of this publication⁷. Accordingly, the measures announced in October 2020 must be taken into account in the measurement of current and deferred taxes in reporting periods ending on or after 9 October 2020 (or other date of substantive enactment), considering the effective date of the particular measure. The measures delivered in the May 2021 Budget should only be taken into account in financial reports with a reporting date after substantive enactment, also considering the effective date of the particular measure
- **Cash flow forecasts** – Cash flows used in recoverable amount models when testing impairment under AASB 136 *Impairment of Assets* may require the assessment of various scenarios, and the budget may impact some or all such scenarios. For example, the tax loss carry back and immediate capital expenditure tax write off may result in changes to the way in which capital expenditure and tax cash flows are included in value in use models
- **Expected credit losses (ECLs)** – The development of ECLs in respect of loans and other receivables should consider the known and macro-economic impacts of the Budget
- **Employee implications** – The announced changes to government support programmes and superannuation arrangements (including eliminating the \$450 monthly threshold to pay compulsory superannuation and not changing the legislated superannuation guarantee levy increase to 12% over the coming years) would need to be taken into account in the measurement of employee liabilities and cash flow forecasts where relevant.

Each of the above Budget measures are complex and appropriate tax advice should be sought.

For more information see:

- Federal Budget 2020-21: [Federal Budget: jobs, jobs, jobs](#), [Federal Budget 2020-21 The long road back](#)
- Federal Budget 2021-22: [Deloitte Federal Budget resources](#).

B1.4.2 Listed entities must announce JobKeeper information to the market

Background

On 2 September 2021, Federal Parliament passed the [Treasury Laws Amendment \(2021 Measures No. 2\) Bill 2021](#). As part of negotiations, an additional schedule was included in the Bill to require Australian listed entities to announce information to the market about JobKeeper payments. This is effected through a new Division being included in Part 2M.3 of the Corporations Act which requires Australian listed entities to announce prescribed information to the market about JobKeeper payments. The Bill received Royal Assent on 13 September 2021 and the Act commenced on 14 September 2021.

In October 2021, ASIC released a notice and guidance to help listed entities comply with this new obligation to disclose information about JobKeeper payments to the market. Specifically, ASIC has provided:

- **A JobKeeper payments notification form** - This [online form](#) permits a listed entity to fill in all the necessary information which will then generate a PDF of the JobKeeper s.323DB notice, which can then be given to the relevant market operator (e.g. ASX)
- **Frequently asked questions** - This [information sheet](#) provides a summary of common questions about complying with s.323DB of the Corporations Act and completing the form.

In [Listed@ASX Compliance Update 09/21](#), the ASX asks entities listed on the ASX use the ASIC form to provide the required information on JobKeeper payments. The ASX notes that the Jobkeeper disclosure should be released to the market as a standalone announcement and the header/title of the announcement should clearly state that it is a 'Jobkeeper payments notice'.

⁷ Some of the measures are contained in [Treasury Laws Amendment \(Enhancing Superannuation Outcomes For Australians and Helping Australian Businesses Invest\) Bill 2021](#) which was introduced into Federal Parliament on 27 October 2021.

Requirements under the legislation

All listed entities that have received a JobKeeper payment, including through a subsidiary, must provide a notice to the market operator (such as the ASX, NSX, etc)⁸ with the following details (s.323DB):

- The listed entity's name and Australian business number (ABN)
- Number of individuals for whom the JobKeeper payment was received in the financial year
- Total sum of all JobKeeper payments received in a JobKeeper fortnight that ended in the financial year
- Whether the entity has made one or more voluntary repayments of JobKeeper amounts received in the financial year and if so, the sum of those payments.



Important

The requirement to make an announcement to the market with the above information applies even though the entity may have already disclosed equivalent information in financial reports, previous announcements or other documents.

The effect of the legislation is that the information must be provided for any financial year in which an entity has received a JobKeeper payment. In other words, the legislation requires retrospective disclosure for past financial years in which the entity (or its subsidiaries) received a JobKeeper payment. For December year ends, this may include the December 2020 and December 2021 financial years.

The timeline for making the announcement of the information to the market depends upon when the entity lodges its financial report with ASIC for the relevant financial year:

- If the financial report has been lodged at commencement of the legislation (14 September 2021) – within 60 days after that day (i.e. 13 November 2021, or the next business day)
- Otherwise, within 60 days after lodging the financial report with ASIC.

In addition to being disclosed to the relevant market operator (ASX etc), the legislation requires ASIC to publish a consolidated report of all such notices given as soon as practicable after they are released to the market by entities (s.323DC). This report is required to be regularly updated.

Key takeaways

Entities should be aware of the following:

- **Use of the ASIC online form is not mandatory** - The [ASIC FAQs](#) note that use of the online form is not mandatory, but it is recommended to ensure compliance with s.323DB. In addition, the ASX has requested that entities use the form (as noted above)
- **The notice must be manually provided to the market operator** - Using the form [does not result](#) in the information being lodged with the ASX or relevant market operator. The form generates a PDF of the notice which must then be given by the submitter to the market operator
- **The disclosures are made on a 'received' basis** - The [ASIC FAQs](#) and legislation both refer to the disclosure of payments received for a JobKeeper fortnight that ended in an entity's relevant financial year. In effect, this means the disclosure is made on a cash basis. This may be different to an entity's treatment in profit or loss, but should be consistent with the entity's cash flow statement disclosure
- **Additional information must be separately disclosed** - [ASIC notes](#) that if an entity wishes to disclose information that is additional to that required by s.323DB, the entity should make a separate announcement to the market operator. For instance, if the entity wishes to reconcile amounts disclosed in the JobKeeper s.323DB notice to prior released financial information, a separate announcement should be made
- **Additional announcements are required to provide updates or corrections** - Where a notice given to a market operator becomes out of date or is otherwise not correct, the entity is required to provide an updated notice to the market operator within 60 days. For example, if an entity makes the necessary announcement and then subsequently makes a

⁸ The [ASIC information sheet](#) clarifies that entities listed on Chi-X Australia Pty Ltd (Chi-X) do not need to give a Jobkeeper notice to Chi-X because it does not maintain an official list.

voluntary repayment of JobKeeper amounts received, it would be required to provide an updated notice to the market operator.

Other entities

As part of the passage of the legislation, [amendments](#) to the legislation were proposed to require the Tax Commissioner to publish details of JobKeeper payments received by all entities with annual turnover of \$10 million or more. These amendments were not successful but efforts are continuing to seek disclosure through other mechanisms.

Non-listed entities may however wish to consider voluntarily including similar disclosures in their financial reports.

More information

For more information see:

- [Deloitte tax insights](#) *Listed entities must announce JobKeeper information to the market*
- [ASIC 21-271MR](#) *ASIC issues Jobkeeper notice and guidance.*
- [Listed@ASX Compliance Update 08/21](#)
- [Listed@ASX Compliance Update 09/21](#).

B1.4.3 ASIC focus areas for financial reporting

In its frequently asked questions (FAQs) relating to the COVID-19 implications for financial reporting and audit, ASIC notes that key focus areas for financial reports for years ended 31 March 2020 to 30 June 2021 include:

- **Recognition and measurement** – including the values of assets (including intangibles, property, inventories, receivables/loans, investments, other financial assets, contract assets and deferred tax assets) and liabilities including provisions for onerous contracts, financial guarantees and restructuring)
- **Disclosures** – sources of estimation uncertainty, key assumptions and sensitivity analysis and the operating and financial review (OFR) (underlying drivers of results, business strategies, risks and future prospects)
- **Other areas** – comprising going concern assessments and solvency.

Other matters to consider may include hedge effectiveness, sales returns, off-balance sheet exposures, and credit and liquidity risks associated with financial instruments.

The full text of the ASIC FAQs is available at www.asic.gov.au⁹.

On 10 June 2021, ASIC released its focus areas for financial reporting under COVID-19 conditions as at 30 June 2021 and updated its frequently asked questions (FAQs) on COVID-19 implications for financial reporting and audit.

Similar to the focus areas for financial reports for years ended 31 December 2020, the key focus areas included in this release were:

- Asset values
- Provisions
- Solvency and going concern assessments
- Events occurring after year end and before completion of the financial report
- Disclosures in the financial report and Operating and Financial Review (OFR).

In addition, ASIC indicated its intention to focus on accounting for software-as-a-service arrangements and accounting for casual employee entitlements. ASIC subsequently updated its FAQs to remove reference to casual employee entitlement and instead include a discussion about proposed aged care bed licence changes (as discussed in *Removal of aged care bed licences from 2024* in section B1.4.1)

For more information, see ASIC Media Release *21-129MR ASIC highlights focus areas for 30 June 2021 financial reports under COVID-19 conditions*, available at www.asic.gov.au.

⁹ At the date of finalisation of this publication (19 November 2021), the ASIC FAQs were last updated on 29 September 2021. Entities should ensure they monitor the [ASIC FAQs page](#) for any changes.

At the date of this publication, (19 November 2021) ASIC has not yet released its focus areas for 31 December 2021 financial reports. We expect that the focus areas will be largely consistent with prior periods, covering recoverability of assets, classification of debt as current or non-current, adequacy of provisions, solvency and going concern assessments, disclosure of subsequent events and accounting for software-as-a-service arrangements and aged care bed licences.



Further guidance

For more information about ASIC's regulatory focus areas, see our Clarity publication *Responding to regulatory focus areas - Financial reporting under COVID-19 and the emerging economic recovery*, which is available at www.deloitte.com/au/clarity.

B1.4.4 Results from prior ASIC financial report reviews

In June 2021, ASIC announced the results from a review of 31 December 2020 financial reports that covered 85 listed entities. ASIC made inquiries of 15 entities on 22 matters.

The top areas where enquiries were raised from the review were:

- Impairment and other asset values (10 inquiries)
- Operating and Financial Review (3 inquiries)
- Consolidation accounting (2 inquiries)
- Lease accounting (2 inquiries).

ASIC also announced that it will review the full-year financial reports of selected larger listed entities and other public interest entities as at 30 June 2021. The reviews will focus on entities and industries more affected by the current conditions.

The full text of the findings can be found in ASIC media release *21-135MR ASIC review of 31 December 2020 financial reports*, which is available at www.asic.gov.au.

B1.4.5 ASIC calls on insurers to respond to new insurance standard

In November 2020 ASIC issued a media release calling on insurers to respond to the new insurance standard, AASB 17 *Insurance Contracts*. AASB 17 is effective for reporting periods beginning on or after 1 January 2023.

In the media release, ASIC Commissioner Cathie Armour states that "[d]irectors and management of insurers need to plan for the new standard and inform investors and other financial report users of the impact on reported results".

The media release notes ASIC's expectation that financial reports of insurers at 31 December 2020 should disclose the impacts of AASB 17. We expect that ASIC will continue to encourage entities that may be impacted by AASB 17 to disclose the impacts as the effective date of the Standard draws closer.

For more information, see [ASIC 20-286MR Insurers urged to respond to new accounting standard](#).

B1.4.6 ASX developments

ASX Listing Rule amendments

In mid-October 2019, the ASX released updates to its ASX Listing Rules and associated guidance dealing with shareholder information and meetings, initial admission and other matters (for details, see the ASX announcement, available at www.asx.com.au). Most of the updated requirements came into effect on 1 December 2019.

As part of these changes, new and revised requirements around educational requirements for people communicating with the ASX were introduced. These educational requirements were initially scheduled to come into effect on 1 July 2020, but were subsequently deferred to commence from 1 July 2021.

In March 2021, the ASX released amendments to the ASX-LRs and associated guidance on online forms, notification of security issues and corporate action timetables. The changes are effective from 5 June 2021 (subject to necessary approvals). Details can be found in [Listed@ASX Compliance Update no. 02/21](#) which notes inter alia the following amendments to the ASX Listing Rules:

- Changes to the timetables for seeking the quotation of securities in ASX-LR 2.8
- Changes to the buy-back notification requirements in ASX-LR 3.8A

- Changes to the notification requirements for issues, conversions and cancellations of securities, and for payment of calls, instalments and other amounts on partly paid securities, in ASX-LR 3.10.3 – 3.10.3E
- Changes to ASX-LR 3.21 and 3.22 imposing some additional notification requirements around the cancellation, deferral or reduction of previously announced dividends, distributions or interest payments
- Clarificatory changes to the definition of “employee incentive plan” in ASX-LR 19.12
- Changes to the timetables for corporate actions in Appendices 6A and 7A, in particular to allow an additional 2 business days for an entity to announce the results of certain corporate actions.

More information is available in [Listed@ASX Compliance Update no. 5/21](#) which includes guidance and training material to assist listed entities transition to the new requirements.

In addition, in September 2021, amendments were made to the Corporations Act which requires Australian listed entities to give a notice to the relevant market operator (e.g. ASX) with prescribed information about JobKeeper. This requirement will impact such entities listed on the ASX and is discussed in section B1.4.2.

B1.4.7 Continuous disclosure obligations

Previously, *Corporations (Coronavirus Economic Response) Determination (No. 2) 2020* (available at <https://www.legislation.gov.au>) and *Corporations (Coronavirus Economic Response) Determination (No. 4) 2020* (available at <https://www.legislation.gov.au>) together effectively modified the continuous disclosure requirements under the *Corporations Act 2001* for the period from 26 May 2020 to 23 March 2021.

In August 2021 Parliament passed [amendments](#) to the Corporations Act to make permanent the temporary changes to Australia's continuous disclosure laws originally made in May 2020 in response to the COVID-19 pandemic. Companies and their officers will only be liable for civil penalty proceedings in respect of continuous disclosure obligations where they have acted with “knowledge, recklessness or negligence”.

More information can be found in the [Federal Treasurer media release](#).

B1.4.8 Using technology to hold meetings and sign documents

Under [legislation](#) passed by Federal Parliament in August 2021, temporary amendments were made to the Corporations Act to amend the rules relating to meetings of directors, shareholders of companies and members of registered schemes to facilitate the use of electronic technology. The legislation expires on 31 March 2022.

The new rules allow:

- Meetings to be held virtually, provided that the members as a whole have a reasonable opportunity to participate
- Documents relating to the meetings to be provided and signed electronically and minutes to be kept electronically
- The electronic execution of company documents. Documents executed without a company seal may be signed electronically and the signatories do not need to sign the same copy.

In October 2021, the Federal Government introduced the [Corporations Amendment \(Meetings and Documents\) Bill 2021](#) into Federal Parliament. If passed by the Parliament, the Bill would make permanent changes allowing companies and registered schemes to hold hybrid meetings (which give shareholders the option of either attending in person or remotely) and use technology to execute company documents, sign meeting-related documents and provide those documents to their members. The measures in the Bill would be broader and more flexible than the existing temporary measures.

At the date of finalisation of this publication (19 November 2021), the Bill had not yet been passed by Parliament. More information can be found in the [Federal Treasurer's media release](#).

B1.4.9 Auditor remuneration disclosure

In November 2020, the Federal Parliamentary Joint Committee on Corporations and Financial Services released *Regulation of Auditing in Australia: Final Report* (available at parlinfo.aph.gov.au). Included in this final report is a recommendation to establish defined categories and associated fee disclosure requirements in relation to audit and non-audit services. This recommendation was directed primarily at the Financial Reporting Council (FRC) and the AASB has a project on audit fee disclosure in progress.

At its June 2021 meeting, the AASB continued deliberations on possible amendments to AASB 1054 *Additional Australian Disclosures* to include auditor fee disclosure requirements for defined categories of audit and non-audit services. The Board considered a comparison between the audit and non-audit service categories recommended by [AASB Research Report 15 Review of Auditor Remuneration Disclosure Requirements](#) and those categories suggested by ASIC and those proposed in the [Exposure Draft ED 03/21 Proposed Amendments to Fee-related provisions of APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\)](#) issued by the Accounting Professional & Ethical Standards Board (APESB) in May 2021.

The AASB decided that AASB 1054 should define the services included in each category. The AASB considered it appropriate to wait for the Federal Government response to the Parliamentary Joint Committee (PJC) Inquiry recommendations before an exposure draft is issued, but agreed to continue deliberating proposals to amend AASB 1054. Further information can be found in the [AASB Action Alert](#) from the AASB June 2021 meeting.

In the meantime, we continue to encourage entities to provide transparent and expanded disclosures in their financial reports at 31 December 2021. Suggested categories include:

- Fees to the group auditor for the audit or review of the statutory financial reports of the Group, subsidiaries and joint operations
- Fees for statutory assurance services that are required by legislation to be provided by the auditor (e.g. certain reporting to APRA, Queensland Building and Construction Commission reports, AFSL Form FS 71)
- Fees for other assurance and agreed-upon procedures under other legislation or contractual arrangements (e.g. assurance on revenue information under a royalty agreement, comfort letters or agreed-upon procedures on other reports) when there is discretion as to whether the service is provided by the auditor or another firm
- Fees for other services (e.g. tax compliance).



Illustrative example

An illustrative example of the layout of the auditor remuneration note following the above guidelines can be found in Appendix 2 in Note 67 (see page 288).

B1.4.10 Changes to reporting requirements for registered charities

On 30 June 2021, the Council on Federal Financial Relations [announced](#) revised financial reporting thresholds for charities registered with the Australian Charities and Not for profits Commission (ACNC). Following the announcement, Federal Treasury issued [draft legislation](#) on 20 September 2021.

Under the proposed reporting thresholds, which would be effective from 1 July 2022, the annual revenue thresholds would be amended as follows:

| Charity size | Current thresholds | Revised thresholds | Minimum ACNC reporting requirement (unchanged) |
|--------------|---|---|--|
| Small | Less than \$250,000 | Less than \$500,000 | Annual information statement |
| Medium | \$250,000 or more and less than \$1 million | \$500,000 or more and less than \$3 million | Annual information statement and reviewed financial report |
| Large | \$1 million or more | \$3 million or more | Annual information statement and audited financial report |

From the 2022-23 financial year onwards, all registered charities would be required to disclose related party transactions, as follows:

- Medium and large registered entities preparing special purpose financial statements would be required to comply with AASB 124 *Related Party Disclosures*. All medium and large registered entities preparing annual financial reports (not only those preparing general purpose financial statements) would be required to disclose related party transactions
- Small registered charities would be required to make a simplified disclosure involving a brief description of related party transactions in the Annual Information Statement.

The draft legislation would provide an exemption for some charities from the requirement to disclose, as part of their related party transactions, aggregate remuneration paid to responsible persons and senior executives. This exemption will apply from the 2021-22 financial year onwards, to medium registered charities and large registered charities with only one remunerated key management person.

For more information, see the [ACNC press release](#).

B2 Details of new and revised financial reporting pronouncements

This section outlines new and revised pronouncements that have not been previously applied in financial reports.

Roadmap to this section

| Section | What is included |
|---|---|
| B2.1 Overall considerations | A summary of the impacts of adopting new and revised pronouncements, and disclosing information about pronouncements not yet adopted |
| B2.2 Summary of new and amended pronouncements | An overview of new and revised accounting pronouncements, classified into those mandatory at 31 December 2021, and those that apply in future periods. |
| B2.3 New and revised pronouncements applicable to all entities | New or revised pronouncements which apply to all entities |
| B2.4 New and revised pronouncements applicable to Tier 2 entities only | New or revised pronouncements which apply to for-profit Tier 2 entities only |
| B2.5 New and revised pronouncements applicable to not-for-profit entities and public sector entities only | New and revised pronouncements which apply only to not-for-profit and public sector entities (and includes an explanation of the new or revised requirement) |
| B2.6 Other new pronouncements issued by the AASB | Other new pronouncements made by the AASB which are relevant in financial reporting (and includes an explanation of the new or revised requirement) |
| B2.7 Pronouncements issued by the IASB or IFRS Interpretations Committee where an equivalent pronouncement has not been issued by the AASB | Pronouncements made by the IASB or IFRS Interpretations Committee, where an equivalent pronouncement has not been made by the AASB but is expected to be issued in due course (and includes an explanation of the new or revised requirement) |
| B2.8 IFRS Interpretations Committee agenda decisions | A summary of recent IFRS Interpretations Committee agenda decisions, which should be considered a source of guidance when selecting suitable accounting policies |
| B2.9 AASB agenda decisions | A summary of recent issues raised for consideration by the AASB which are either not added to the AASB's agenda or else removed from the agenda |
| B2.10 Corporations Act 2001 developments | Corporations Act and Corporations Regulations developments relevant to financial reporting |
| B2.11 ASIC | A summary of recent developments from ASIC that are relevant to financial reporting |
| B2.12 ASX | A summary of recent developments from the ASX that are relevant to financial reporting |

The tables and other information in this section outline the new and revised pronouncements and other requirements that are to be applied for the first time at 31 December 2021 (for full and half-year financial statements), or which may be early adopted at that date and which apply to either for-profit Tier 1 and Tier 2 entities, for-profit Tier 2 entities only or not-for-profit entities only.

Although these are Tier 1 full year model financial statements, for completeness, the tables and other information in this section may include new and revised pronouncements and other requirements specific to Tier 2 and not-for-profit entities.

For each pronouncement, the effective date is listed, together with a summary of its applicability to annual reports and half-year reports for periods ending on 31 December 2021

B2.1 Overall considerations

B2.1.1 Impacts of adopting new and revised pronouncements

Applying new and revised pronouncements for the first time can result in direct changes in recognition, measurement, presentation and disclosure requirements. In addition, there can be consequential impacts on financial reports through the transitional provisions of the pronouncement and the existing requirements of other Australian Accounting Standards.

The table below outlines some of the areas where these consequential impacts should be considered:

| Area | Consideration |
|---|--|
| Updates to accounting policies | The terminology and substance of accounting policies may need to be updated to reflect new recognition, measurement and other requirements. |
| Impact of transitional provisions | AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> contains a general requirement that changes in accounting policies are retrospectively applied, but this does not apply to the extent an individual pronouncement has specific transitional provisions. |
| Disclosures about changes in accounting policies | Where an entity changes its accounting policy as a result of the initial application of an Accounting Standard (including Interpretations as a result of AASB 1048 <i>Interpretation of Standards</i>) and it has an effect on the current period or any prior period, AASB 108 (subject to any specific transitional provisions of the Accounting Standard) requires the disclosure of a number of matters, e.g. the title of the Standard, the nature of the change in accounting policy, a description of the transitional provisions, and the amount of the adjustment for each financial statement line item affected. |
| Third statement of financial position | AASB 101 <i>Presentation of Financial Statements</i> requires (subject to any specific transitional provisions of the relevant Accounting Standard) the presentation of a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements in a number of situations. This applies where an entity applies an accounting policy retrospectively and the retrospective application has a material effect on the information in the statement of financial position at the beginning of the preceding period. |
| Earnings per share (EPS) | Where applicable to the entity, AASB 133 <i>Earnings Per Share</i> requires basic and diluted EPS to be adjusted for the impacts of adjustments resulting from changes in accounting policies accounted for retrospectively and AASB 108 requires the disclosure of the amount of any such adjustments. |

B2.1.2 Disclosing information about pronouncements not yet adopted

The disclosure requirements required in relation to new and revised accounting pronouncements need to be carefully considered where they have not yet been adopted.

AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to disclose any known or reasonably estimable information about the possible impact that the application of Australian Accounting Standards on issue which have not been applied, including a discussion of the impact that initial application will have on the entity's financial statements.

ASIC, together with other global regulators, has previously strongly emphasised the need for publicly accountable entities to fully comply with these requirements in light of significant changes in accounting pronouncements. See section B1.4.5 for ASIC's view on disclosures in relation to AASB 17 *Insurance Contracts*.

Entities need to ensure that they comply with the requirements of AASB 108 and respond to regulatory expectations.



Australian-specific illustrative examples of the disclosures can be found in Appendix 2 in Note 2 (starting on page 262).

B2.1.3 Early adoption

Where early adoption is being contemplated, it is important to address any necessary procedural requirements, e.g. for entities reporting under the Corporations Act, appropriate directors' resolutions for early adoption must be made under s.334 (5).

B2.2 Summary of new and amended pronouncements

B2.2.1 Effective for the first-time at 31 December 2021

The table below summarises the amended reporting requirements that must be applied for the first time for financial years ending 31 December 2021 and half-years ending 31 December 2021. See sections B2.3 to B2.7 for a summary of each pronouncement and Appendix 2 for illustrative disclosures.

| Date issued | Pronouncement | Effective for annual reporting periods beginning on or after |
|---|--|--|
| Applicable to all annual financial statements¹⁰ | | |
| September 2020 | AASB 2020-8 <i>Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2</i> (summary , illustrative disclosure) | 1 January 2021 |
| Applicable to half-year financial statements | | |
| September 2020 | AASB 2020-8 <i>Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2</i> (summary , illustrative disclosure) | 1 January 2021 |
| April 2021 | AASB 2021-3 <i>Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions beyond 30 June 2021</i> (summary , illustrative disclosure) | 1 April 2021 |
| Applicable to all not-for-profit and public sector annual financial statements | | |
| September 2020 | AASB 2021-4 <i>Amendments to Australian Accounting Standards - Modified Retrospective Transition Approach for Service Concession Grantors</i> (summary) | (ending) 30 June 2021 |
| Applicable only to half-year Tier 2 (SD) financial statements¹¹ | | |
| March 2020 | AASB 1060 <i>General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Entities</i> (summary) | 1 July 2021 |
| March 2020 | AASB 2020-2 <i>Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i> (summary) | 1 July 2021 |
| August 2020 | AASB 2020-7 <i>Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions: Tier 2 Disclosures</i> (summary) | 1 July 2021 |
| December 2020 | AASB 2020-9 <i>Amendments to Australian Accounting Standards - Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments</i> (summary) | 1 July 2021 |
| March 2021 | AASB 2021-1 <i>Amendments to Australian Accounting Standards - Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities¹²</i> (summary) | 1 July 2021 |



In addition to new pronouncements, entities should also consider the impacts of recent IFRS Interpretations Committee agenda decisions on the financial statements. A summary of recent agenda decisions can be found in section B2.8

¹⁰ In addition to the pronouncements listed, AASB 2020-5 *Amendments to Australian Accounting Standards - Insurance Contracts* applies to annual periods beginning on or after 1 January 2021. However, AASB 2020-5 has the effect of deferring the mandatory application date of AASB 17 *Insurance Contracts* by two years from annual periods beginning on or after 1 January 2021 to annual periods beginning on or after 1 January 2023. As AASB 17 was originally effective for the earlier date, the Amending Standard is also effective for that earlier date to enact the extension. Accordingly, this pronouncement has not been included in the table.

¹¹ The pronouncements in this section are mandatory for the first time for Tier 2 (SD) half-year GPFS and are not applicable for Tier 1 GPFS.

¹² This pronouncement is mandatory for the first time for half-year Tier 2 (SD) GPFS of not-for-profit entities and is not applicable for-profit entities.

B2.2.2 Pronouncements not yet effective

The table below summarises the amended reporting requirements that are not effective for financial years ending 31 December 2021. See sections B2.3 to B2.7 for a summary of each pronouncement and Appendix 2 for illustrative disclosures.

| Date issued | Pronouncement | Effective for annual reporting periods beginning on or after |
|--|--|--|
| Applicable to all financial statements | | |
| July 2017 | AASB 17 <i>Insurance Contracts</i> (as amended) (summary , illustrative disclosure) | 1 January 2023 |
| Various | AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> , AASB 2015-10 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i> , AASB 2017-5 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i> (summary , illustrative disclosure) | 1 January 2022 ¹³ |
| March 2020 / August 2020 | AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i> and AASB 2020-6 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i> (summary , illustrative disclosure) | 1 January 2023 ¹⁴ |
| March 2020 | AASB 2020-2 <i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i> (summary) | 1 July 2021 |
| June 2020 | AASB 2020-3 <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i> (summary , illustrative disclosure) | 1 January 2022 |
| April 2021 | AASB 2021-3 <i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021</i> (summary , illustrative disclosure) | 1 April 2021 |
| March 2021 | AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i> (summary , illustrative disclosure) | 1 January 2023 |
| June 2021 | AASB 2021-5 <i>Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (summary , illustrative disclosure) | 1 January 2023 |
| Applicable only to Tier 2 (SD) financial statements | | |
| March 2020 | AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities</i> (summary) | 1 July 2021 |
| March 2020 | AASB 2020-2 <i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i> (summary) | 1 July 2021 |
| August 2020 | AASB 2020-7 <i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures</i> (summary) | 1 July 2021 |

¹³ At its [November 2021 meeting](#), the AASB decided to further defer the effective date of these amendments to periods beginning on or after 1 January 2025. An Amending Standard is expected to be finalised by the end of 2021.

¹⁴ At its July 2021 meeting, the IASB considered the classification of debt as current or non-current and decided to propose amendments to IAS 1 that would modify the requirements introduced by *Classification of Liabilities as Current or Non-current* on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances and defer the effective date of the amendments to no earlier than 1 January 2024. On 19 November 2021, the IASB issued [Exposure Draft ED/2021/9 Non-current Liabilities with Covenants](#) which proposes that entities would classify liabilities as current or non-current based on compliance with covenants required on or before the reporting date and that the existence of covenants that are required to be complied with within 12 months of the reporting date would not affect classification of liabilities at the reporting date. The Exposure Draft also proposes that liabilities classified as non-current which have covenant requirements to meet in the 12 months after reporting date should be presented separately in the statement of financial position and detailed information about the covenants provided in the notes to the financial statements.

| Date issued | Pronouncement | Effective for annual reporting periods beginning on or after |
|---------------|--|--|
| December 2020 | AASB 2020-9 <i>Amendments to Australian Accounting Standards - Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments</i> (summary) | 1 July 2021 |
| March 2021 | AASB 2021-1 <i>Amendments to Australian Accounting Standards - Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities</i> (summary) | 1 July 2021 |

B2.3 New and revised pronouncements applicable to all entities

The table below outlines new and revised Standards (effective and not yet effective at 31 December 2021) which apply to all entities and indicates the effective date and whether it is applicable for reporting periods (full and half-year) ending 31 December 2021). Tier 1 entities are required to comply with all the recognition, measurement, presentation and disclosure requirements of all the pronouncements listed (from their mandatory application date). Tier 2 entities and entities preparing SPFS under the Corporations Act are required to comply with the recognition and measurement requirements of all pronouncements (from their mandatory application date). Tier 2 entities are also required to apply most presentation requirements and entities preparing SPFS under the Corporations Act also generally comply, or are required to comply, with most presentation requirements.

| New or revised requirement | When effective | Applicability at 31 December 2021 |
|--|--|-----------------------------------|
| <p>AASB 17 Insurance Contracts and AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts</p> <p>AASB 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes AASB 4 Insurance Contracts.</p> <p>AASB 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.</p> <p>The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.</p> <p>AASB 2020-5 reduce the costs of applying AASB 17 by simplifying some requirements, make an entity's financial performance relating to insurance contracts earlier to explain and eases the transition to AASB 17. It also includes amendments to AASB 4 <i>Insurance Contracts</i> to permit eligible insurers to continue to apply AASB 139 <i>Financial Instruments: Recognition and Measurement</i> until they are required to apply AASB 9 <i>Financial Instruments</i> alongside AASB 17.</p> <p>AASB 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.</p> <p>For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.</p> <p><i>Note: AASB 17 was originally effective for annual reporting periods beginning on or after 1 January 2021 but was deferred to annual reporting periods beginning on or after 1 January 2023 by AASB 2020-5. Although AASB 2020-5 is effective for annual periods beginning on or after 1 January 2021, its amendments have the effect of deferring the effective date of AASB 17 to annual reporting periods beginning on or after 1 January 2023 (in addition to amending AASB 17 and AASB 4).</i></p> <p>More information:</p> <ul style="list-style-type: none"> IFRS in Focus newsletter, IASB issues IFRS 17 – Insurance Contracts (summary of original Standard) IFRS in Focus newsletter, IASB issues amendments to IFRS 17 Insurance Contracts (amendments) Summary of IFRS 17. | <p>Annual reporting periods beginning on or after 1 January 2023 (see note in previous column)</p> | <p>Optional</p> |

| New or revised requirement | When effective | Applicability at 31 December 2021 |
|--|--|---|
| <p>AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128, AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</p> | <p>Annual reporting periods beginning on or after 1 January 2022 (see note in previous column)</p> | <p>Optional (editorial amendments made by AASB 2017-5 were mandatory from 1 January 2018)</p> |
| <p>The amendments to AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.</p> | | |
| <p><i>Note: The equivalent amendments to IFRS 10 and IAS 28 have no set commencement date due to amendments made by the IASB, pending further research in other projects. AASB 2015-10 extended the application date of the equivalent amendments to 1 January 2018. AASB 2017-5 then further extended the application date of the amendments from 1 January 2018 to 1 January 2022, and also made a number of editorial amendments to other standards which are effective for annual periods beginning on or after 1 January 2018. At its November 2021 meeting, the AASB decided to further defer the effective date of these amendments to periods beginning on or after 1 January 2025. An Amending Standard is expected to be finalised by the end of 2021.</i></p> | | |
| <p>More information: IFRS in Focus newsletter IASB publishes amendments to IFRS 10 and IAS 28 (2011) dealing with the sale or contribution of assets between an Investor and its Joint Venture or associate,</p> | | |

| New or revised requirement | When effective | Applicability at 31 December 2021 |
|--|--|-----------------------------------|
| <p>AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</p> <p>The amendments to AASB 101 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> | <p>Annual reporting periods beginning on or after 1 January 2023 (see note in previous column)</p> | <p>Optional</p> |
| <p>The amendments:</p> | | |
| <ul style="list-style-type: none"> • Clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period • Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability • Explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. | | |
| <p><i>Note: AASB 2020-6, although itself effective for annual reporting periods beginning on or after 1 January 2022 (the original effective date of AASB 2020-1), has the effect of deferring the mandatory application of those amendments to annual reporting periods beginning on or after 1 January 2023.</i></p> | | |
| <p><i>Note: At its July 2021 meeting, the IASB considered the classification of debt as current or non-current, and decided to propose amendments to IAS 1 that would:</i></p> | | |
| <ul style="list-style-type: none"> • <i>Modify the requirements introduced by ‘Classification of Liabilities as Current or Non-current’ (2020 amendments) on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances</i> • <i>Defer the effective date of the 2020 amendments to no earlier than 1 January 2024.</i> | | |
| <p><i>On 19 November 2021, the IASB issued Exposure Draft ED/2021/9 ‘Non-current Liabilities with Covenants’ which proposes that entities would classify liabilities as current or non-current based on compliance with covenants required on or before the reporting date and that the existence of covenants that are required to be complied with within 12 months of the reporting date would not affect classification of liabilities at the reporting date. The Exposure Draft also proposes that liabilities classified as non-current which have covenant requirements to meet in the 12 months after reporting date should be presented separately in the statement of financial position and detailed information about the covenants provided in the notes to the financial statements.</i></p> | | |
| <p>More information: IFRS in Focus newsletter IASB amends IAS 1 to clarify the classification of liabilities as current or non-current (original amendments) and IFRS in Focus newsletter IASB defers effective date for ‘Classification of Liabilities as Current or Non-current’ (deferral)</p> | | |

| New or revised requirement | When effective | Applicability at 31 December 2021 |
|--|---|--|
| <p>AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</p> <p>Makes amendments to numerous Standards and the <i>Conceptual Framework for Financial Reporting</i> so that they apply explicitly to:</p> <ul style="list-style-type: none"> For-profit private sector entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards Other for-profit private sector entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after 1 July 2021. | <p>Applicable to annual reporting periods beginning on or after 1 July 2021</p> | <p>Optional (<i>full years</i>)</p> <p>Mandatory (<i>half-years, where prepared</i>)</p> |
| <p>The effect of these requirements is that the above entities are required to prepare general purpose financial statements and apply the <i>Conceptual Framework for Financial Reporting</i> when they are required to prepare financial statements by the relevant reporting mandate. Accordingly, these entities will not be permitted to prepare special purpose financial statements.</p> | | |
| <p>More information: Clarity newsletter <i>Removal of special purpose financial statements</i></p> | | |

| New or revised requirement | When effective | Applicability at 31 December 2021 |
|---|---|-----------------------------------|
| <p>AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</p> <p>Makes amendments to the following Standards:</p> <ul style="list-style-type: none"> • Annual improvements: <ul style="list-style-type: none"> – AASB 1 <i>First-time Adoption of International Financial Reporting Standards</i> to permit a subsidiary that applies paragraph D16(a) of AASB 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to Australian Accounting Standards – AASB 9 <i>Financial Instruments</i> to clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of AASB 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included – AASB 16 <i>Leases</i> to amend Illustrative Example 13 to remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example – AASB 141 <i>Agriculture</i> to remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique • AASB 3 <i>Business Combinations</i> to: <ul style="list-style-type: none"> – Refer to the <i>Conceptual Framework for Financial Reporting</i> instead of previous versions of the Framework – Add a requirement that, for transactions and other events within the scope of AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> or Interpretation 21 <i>Levies</i>, an acquirer applies those pronouncements (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination – Add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination • AASB 116 <i>Property, Plant and Equipment</i> to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss • AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> to specify that the 'cost of fulfilling' an onerous contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). | <p>Annual periods beginning on or after 1 January 2022 <i>(the amendments to AASB 3 are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022)</i></p> | Optional |
| <p>More information: IFRS in Focus newsletter IASB publishes package of narrow-scope amendments to IFRS Standards</p> | | |

| New or revised requirement | When effective | Applicability at 31 December 2021 |
|---|--|--|
| <p>AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions and AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021</p> <p>AASB 2020-4 amends AASB 16 <i>Leases</i> to:</p> <ul style="list-style-type: none"> • Provide lessees with a practical expedient that relieves a lessee from assessing whether a COVID-19-related rent concession is a lease modification • Require lessees that apply the practical expedient to account for COVID-19-related rent concessions as if they were not lease modifications • Require lessees that apply the practical expedient to disclose whether the practical expedient has been applied to all eligible contracts, or, if not, information about the nature of the contracts to which the practical expedient has been applied • Require lessees to apply the practical expedient retrospectively, recognising the cumulative effect of applying the amendment as an adjustment to the opening retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment. | <p>Annual reporting periods beginning on or after 1 June 2020 (see note in first column for AASB 2021-3)</p> | <p>AASB 2020-4: Mandatory (full years)</p> <p>Already applied (half-years)</p> <p>AASB 2021-3: Optional (full years)</p> <p>Mandatory (half-years)</p> |
| <p>AASB 2021-3 extends the relief by one year to cover rent concessions that reduce only lease payments due on or before 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021 but earlier application is permitted, including in financial statements not authorised for issue at 31 March 2021.</p> | | |
| <p>Note: As outlined in the Amendment to the Basis for Conclusions on IFRS 16 Leases paragraph BC205], a lessee:</p> | | |
| <ul style="list-style-type: none"> • That has already applied the practical expedient (in AASB 2020-4) must apply the extended scope of the expedient (in AASB 2021-3) to eligible contracts with similar characteristics and in similar circumstances • May not elect to apply the practical expedient if the lessee has previously elected not to apply it to eligible rent concessions • That has not established an accounting policy on applying (or not applying) the practical expedient to eligible rent concessions can still decide to apply the practical expedient. However, such a lessee would be required to do so retrospectively and consistently to eligible contracts with similar characteristics and in similar circumstances. | | |
| <p>More information:</p> | | |
| <ul style="list-style-type: none"> • IFRS in Focus newsletter IASB finalises amendment to IFRS 16 'Leases' regarding COVID-19-related rent concessions • IFRS in Focus newsletter IASB publishes amendment to IFRS 16 to extend the practical relief on COVID-19-related rent concessions. | | |
| <p>AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2</p> <p>Amends AASB 4 <i>Insurance Contracts</i>, AASB 9 <i>Financial Instruments</i>, AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, AASB 7 <i>Financial Instruments: Disclosures</i> and AASB 16 <i>Leases</i> to address issues that may affect financial reporting during interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of an interest rate benchmark with an alternative benchmark rate.</p> | <p>Annual reporting periods beginning on or after 1 January 2021</p> | <p>Mandatory</p> |
| <p>More information: IFRS in Focus newsletter IASB issues 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</p> | | |

| New or revised requirement | When effective | Applicability at 31 December 2021 |
|---|---|--|
| <p>AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</p> <p>Amends AASB Standards to improve accounting policy disclosures and clarify the distinction between accounting policies and accounting estimates. Specifically, it amends:</p> <ul style="list-style-type: none"> • AASB 7 <i>Financial Instruments: Disclosures</i>, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements • AASB 101 <i>Presentation of Financial Statements</i>, to require entities to disclose their material accounting policy information rather than their significant accounting policies • AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates • AASB 134 <i>Interim Financial Reporting</i>, to identify material accounting policy information as a component of a complete set of financial statements • AASB Practice Statement 2 <i>Making Materiality Judgements</i>, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures (see note). | <p>Annual reporting periods beginning on or after 1 January 2023 (see note in first column for AASB Practice Statement 2)</p> | <p>Optional (see note in first column for AASB Practice Statement 2)</p> |
| <p><i>Note: AASB Practice Statement 2 provides non-mandatory guidance on making materiality judgements when preparing general purpose financial statements in accordance with Australian Accounting Standards. Therefore there is no mandatory effective date and further, application is not required to state compliance with Australian Accounting Standards or IFRS Standards.</i></p> | | |
| <p>More information:</p> | | |
| <ul style="list-style-type: none"> • IFRS in Focus newsletter IASB amends IAS 1 and IFRS Practice Statement 2 with regard to the disclosure of accounting policies • IFRS in Focus newsletter IASB amends IAS 8 to clarify the definition of accounting estimates | | |

| New or revised requirement | When effective | Applicability at 31 December 2021 |
|---|--|-----------------------------------|
| <p>AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</p> <p>The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.</p> <p>Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying AASB 16 at the commencement date of a lease.</p> <p>Following the amendments to AASB 112, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in AASB 112.</p> <p>The Board also adds an illustrative example to AASB 112 that explains how the amendments are applied.</p> <p>The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:</p> <ul style="list-style-type: none"> • A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: <ul style="list-style-type: none"> – Right-of-use assets and lease liabilities – Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset • The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. | <p>Annual reporting periods beginning on or after 1 January 2023</p> | <p>Optional</p> |
| <p>More information: IFRS in Focus newsletter IASB amends IAS 12 for deferred tax related to assets and liabilities arising from a single transaction.</p> | | |

B2.4 New and revised pronouncements applicable to Tier 2 entities only

The table below outlines new and revised pronouncements (effective and not yet effective at 31 December 2021) which only apply to Tier 2 entities. These pronouncements are listed for completeness and for reference by Tier 2 entities in conjunction with the Tier 2 models (available at www.deloitte.com/au/models).

| New or revised requirement | When effective | Applicability to 31 December 2021 |
|---|---|--|
| <p>AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</p> <p>A separate disclosure Standard applied in the preparation of general purpose financial statements prepared in accordance with 'Tier 2' of the differential reporting framework in AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>.</p> | <p>Annual reporting periods beginning on or after 1 July 2021</p> | <p>Optional (full years)</p> <p>Mandatory (half-years)</p> |
| <p>Entities preparing general purpose financial statements in accordance with this Standard are not required to comply with the disclosure requirements of other Australian Accounting Standards. However, the recognition and measurement requirements of all Australian Accounting Standards must be applied.</p> | | |
| <p>The disclosure requirements in AASB 1060 replace those required under 'Reduced Disclosure Requirements' (RDR) which shaded those disclosure requirements of Australian Accounting Standards that were not applicable to Tier 2 entities. The number of disclosures required by this Standard are generally less than RDR. <i>Note: This standard does not apply to Tier 1 entities.</i></p> | | |
| <p>More information:</p> | | |
| <ul style="list-style-type: none"> • Clarity newsletter <i>Removal of special purpose financial statements</i> • Clarity newsletter <i>Simplified Disclosures – Transition options and opportunities.</i> | | |
| <p>AASB 2020-7 Amendments to Australian Accounting Standards – COVID-19-Related Rental Concessions Tier 2 Disclosures</p> <p>Adds disclosure requirements for entities applying AASB 1060 that have applied the practical expedient in AASB 16 for the accounting for COVID-19-related rent concessions. This Standard applies to annual periods beginning on or after 1 July 2021 but can be early adopted.</p> | <p>Annual reporting periods beginning on or after 1 July 2021</p> | <p>Optional (full years)</p> <p>Mandatory (half-years)</p> |
| <p>AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments¹⁵</p> <p>Amends the Tier 2 (Simplified Disclosures) requirements in AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i> to provide relief for entities applying AASB 1060 from disclosing the financial effects of changing accounting policies in response to interest rate benchmark reform. AASB 2020-9:</p> | <p>Annual reporting periods beginning on or after 1 July 2021</p> | <p>Optional (full years)</p> <p>Mandatory (half-years)</p> |
| <ul style="list-style-type: none"> • Does not add disclosures to AASB 1060 that would replicate the new disclosures on benchmark reform in paragraphs 24I and 24J of AASB 7 <i>Financial Instruments: Disclosures</i> • Does not reduce the disclosures for Tier 2 entities reporting under the Australian Accounting Standards – Reduced Disclosure Requirements framework, so that such entities will be required to comply with the new disclosure requirements in paragraphs 24I and 24J of AASB 7 • Makes a number of editorial corrections to AASB 1060. | | |
| <p>The interest rate benchmark reform amendments (issued in September 2020) were addressed in AASB 2020-8 <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2</i>.</p> | | |

¹⁵ This amendment is specific to Tier 2 entities

B2.5 New and revised pronouncements applicable to not-for-profit entities and public sector entities only

The table below outlines new and revised pronouncements which apply only to not-for-profit and public entities.

| New or revised requirement | When effective | Applicability at 31 December 2021 |
|---|--|--|
| <p>AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities¹⁶</p> <p>Provides limited optional comparative information relief for not-for-profit entities adopting AASB 1060 early by transitioning from either Tier 1 or Tier 2 – Reduced Disclosure Requirements to Tier 2 – Simplified Disclosures.</p> <p>The optional relief is available for not-for-profit entities that adopt AASB 1060 early, that is, for reporting periods beginning before 1 July 2021. It provides optional relief from having to present comparative information in the notes to the financial statements where the entity did not disclose the comparable information in its most recent previous Tier 1 or Tier 2 general purpose financial statements.</p> | Annual reporting periods beginning on or after 1 July 2021 | Optional (full years provided AASB 1060 is also applied) Mandatory (half-years) |
| <p>AASB 2021-4 Amendments to Australian Accounting Standards – Modified Retrospective Transition Approach for Service Concession Grantors</p> <p>Amends AASB 1059 <i>Service Concession Arrangements: Grantors</i> to change the modified retrospective method for measuring the grant of a right to the operator (GORTO) liability set out in paragraph C4(c) of AASB 1059.</p> | Annual periods ending on or after 30 June 2021 | Mandatory |

B2.6 Other new pronouncements issued by the AASB

The table below outlines new pronouncements issued by the AASB which are relevant in financial reporting.

| New or revised pronouncement | When effective | Applicability to 31 December 2021 |
|--|---|-----------------------------------|
| <p>AASB For-Profit Entity Standard-Setting Framework and AASB Not-for-Profit Entity Standard-Setting Framework</p> <p>Updated Standard-Setting Frameworks issued in October 2020 to reflect that several policy documents, other documents and Australian Accounting Standards have been superseded, updated or issued since the documents were last issued in 2018.</p> <p>Changes made to the documents include:</p> <ul style="list-style-type: none"> Reflecting that in accordance with AASB 2020-2, for-profit private sector entities are no longer permitted to prepare special purpose financial statements, subject to limited exceptions (for-profit entity Framework document only) Summarising the key principles on which Tier 2 disclosure requirements are developed. | Not applicable (Standard-Setting Frameworks) | Not applicable |

¹⁶ This amendment is specific to Tier 2 not-for-profit entities

B2.7 Pronouncements issued by the IASB or IFRS Interpretations Committee where an equivalent pronouncement has not been issued by the AASB

The table below outlines pronouncements made by the IASB or IFRS Interpretations Committee, where an equivalent pronouncement has not yet been made by the AASB at the date of this publication but is expected to be issued in due course.

| New or revised requirement | When effective | Applicability to 31 December 2021 |
|--|----------------|-----------------------------------|
| None as at date of this publication (19 November 2021) | | |

B2.8 IFRS Interpretations Committee agenda decisions

Along with its activity developing formal interpretations of IFRS and proposing that the IASB make amendments to Standards, the IFRS Interpretations Committee regularly publishes summaries of issues that it has decided not to add to its agenda, often accompanied by a discussion of the accounting issue submitted.

Whilst the commentary included in an agenda decision is not formally part of IFRS, it is an important source of guidance that should be carefully considered when selecting a suitable accounting policy. In many jurisdictions there is an expectation from regulators that agenda decisions will be considered, with the European Securities and Markets Authority (ESMA), for example, publicly stating an expectation to this effect. In Australia, the AASB has indicated that an entity is required to apply the Standards, reflecting the explanatory material in a relevant agenda decision.

The table below outlines the agenda decisions published by the Committee since January 2021, grouped by the standards to which they relate. Where a decision relates to more than one standard, it is listed under each standard. Links in the table are to the IASB website. The IASB has also released five volumes of its *Compilation of agenda decisions*, covering all agenda decisions from January 2019 to October 2021 (across the five volumes). The documents are available at www.ifrs.org.

Tentative agenda decisions are available at www.ifrs.org.

| Pronouncement | Agenda decision | Month finalised | More information |
|---|---|-----------------|---------------------------------|
| IFRS 9 Financial Instruments | Hedging variability in cash flows due to real interest rates | May 2021 | Agenda Decision |
| IFRS 16 Leases | Non-refundable value added tax on lease payments | October 2021 | Agenda Decision |
| IAS 2 Inventories | Costs necessary to sell inventories | June 2021 | Agenda decision |
| IAS 10 Events after the Reporting Period | Preparation of financial statements when an entity is no longer a going concern | June 2021 | Agenda decision |
| IAS 19 Employee Benefits | Attributing benefit to periods of service | May 2021 | Agenda decision |
| IAS 32 Financial Instruments: Presentation | Accounting for warrants that are classified as financial liabilities on initial recognition | October 2021 | Agenda decision |
| IAS 38 Intangible Assets | Configuration or customisation costs in a cloud computing arrangement | April 2021 | Agenda decision |

B2.9 AASB agenda decisions

Similar to the IFRS Interpretations Committee, some issues that are raised for consideration by the AASB are either not added to the agenda or are removed from the agenda when it is decided that an Interpretation will not be issued. For such issues, the AASB normally provides its reasons for rejecting the issue in agenda decisions (sometimes called rejection statements). Since January 2021, no agenda decisions have been published by the AASB.

B2.10 Corporations Act 2001 developments

The following amendments and regulations relevant to financial reporting have been made since January 2021:

| Development | When effective |
|--|--------------------------|
| <p>Treasury Laws Amendment (2021 Measures No. 1) Act 2021</p> <p>Amends the requirements in the Corporations Act dealing with meetings, documents and continuous disclosure. Specifically, this Act:</p> <ul style="list-style-type: none"> • Makes temporary amendments to the rules relating to meetings of directors, shareholders of companies and members of registered schemes to facilitate the use of electronic technology. The new rules allow meetings to be held virtually, provided that the members as a whole have a reasonable opportunity to participate. They also allow documents relating to the meetings to be provided and signed electronically and minutes to be kept electronically. Amendments are also made to allow the electronic execution of company documents. These amendments expire on 31 March 2022 • Provides that all civil penalty proceedings commenced under the continuous disclosure and misleading and deceptive conduct provisions must prove that an entity or officer acted with 'knowledge, recklessness or negligence' in respect of an alleged contravention. <p>For more information see section B1.4.7 and section B1.4.8.</p> | <p>14 August 2021</p> |
| <p>Treasury Laws Amendment (2021 Measures No. 2) Act 2021</p> <p>Introduces new requirements in the Corporations Act which require disclosure of JobKeeper payment data as received by listed entities.</p> <p>All listed entities that have received a JobKeeper payment, including through a subsidiary, must provide an announcement to the market (such as the ASX, NSX, etc) of the following details:</p> <ul style="list-style-type: none"> • The listed entity's name and ABN • The number of individuals for whom the listed entity or a subsidiary of the listed entity received a jobkeeper payment for a jobkeeper fortnight (within the meaning of the <i>Coronavirus Economic Response Package (Payments and Benefits) Rules 2020</i>) that ended in the financial year • The sum of all jobkeeper payments the listed entity and each subsidiary of the listed entity received in a jobkeeper fortnight that ended in the financial year • Whether or not the listed entity or a subsidiary of the listed entity has made one or more voluntary payments (whether or not in the financial year) to the Commonwealth by way of a repayment of jobkeeper payments received by the listed entity or a subsidiary of the listed entity in the financial year • If the listed entity or a subsidiary of the listed entity has made such a voluntary payment or payments—the sum of those payments. <p>For more information see section B1.4.2.</p> | <p>14 September 2021</p> |

B2.11 ASIC

The tables below outlines financial reporting related ASIC instruments, regulatory guides and other guidance which has been issued or updated since 1 January 2021. Links are to the ASIC website, or www.legislation.gov.au.

B2.11.1 ASIC pronouncements

| Document | Effective date | Link to document |
|--|---|--|
| <p>ASIC Corporations (COVID-19 Email Lodgment Service —ASIC Corporations (Wholly-owned Companies) Instrument 2016/785) Instrument 2021/152</p> <p>Facilitates the electronic lodgement of documents for the purposes of relief <i>under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785</i>. Under this instrument, deeds of cross guarantee, variation deeds, assumption deeds, revocation deeds, notices of disposal, certificates and opt-in and opt-out notices can be lodged by email. However, this instrument does not facilitate electronic execution of deeds, which must be executed under s.127 of the Corporations Act.</p> | 24 March 2021 | ASIC-CI 2021/152 |
| <p>ASIC Corporations (Parent Entity Financial Statements) Instrument 2021/195 and ASIC Corporations (Amendment) Instrument 2021/381</p> <p>ASIC-CI 2021/195 allows a parent entity which is required to include consolidated financial statements in its financial report to also include its single entity financial statements in that report.</p> <p>In May 2021 the repeal date of ASIC-CI 2021/195 was changed from 1 April 2026 to 1 April 2024 by amending instrument ASIC-CI 2021/381. The purpose of ASIC-CI 2021/381 was to reduce the duration period from 5 years to 3 years for ASIC-CI 2021/195 and ASIC-CI 75).</p> | <p>ASIC-CI 2021/195 26 March 2021</p> <p>ASIC-CI 2021/381 11 May 2021</p> | <p>ASIC-CI 2021/195 ASIC-CI 2021/381</p> |
| <p>ASIC Corporations (Licence Conditions— Treatment of Lease Assets) Instrument 2021/229 and ASIC Corporations (Amendment) Instrument 2021/230</p> <p>ASIC-CI 2021/229 deems that a right-of-use asset is not included in the definition of 'excluded assets' and, therefore, will be included in an Australian financial services licensee's adjusted assets calculation.</p> <p>ASIC-CI 2021/230 amends the following instruments to allow an Australian financial services licensee to include a right-of-use asset in its calculation of net tangible assets.</p> <ul style="list-style-type: none"> ASIC CO 13/760 <i>Financial requirements for responsible entities and operators of investor directed portfolio services</i> ASIC CO 13/761 <i>Financial requirements for custodial or depository service providers</i> ASIC CO 12/752 <i>Financial requirements for retail OTC derivative issuers.</i> <p>ASIC-CI 2021/229 and ASIC-CI 2021/230 were issued to implement the changes made by ASIC to the financial requirements for some types of Australian financial services (AFS) licensees allow certain AFS licensees to include, where the licensee is a lessee, right-of-use assets in the calculation of their net tangible assets and, where the right-of-use asset is a current asset, adjusted surplus liquid funds and surplus liquid funds.</p> <p>Existing AFS licence conditions have also been modified so that a right-of-use asset is deemed to not be an excluded asset.</p> <p>For further background, see ASIC press release 21-088MR <i>ASIC allows certain AFS licensees to use lease assets to satisfy their licence financial requirements.</i></p> | <p>ASIC-CI 2021/229: 29 April 2021</p> <p>ASIC-CI 2021/230: 29 April 2021</p> | <p>ASIC-CI 2021/229 ASIC-CI 2021/230</p> |

| Document | Effective date | Link to document |
|---|-----------------------------|---|
| <p>ASIC Corporations (Amendment) Instrument 2021/315</p> <p>This instrument extends temporary measures in various instruments for the period 23 June 2021 to 7 July 2021 (both inclusive), aimed at facilitating financial reporting by unlisted and listed entities whose reporting processes take additional time due to current remote work arrangements, travel restrictions and other impacts of COVID-19. The temporary measures are intended to allow listed and unlisted entities up to one additional month to complete financial reports and have those reports audited in compliance with the financial reporting and audit requirements of the Corporations Act.</p> <p>It amends the following instruments:</p> <ul style="list-style-type: none"> • <i>ASIC Corporations (Exempt Proprietary Companies) Instrument 2015/840</i> • <i>ASIC Corporations (Wholly-owned Companies) Instrument 2016/785</i> • <i>ASIC Corporations (Extended Reporting and Lodgment Deadlines – Unlisted Entities) Instrument 2020/395</i> • <i>ASIC Corporations (Extended Reporting and Lodgment Deadlines – Listed Entities) Instrument 2020/451.</i> | 28 April 2021 ¹⁷ | ASIC-CI 2021/315 |
| <p>ASIC Corporations (Auditor Independence) Instrument 2021/75 and ASIC Corporations (Amendment) Instrument 2021/381</p> <p>ASIC-CI 2021/75 provides relief to the lead auditor from reporting in the auditor's independence declaration, minor financial interests in an entity audited by an audit firm where the interest is held by any other partner of the firm or their close family members.</p> <p>In May 2021 the repeal date of ASIC-CI 2021/75 was changed from 30 April 2026 to 30 April 2024 by amending instrument ASIC-CI 2021/381. The purpose of ASIC-CI 2021/381 was to reduce the duration period from 5 years to 3 years for ASIC-CI 2021/195 and ASIC-CI 2021/75.</p> | 7 May 2021 11 May 2021 | ASIC-CI 2021/75 ASIC-CI 2021/381 |
| <p>ASIC Corporations (Extension of Time to Hold AGM) Instrument 2021/770¹⁸</p> <p>This instrument permits entities extra time to hold their annual general meetings (AGMs). Under the instrument:</p> <ul style="list-style-type: none"> • All public companies with balance dates between 21 February 2021 and 7 July 2021 have an additional two months to hold their AGM • Public companies limited by guarantee with balance dates between 24 January 2021 and 7 April 2021 have an additional four months to hold their AGM. <p>This legislative instrument has been issued as a result of new powers given to ASIC under Treasury Laws Amendment (2021 Measures No. 1) Act 2021 and formalises and adds to the no-action position ASIC has taken giving companies with balance dates up to 7 July 2021 an additional two months to hold AGMs.</p> | 9 September 2021 | ASIC-CI 2021/770 |

¹⁷ Although this instrument was effective from 28 April 2021, it had the effect of extending relief in various other instruments for the period 23 June 2021 to 7 July 2021 (both inclusive). At the date of finalisation of this publication (19 November 2021), equivalent relief was not in place in respect of the December 2021 period.

¹⁸ ASIC-CI 2021/770 is not relevant for December 2021 reporting and at the date of this report (19 November 2021) ASIC has not amended the instrument to extend the periods for which entities have an additional two months to hold an AGM. Therefore entities should plan to hold AGMs in accordance with the usual timetable and monitor ASIC developments.

| Document | Effective date | Link to document |
|--|-----------------|--|
| <p>ASIC Corporations (Externally-Administered Bodies) Instrument 2015/251 (as amended by ASIC Corporations (Amendment) Instrument 2021/506)</p> <p>ASIC-CI 2021/506 amends ASIC-CI 2015/251 which provides:</p> <ul style="list-style-type: none"> A deferral of financial reporting and any continuing obligations under Part 2M.3 of the Corporations Act for a minimum period of six months and a maximum period of 24 months after the appointment of a voluntary administrator, managing controller or provisional liquidator (previously this was set at a fixed six month period) A deferral of the requirement to hold an AGM under s.250N of the Corporations Act during the relevant deferral period, so long as the entity holds an AGM within two months of the end of the deferral period and lays before the AGM all outstanding financial reports deferred under the Corporations Instrument. <p>For further background, see ASIC press release 21-263MR <i>ASIC provides relief for companies in external administration</i>.</p> | 6 October 2021 | ASIC-CI 2021/506 ASIC-CI 2015/251 |
| <p>ASIC Corporations (Amendment) Instrument 2021/868</p> <p>This instrument amends multiple instruments to update references and correct drafting errors:</p> <ul style="list-style-type: none"> <i>ASIC Corporations (Non-Reporting Entities) Instrument 2015</i> – the name of the instrument is amended to correct an error in the original instrument name, and the definition of ‘reporting entity’ is amended because the definition has been relocated in the accounting standards <i>ASIC Corporations (Audit Relief) Instrument 2016/784</i> and <i>ASIC Corporations (Qualified Accountant) Instrument 2016/786</i> – the post-nominals “ACA” and “FACA” are removed as specified classes of members of Chartered Accountants Australia and New Zealand (CA ANZ), as they were included in error <i>ASIC Corporations (Wholly-owned Companies) Instrument 2016/785</i> – the definition of ‘reporting entity’ is amended because the definition has been relocated in the accounting standards <i>ASIC Corporations (Extended Reporting and Lodgment Deadlines—Unlisted Entities) Instrument 2020/395</i> – the relief providing an additional month for unlisted entities to lodge financial reports with ASIC and report to members is amended to now include reporting to members for companies limited by guarantee for financial years ending between 23 June 2021 and 7 July 2021 (both inclusive). | 29 October 2021 | ASIC-CI 2021/868 |

B2.11.2 ASIC regulatory guides

| Document | Effective date | Link to document |
|--|---|-----------------------------|
| <p>ASIC Regulatory Guide RG 110 Share buy-backs</p> <p>Reissued version of this guide to correct information. This guide explains what a company should do to comply with Division 2 of Part 2J.1 (the buy-back provisions) of the Corporations Act, including the procedures that a company needs to follow in conducting a buy-back and the information that must be disclosed to shareholders. It also explains how ASIC may exercise its powers to grant relief from certain requirements to obtain shareholder approval.</p> | 3 June 2021 (effective date of amendments) | ASIC-RG 110 |

| Document | Effective date | Link to document |
|--|----------------|-----------------------------|
| <p>ASIC Regulatory Guide RG 174 Relief for externally administered companies and registered schemes being wound up</p> <p>This ASIC-RG is for registered liquidators and other persons who are externally administering the affairs of companies and winding up registered managed investment schemes (registered schemes). It explains when ASIC will grant relief relating to:</p> <ul style="list-style-type: none"> • The financial reporting obligations of the Corporations Act • The Australian financial services (AFS) licensee financial reporting obligations (for companies and responsible entities that are or have been AFS licensees) • The compliance plan audit obligations (for registered schemes) • The requirement to hold an annual general meeting (for public companies). <p>The guide was updated on 6 October 2021 in light of ASIC Corporations (Amendment) Instrument 2021/506 which amends ASIC Corporations (Externally-Administered Bodies) Instrument 2015/251.</p> <p>For further background, see ASIC press release 21-263MR <i>ASIC provides relief for companies in external administration</i>.</p> | 6 October 2021 | ASIC-RG 174 |

B2.11.3 Other ASIC information

| Document | Effective date | Link to document |
|---|----------------------------|--------------------------|
| <p>ASIC Information Sheet INFO 263 FAQs: Disclosure by listed entities about jobkeeper payments</p> <p>This information sheet answers frequently asked questions about a listed entity's obligation to disclose information about jobkeeper payments, and how that information should be disclosed. The obligation is imposed by s. 323DB of the Corporations Act.</p> <p>For further background, see ASIC press release 21-263MR <i>ASIC issues Jobkeeper notice and guidance</i> and section B1.4.2.</p> | n/a (Information sheet) | INFO 263 |
| <p>ASIC Information Sheet INFO 245 Board oversight of executive variable pay decisions during the COVID-19 pandemic</p> <p>This information sheet sets out practical guidance to support board oversight and the exercise of discretion on the variable pay outcomes of large listed companies' most senior executives (cash and/or equity). However, governance is scalable and many remuneration governance principles can be adopted by a broader range of listed companies and in any market.</p> <p>The high-level guidance is informed by ASIC's review of remuneration governance practices across 21 ASX 100 companies. In addition to providing feedback directly to these companies, ASIC chose to release this information sheet to assist boards of other listed companies to navigate decisions on executive variable pay in the context of the COVID-19 pandemic. Since its initial release in June 2020, it was framed around decisions being made in the COVID-19 pandemic. However, this information sheet was updated in March 2021 to reflect a broader context beyond that of the COVID-19 pandemic.</p> <p>For further background, see ASIC media release 20-133MR <i>Info sheet 245: Board oversight and discretion in executive variable pay schemes</i>.</p> | n/a (Information sheet) | INFO 245 |

B2.12 ASX

The tables below outline financial reporting related ASX Listing Rules, guides and other materials which has been issued or updated since 1 January 2021, or which are applicable for the first time at 31 December 2021 or during the financial year then ended. Links are to the ASX website.

B2.12.1 ASX Listing Rules and appendices

| Document | Effective date | Link to document |
|--|------------------|---------------------------------------|
| <p>ASX Consultation Response <i>Simplifying, clarifying and enhancing the integrity and efficiency of the ASX listing rules</i></p> <p>Implements a broad range of changes to the ASX Listing Rules and related guidance, most of which came into effect on 1 December 2019.</p> <p>However, the following rule changes were initially scheduled to have a transition date of 1 July 2020, which was later deferred to begin on 1 July 2021:</p> <ul style="list-style-type: none"> New and revised requirements around educational requirements for people communicating with the ASX. | 1 July 2021 | Consultation Response |
| <p>ASX Consultation Response <i>Proposed Listing Rules changes: online forms, notification of security issues and corporate action timetables</i></p> <p>Implements the following key changes to the ASX Listing Rules and guidance:</p> <ul style="list-style-type: none"> Changes to the timetables for seeking the quotation of securities in ASX-LR 2.8 Changes to the buy-back notification requirements in ASX-LR 3.8A Changes to the notification requirements for issues, conversions and cancellations of securities, and for payment of calls, instalments and other amounts on partly paid securities, in ASX-LR 3.10.3 – 3.10.3E Changes to ASX-LR 3.21 and 3.22 imposing some additional notification requirements around the cancellation, deferral or reduction of previously announced dividends, distributions or interest payments Clarificatory changes to the definition of “employee incentive plan” in ASX-LR 19.12 Changes to the timetables for corporate actions in Appendices 6A and 7A, in particular to allow an additional 2 business days for an entity to announce the results of certain corporate actions. | 5 June 2021 | Consultation Response |
| <p>ASX Consultation Response <i>Proposed changes to the oil and gas reporting requirements in the ASX Listing Rules</i></p> <p>Explains the amendments to the reporting requirements for oil and gas entities in Chapter 5 of the ASX-LR to reflect and give effect to the July 2018 revisions to the Petroleum Resources Management System sponsored by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers (commonly referred to as the “SPE-PRMS”).</p> <p>Subject to the receipt of the necessary regulatory approvals, the final rule changes will come into effect on 1 July 2022. Listed entities are encouraged to early-adopt the changes, if they wish to.</p> | 1 July 2022 | Consultation Response |
| <p>ASX Appendix 4C <i>Quarterly cash flow report for entities subject to Listing Rule 4.7B</i></p> <p>Updated requirements primarily to the materials in section 8 of the report relating to estimated cash available for future operating activities, which the ASX has determined a number of entities have not been completing correctly.</p> | Issued July 2020 | ASX Appendix 4C |

| Document | Effective date | Link to document |
|--|------------------|---------------------------------|
| <p>ASX Appendix 4G Key to Disclosures: Corporate Governance Council Principles and Recommendations</p> <p>Updated to correct an error in the fourth edition version of the appendix.</p> | Issued July 2020 | ASX Appendix 4G |
| <p>ASX Appendix 5B Mining exploration entity or oil and gas exploration entity quarterly cash flow report</p> <p>Updated requirements primarily to the materials in section 8 of the report relating to estimated cash available for future operating activities, which the ASX has determined a number of entities have not been completing correctly.</p> | Issued July 2020 | ASX Appendix 5B |

B2.12.2 ASX Class Waivers

| Document | Effective date | Link to document |
|--|--|---|
| <p>Class Waiver Decision –Extended Reporting and Lodgment Deadlines¹⁹</p> <p>Gives effect under the listing rules to ASIC Corporations (Extended Reporting and Lodgment Deadlines—Listed Entities) Instrument 2020/451 dated 15 May 2020, as extended by ASIC Corporations (Amendment) Instrument 2020/1080 dated 25 November 2020 and ASIC Corporations (Amendment) Instrument 2021/315 dated 26 April 2021 by granting all entities admitted to the official list in the ASX Listing category the ability to take advantage of the benefit of the ASIC relief.</p> <p>In effect, the combination of the ASIC Corporations Instrument and ASX waiver is that listed entities:</p> <ul style="list-style-type: none"> • Must lodge the Appendix 4E (full-years) or Appendix 4D (half-years) in the normal timeframes (not required by mining and oil and gas exploration entities or for ASX AQUA issuers) • Must initially lodge unaudited or unreviewed financial information in lieu of audited or reviewed information where the relief is relied upon (as part of the Appendix 4E, or together with the Appendix 4D, where these are required) and then subsequently lodge the audited or reviewed information in accordance with the ASIC relief • Must announce to the market where they are relying on the ASIC relief to extend the lodgement date for its half-year or full-year financial report, or the extended deadline for sending of annual reports to security holders (this will be together with, or prior to, the lodgement of the Appendix 4E, Appendix 4D or unaudited or unreviewed accounts) • Keep the market informed of any changes to the unaudited (or unreviewed) financial information • Comply with the extended ASIC lodgement deadline for lodgement of the audited financial report and sending of annual reports to security holders. <p>For more information, see Clarity publication Revised financial reporting deadlines for June 2021.</p> | <p>Annual periods ending between:</p> <ul style="list-style-type: none"> • 21 February 2020 and 7 January 2021 (both inclusive) • 23 June 2021 to 7 July 2021 (both inclusive). <p>Half-year periods ending between</p> <ul style="list-style-type: none"> • 15 March 2020 and 7 January 2021 (both inclusive) • 23 June 2021 to 7 July 2021 (both inclusive). | <p>Initial class waiver: Class Waiver Decision – Extended Reporting and Lodgment Deadlines</p> <p>Extension class waiver: Class Waiver Decision – Extended Reporting and Lodgment Deadlines</p> |

¹⁹ *Class Waiver Decision – Extended Reporting and Lodgment Deadlines* is not relevant for December 2021 reporting. At the date of this finalising this publication (19 November 2021) ASIC has not amended its relevant instrument to extend the periods for which extended reporting can occur. Therefore the ASX has not issued an extended class waiver to extend the periods for which reporting can occur. Entities should therefore plan to report in accordance with the usual reporting deadlines and monitor both ASIC and the ASX developments.

B2.12.3 Other ASX information

| Document | Effective date | Link to document |
|---|------------------|-----------------------|
| <p>ASX Guidance Note 7 US Companies Regulation S Offerings on ASX (updated)</p> <p>GN 7 assists US entities considering a listing on the ASX market via an initial public offering of equity securities to understand certain relief available to them under Regulation S of the Securities Act of 1933 of the United States of America and a no-action letter ASX has obtained from the SEC. An updated version was released in October 2021 with enhanced guidance in sections 5, 8 and 9 and a new annexure with a pro forma market notice applying the FOR US restriction to any “U.S. Person” who is not a “Qualified Institutional Buyer”.</p> <p>See Listed@ASX Compliance Update no. 09/21 for details of the updates.</p> | 8 October 2021 | GN 7 |
| <p>ASX Guidance Note 11 Restricted Securities and Voluntary Escrow (updated)</p> <p>GN 11 assists entities:</p> <ul style="list-style-type: none"> • Wanting to apply for admission to the official list as an ASX Listing to understand ASX’s escrow requirements for new listings • Already admitted to the official list as an ASX Listing to understand the escrow requirements that apply to re-compliance listings under LR 11.1.3 and to the acquisition of substantial classified assets from persons in a position of influence under LR 10.7 • To understand how the Listing Rules apply to voluntary escrow arrangements. <p>An updated version was released in October 2021 with enhanced guidance in sections 5.3, 5.6, 7.3 and 11 and a new section 3.7 which addresses buy-back transactions entered into to avoid or reduce escrow.</p> <p>See Listed@ASX Compliance Update no. 09/21 for details of the updates.</p> | 8 October 2021 | GN 11 |
| <p>ASX Guidance Note 17 Waiver and In-principle Advice (updated)</p> <p>GN 17 assists listed entities and entities applying for admission to the official list of the ASX to understand how ASX deals with applications for waivers of, and requests for in-principle advice in relation to, the ASX Listing Rules. An updated version was released in November 2021.</p> <p>See Listed@ASX Compliance Update no. 10/21 for details of the updates.</p> | 12 November 2021 | GN 17 |
| <p>ASX Guidance Note 19 Performance Securities (updated)</p> <p>GN 19 assists listed entities and entities wishing to apply for admission to the official list as an ASX Listing to understand how ASX applies the Listing Rules to performance securities. An updated version was released in March 2021.</p> <p>See Listed@ASX Compliance Update no. 02/21 for details of the updates.</p> | 12 March 2021 | GN 19 |
| <p>ASX Guidance Note 23 Performance Securities (updated)</p> <p>GN 23 assists listed entities subject to quarterly reporting under ASX Listing Rules 4.7B, 4.7C and 5.1-5.5 to understand and comply with those obligations. An updated version was released in November 2021.</p> <p>See Listed@ASX Compliance Update no. 10/21 for details of the updates.</p> | 12 November 2021 | GN 23 |

B3 Reporting deadlines

B3.1 Summary of reporting deadlines for annual financial reporting



COVID-19 considerations

With the exception of the extended reporting and AGM relief for entities under external administration granted by ASIC, at date of this report (19 November 2021) ASIC and the ASX have not provided extensions in respect of deadlines for lodgement of documents under the Corporations Act and ASX Listing Rules in response to the COVID-19 crisis.

Further ASIC has not extended its 'no action' position where public companies do not hold their AGMs within five months after the end of financial years for December 2021 reporting. Therefore entities should plan to report to ASIC, the ASX and members in accordance with the usual deadlines and monitor any ASIC and ASX developments. ASIC developments can be [monitored here](#).

The following table summarises the reporting deadlines under the Corporations Act and ASX Listing Rules (where relevant).

| Source | Requirement | Listed disclosing entities | Non-listed disclosing entities | Public companies | Proprietary companies | Registered schemes and notified foreign passport funds |
|-----------------------------------|--|--|--------------------------------|------------------|-----------------------|--|
| Annual financial reporting | | | | | | |
| ASX 4.3A, ASX 4.3B | Lodgement of Appendix 4E with the ASX | As soon as available (and no later than 2 months after the year end) ²⁰ | n/a | n/a | n/a | n/a |
| ASX 4.5, ASX 4.5.1 | Lodgement of the Corporations Act financial report and concise report with the ASX | As soon as available (and no later than 3 months after the year end) | n/a | n/a | n/a | n/a |
| ASX 4.7.1, ASX 4.7.2 | Lodgement of the Corporations Act annual report and concise report with the ASX | First day sent to the members (and the earlier of 21 days before the next AGM or 4 months after the end of the financial year (s.315)) ²¹ | n/a | n/a | n/a | n/a |

²⁰ Mining exploration entities or oil and gas exploration entities are not required to provide the information set out in the Appendix 4E.

²¹ If the entity is not established in Australia but required by the law of the place of its establishment to prepare an annual report and provide it to the members this must be given to the ASX at the same time as distributed to the members (ASX 4.7.2).

| Source | Requirement | Listed disclosing entities | Non-listed disclosing entities | Public companies | Proprietary companies | Registered schemes and notified foreign passport funds |
|---|--|--|--|--|---|--|
| ASX 4.7.3, ASX 4.7.4 | Lodgement of the Appendix 4G with the ASX (and Corporate governance statement (to the extent not included in the annual report)) | Same time as annual report distributed to the members | n/a | n/a | n/a | n/a |
| s.314 s.315 | Sending of financial report to members | Earlier of 21 days before the next AGM or 4 months after the end of the financial year | Earlier of 21 days before the next AGM or 4 months after the end of the financial year | Earlier of 21 days before the next AGM or 4 months after the end of the financial year | Within 4 months after the end of the financial year | Within 3 months after the end of the financial year |
| Annual financial reporting (continued) | | | | | | |
| s.319 | Lodgement of the Corporations Act annual report and concise report with ASIC ^{22 23} | n/a (ASIC-CI 2016/181) | Within 3 months after the year end | Within 4 months after the year end | Within 4 months after the year end | Within 3 months after the year end |
| Annual general meetings | | | | | | |
| s.250N | Hold the AGM | Within 5 months after the year end (if a public company) | Within 5 months after the year end (if a public company) | Within 5 months after the year end (unless exempted), ²⁴ | n/a | n/a |

²² An entity need not give ASIC the annual report if it comprises only the documents already given to the ASX under ASX Listing Rule 4.5.

²³ If the entity is not established in Australia, the annual report must be given to the ASX by the earlier of (a) the first day the entity sends the documents to security holders under the law of the place of its establishment or (b) the last day for the documents to be given to security holders under that law (see ASX Listing Rule 4.7.2).

²⁴ A wholly-owned public company (i.e. a public company with one member) is not required to hold an AGM under s.250N(4). Similarly, under s.250N(5) and s.250N(6), certain companies eligible for limited governance requirements under s.738ZI (i.e. certain entities raising funds under crowd-sourced funding arrangements), are not required to hold an AGM. This latter concession is only available to companies that register as, or convert to, a public company after the commencement of the crowd-sourced funding regime under the Corporations Act. For more information on entities involved in crowd-sourced funding, see our *Australian financial reporting guide*, available at www.deloitte.com/au/models.

B3.2 Dates applicable for 31 December 2021 reports

B3.2.1 Relief available

As noted above under section B3.1 on page B-56, at date of this report (19 November 2021) ASIC and the ASX have not provided extensions in respect of deadlines for lodgement of documents under the Corporations Act and ASX Listing Rules in response to the COVID-19 crisis. Further ASIC has not extended the availability of the relief in *ASIC Corporations (Extension of Time to Hold AGM) Instrument 2021/770* beyond financial years ending on 7 July 2021. Therefore, entities should plan to report to ASIC, the ASX and members in accordance with the usual deadlines and monitor any ASIC and ASX developments.

B3.2.2 Deadlines applicable for annual reporting periods ending 31 December 2021

The following tables summarise the reporting deadlines for annual reporting periods ending 31 December 2021.

Listed entities

| Obligation | Deadline | Date for 31 December 2021 financial reports |
|--|---|---|
| Lodgement of Appendix 4E with ASX | 2 months | 28 February 2022 |
| Lodgement of audited annual financial report ²⁵ | 3 months | 31 March 2022 |
| Reporting to members – listed public companies | Earlier of 21 days before AGM or 4 months | Earlier of 21 days before AGM or 2 May 2022 ²⁶ |
| Reporting to members – listed registered scheme | 3 months | 31 March 2022 |
| Holding of AGM | 5 months | 31 May 2022 |

Unlisted entities

| Obligation | Deadline | Date for 31 December 2021 financial reports |
|--|---|---|
| Lodgement of audited annual financial report with ASIC | | |
| <ul style="list-style-type: none"> Disclosing entities and registered schemes Other entities | 3 months 4 months | 31 March 2022 2 May 2022 ²⁶ |
| Reporting to members – public companies | Earlier of 21 days before AGM or 4 months | Earlier of 21 days before AGM or 2 May 2022 ²⁶ |
| Reporting to members – proprietary companies | 4 months | 2 May 2022 ²⁶ |
| Holding of AGM – public companies | 5 months | 31 May 2022 |

²⁵ Although there is a requirement to lodge the annual financial report with both ASIC and the ASX, *ASIC Corporations (Electronic Lodgment of Financial Reports) Instrument 2016/181* (available at www.legislation.gov.au) allows entities listed on the ASX to lodge the reports electronically with the relevant market operator without also having to separately lodge the reports with ASIC.

²⁶ Where a deadline under the *Corporations Act 2001* falls on a Saturday, Sunday or public holiday, section 36(2) of the *Acts Interpretations Act 1901* permits the deadline to be met on the next day that is not a Saturday, Sunday, or public holiday. 30 April 2022 (which is 4 months after the 31 December 2021 reporting period) is a Saturday, and accordingly, the deadline will be met on the next day that is not a Saturday, Sunday, or public holiday.

Other deadlines

| Obligation | Deadline | Date for 31 December 2021 financial reports |
|---|---|---|
| Lodgement of profit and loss statement and balance sheet by AFS licensees | | |
| <ul style="list-style-type: none"> • Bodies corporate (disclosing entities) • Other unlisted bodies corporate • Not bodies corporate | <p>3 months</p> <p>4 months</p> <p>2 months</p> | <p>31 March 2022¹</p> <p>2 May 2022²⁶</p> <p>28 February 2022</p> |
| Sending of the audited financial report to members by grandfathered proprietary companies under <i>ASIC Corporations (Exempt Proprietary Companies) Instrument 2015/840</i> | 4 months | 2 May 2022 ²⁶ |
| Preparation of consolidated financial statements under <i>ASIC Corporations (Wholly-owned Companies) Instrument 2016/785</i> | 4 months | 2 May 2022 ²⁶ |
| Audit of the compliance plan of a registered scheme | 3 months | 31 March 2022 |

Core model financial statements



This section contains the core IFRS disclosures that apply to all financial statements. The core model financial statements reproduce the global IFRS model financial statements, and flags Australian-specific considerations arising in relation to the illustrated disclosures using icons and explanations.

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Using the core model financial statements for Tier 1 entities

Purpose

The Deloitte model IFRS financial statements contained in the core model financial statements section of this document illustrate the presentation and disclosure requirements of IFRS Standards for the year ended 31 December 2021 by an entity that is not a first-time adopter of IFRS Standards. They comprise consolidated financial statements which illustrate the impact of the application of IFRS Standards that are mandatorily effective for the annual period beginning on 1 January 2021.

The core model financial statements, however, do not illustrate the presentation and disclosure requirements specific to annual reports prepared in Australia. Therefore, Appendix 2 to the model financial statements has been designed by Deloitte Australia to assist users with the preparation of annual reports in Australia in accordance with:

- Provisions of the *Corporations Act 2001*
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board
- Other requirements and guidelines current as at the date of issue, including ASX Listing Rules, ASIC Class Orders/Corporations Instruments, Regulatory Guides and Media Releases.

How to use the core model financial statements in conjunction with Appendix 2

The table below outlines the composition of a Tier 1 financial report prepared under the *Corporations Act 2001*. The table lists the relevant information from both the core model financial statements and those additional or alternative requirements included in Appendix 2.

| Component | Primary source | Considerations |
|--|---------------------------------|---|
| Corporations Act requirements | | |
| Directors' report | Appendix 2 (page 209) | Entities preparing financial reports under the Corporations Act must provide a directors' report. Listed entities must also include a Remuneration report as part of the directors' report. |
| Auditor's independence declaration | Appendix 2 (page 243) | Entities preparing financial reports under the Corporations Act must include the auditor's independence. |
| Independent auditor's report | Appendix 2 (page 245) | Entities preparing financial reports under the Corporations Act must include an independent auditor's report. |
| Directors' declaration | Appendix 2 (page 248) | Entities preparing financial reports under the Corporations Act must include a directors' declaration. |
| Primary financial statements | | |
| Consolidated statement of profit or loss and other comprehensive income | Core model financial statements | |
| - Alt 1 – Presentation as two statements, with expenses analysed by function | | |
| - Alt 2 – Single statement presentation, with expenses analysed by nature | | |

| Component | Primary source | Considerations |
|--|---------------------------------|---|
| Primary financial statements (continued) | | |
| Consolidated statement of financial position | Core model financial statements | Australian entities commonly present the order of the statement of financial position differently to entities preparing financial statement in other countries. An example of this alternate approach can be found in Appendix 2 on page 249. Where the alternate version is adopted, the ordering of the notes should be reconsidered. |
| Consolidated statement of changes in equity | Core model financial statements | |
| Consolidated statement of cash flows - Alt 1 – Indirect method of reporting cash flows from operating activities - Alt 2 – Direct method of reporting cash flows from operating activities | Core model financial statements | Australian entities commonly adopt the direct method of presentation of the statement of cash flows and in this case are additionally required to provide a reconciliation of the net cash flows from operating activities to profit or loss. An illustrative disclosure is included in Note 55 on page 286. |
| Notes to the consolidated financial statements (where supplemented by additional information in Appendix 2) | | |
| 1 General information | Appendix 2 (page 252) | Additional information is required in relation to compliance with Australian Accounting Standards and rounding. See Note 1 on page 252. |
| 2 Adoption of new and revised Standards | Appendix 2 (page 254) | The updated and Australian-specific version of this note should be used. See Note 2 on page 254. |
| 3 Significant accounting policies | Core model financial statements | Australian entities may wish to include an additional accounting policy in respect of goods and services tax (GST). See illustrative Note 3 in Appendix 2 on page 273. |
| 7 Profit for the year | Core model financial statements | Specific considerations apply in relation to rounding under <i>ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191</i> for certain share-based payment information. |
| 8 Staff costs | Core model financial statements | Specific considerations apply in relation to rounding under <i>ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191</i> for certain share-based payment information. |
| 12 Income tax | Core model financial statements | Entities with tax-consolidated groups may need to provide additional information. See the additions to Note 13 (in the core model financial statements), in Appendix 2 on page 290. |
| 14 Dividends | Core model financial statements | Specific considerations apply in relation to rounding under <i>ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191</i> for certain share-based payment information. Australian entities are required to provide information about imputation credits (franking credits). See the example in Note 14 on page 277. |
| 15 Earnings per share | Core model financial statements | Specific considerations apply in relation to rounding under <i>ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191</i> for earnings per share information. |
| 20 Subsidiaries | Core model financial statements | Entities applying <i>ASIC Corporations (Wholly owned Companies) Instrument 2016/785</i> or with tax-consolidated groups may need to provide additional information. See the example in Note 20 in Appendix 2 on page 279. |
| 31 Trade and other receivables | Core model financial statements | Where material, entities may wish to include a separate line item setting out the amount of goods and services tax recoverable. See the example in Note 31 in Appendix 2 on page 285. |

| Component | Primary source | Considerations |
|--|---------------------------------|---|
| Notes to the consolidated financial statements (where supplemented by additional information in Appendix 2) (continued) | | |
| 37 Trade and other payables | Core model financial statements | <p>Specific considerations apply in relation to rounding under <i>ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191</i> for certain share-based payment information.</p> <p>Where material, entities may wish to include a separate line item setting out the amount of goods and services tax recoverable. See the trade and other receivables example in Note 31 in Appendix 2 on page 285.</p> |
| 41 Share premium account | Core model financial statements | Under the Corporations Act, Australian entities generally do not have a par value for issued shares and accordingly, this note may not be relevant. |
| 54 Notes to the cash flow statement | Core model financial statements | Australian entities commonly adopt the direct method of presentation of the statement of cash flows and in this case are additionally required to provide a reconciliation of the net cash flows from operating activities to profit or loss. An illustrative disclosure is included in Note 54 in Appendix 2 on page 286. |
| 64 Related party transactions | Core model financial statements | <p>Additional information is required for Australian entities in relation to parent entities. Example disclosures are included in Note 64 in Appendix 2 on page 287.</p> <p>In addition, the specific considerations apply in relation to rounding under <i>ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191</i> for certain related party information, including remuneration of key management personnel.</p> |
| 66 Remuneration of auditors | Appendix 2 (page 288) | This Australian specific disclosure is required for entities applying Tier 1. An illustrative disclosure is included in Note 66 in Appendix 2 on page 288. |
| 67 Parent entity information | Appendix 2 (page 290) | This additional note is required where consolidated financial reports are prepared under the Corporations Act. An illustrative disclosure is included in Note 68 is available in Appendix 2 on page 290. |
| Other | | |
| Appendix 4E | Appendix 2 (page 209) | Most entities listed on the ASX are required to provide a 'preliminary final report' in the form of Appendix 4E to the ASX Listing Rules. See Appendix 4E in Appendix 2 on page 209. |
| ASX disclosures | Appendix 2 (page 293) | Entities listed on the ASX are required to provide additional information in their annual reports. See <i>ASX disclosures</i> in Appendix 2 on page 293. |
| ASX Corporate Governance Statement | Appendix 2 (page 300) | Entities listed on the ASX are required to disclose the extent to which they have complied with the best practice recommendations of the ASX Corporate Governance Council during the reporting period. See <i>ASX Corporate Governance Principles and Recommendations</i> in Appendix 2 on page 300. |

| Source | International GAAP Holdings Limited | | | |
|--|---|------|------------|------------|
|  IAS 1:10A IAS 1:10(b) IAS 1:10(ea) | Consolidated statement of comprehensive income For the year ended 31 December 2021 | | 31/12/2021 | 31/12/2020 |
| | | Note | CU | CU |
| IAS 1:113 IAS 1:10A | Profit for the year | | | |
| IAS 1:82A(a)(i) | Items that will not be reclassified subsequently to profit or loss: | | | |
| | Gains/(losses) on property revaluation | 43 | | |
| | Remeasurement of net defined benefit liability | 58 | | |
| IFRS 7:20(a)(vii) | Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI | 43 | | |
| IFRS 7:20(a)(i) IFRS 9:B5.7.9 | Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk | 45 | | |
| IAS 1:82A(b)(i) | Share of other comprehensive income of associates | 21 | | |
| IAS 1:82A(b)(i) | Share of other comprehensive income of joint ventures | 22 | | |
| IAS 1:90 IAS 1:91(b) | Income tax relating to items that will not be reclassified subsequently to profit or loss | 12 | | |
| | | | | |
| IAS 1:82A(a)(ii) | Items that may be reclassified subsequently to profit or loss: | | | |
| | <u>Debt instruments measured at FVTOCI:</u> | 43 | | |
| IFRS 7:20(a)(viii) IFRS 9:5.7.10 IFRS 9:B5.7.1A | Fair value gain/(loss) on investments in debt instruments measured at FVTOCI | | | |
| IFRS 7:20(a)(viii) | Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal | | | |
| IAS 1:82(cb) | Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL | | | |
| | | | | |
| IFRS 7:24C(b)(iv) IFRS 7:24E(a) | <u>Cash flow hedges:</u> | 46 | | |
| IFRS 7:24E(a) IAS 1:96, IFRS 9:6.5.11(d)(i) | Fair value gain/(loss) arising on hedging instruments during the period | | | |
| | Less: Cumulative (gain)/loss arising on hedging instruments reclassified to profit or loss | | | |
| | | | | |
| | <u>Foreign currency translation, net of investment hedges of a foreign operation:</u> | 48 | | |
| IAS 21:52(b) | Foreign exchange differences on translation of foreign operations | | | |

| Source | International GAAP Holdings Limited | | |
|---------------------|--|----|--|
| | Less: (Gain)/loss reclassified to profit or loss on disposal of foreign operation | | |
| IFRS 7:24C(b) | Gain/(loss) arising on hedging instruments designated in hedges of the net assets in foreign operation | | |
| | Less: (Gain)/loss on hedging instruments reclassified to profit or loss on disposal of foreign operation | | |
| IFRS 7:24E(b)-(c) | Cost of hedging: | 47 | |
| IFRS 9:6.5.15(b) | Changes in the fair value during the period in relation to transaction-related hedged items | | |
| (ii)-(iii) and (c), | Changes in the fair value during the period in relation to time-period related hedged items | | |
| IFRS 9:6.5.16 | Less: Cumulative (gain)/loss arising on changes in the fair value in relation to transaction-related hedged items reclassified to profit or loss | | |
| IAS 1:96 | Less: Amortisation to profit or loss of cumulative (gain)/loss arising on changes in the fair value in relation to time-period related hedged item | | |
| IAS 1:82A(b)(ii) | Share of other comprehensive income of associates | 21 | |
| IAS 1:82A(b)(ii) | Share of other comprehensive income of joint ventures | 22 | |
| IAS 1:90 | Income tax relating to items that may be reclassified subsequently to profit or loss | 12 | |
| IAS 1:91(b) | | | |
| IAS 1:81A(b) | Other comprehensive income for the year, net of income tax | | |
| IAS 1:81A(c) | Total comprehensive income for the year | | |
| IAS 1:81B(b) | Total comprehensive income attributable to: | | |
| | Owners of the Company | | |
| | Non-controlling interests | | |

Commentary:**One statement vs. two statements**

IAS 1 permits an entity to present profit or loss and other comprehensive income (OCI) in either a single statement or in two separate but consecutive statements. The alternative above illustrates the presentation of profit or loss and OCI in two separate but consecutive statements with expenses analysed by function. The alternative presented on the following pages illustrates the presentation of profit or loss and OCI in one statement with expenses analysed by nature.

Whichever presentation approach is adopted, the distinction is retained between items recognised in profit or loss and items recognised in OCI. Under both approaches, profit or loss, total OCI, as well as comprehensive income for the period (being the total of profit or loss and OCI) should be presented. Under the two-statement approach, the separate statement of profit or loss ends at 'profit for the year', and this 'profit for the year' is then the starting point for the statement of comprehensive income. In addition, the analysis of 'profit for the year' between the amount attributable to the owners of the Company and the amount attributable to non-controlling interests is presented as part of the separate statement of profit or loss.

Note that where the two-statement approach is adopted (as above), as required by IAS 1:10A, the statement of profit or loss must be displayed immediately before the statement of comprehensive income.

Commentary:**OCI: items that may or may not be reclassified**

Irrespective of whether the one-statement or the two-statement approach is followed, the items of OCI should be classified by nature and grouped into those that, in accordance with other IFRS Standards: (a) will not be reclassified subsequently to profit or loss; and (b) may be reclassified subsequently to profit or loss when specific conditions are met. An entity should present its share of OCI of associates and joint ventures accounted for using the equity method separately from those arising from the Group.

Presentation options for reclassification adjustments

In addition, in accordance with IAS 1:94, an entity may present reclassification adjustments in the statement of profit or loss and other comprehensive income or in the notes. In these model financial statements the reclassification adjustments have been presented in the notes.

Presentation options for income tax relating to items of OCI

Furthermore, for items of OCI, additional presentation options are available as follows: the individual items of OCI may be presented net of tax in the statement of profit or loss and other comprehensive income, or they may be presented gross with a single line deduction for tax relating to those items by allocating the tax between the items that may be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to profit or loss section as presented in these model financial statements. Whichever option is selected, the income tax relating to each item of OCI must be disclosed, either in the statement of profit or loss and other comprehensive income or in the notes (see Note 13).

Subtotals

When an entity presents subtotals, IAS 1:85A requires that those subtotals:

- *Comprise of line items made up of amounts recognised and measured in accordance with IFRS Standards*
- *Be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable*
- *Be consistent from period to period*
- *Not be displayed with more prominence than the subtotals and totals required in IFRS Standards*

Immaterial items

An entity need not provide a specific disclosure required by an IFRS Standard if the information resulting from that disclosure is not material. This is the case even if the IFRS Standard contains a list of specific requirements or describes them as minimum requirements.



| Source | International GAAP Holdings Limited | | |
|--|--|------|------------|
| IAS 1:10(b) IAS 1:10(ea) IAS 1:10A | Consolidated statement of profit or loss and other comprehensive income For the year ended 31 December 2021 | | |
| | | | 31/12/2021 |
| | | | 31/12/2020 |
| IAS 1:113 | | Note | CU |
| | | | CU |
| | Continuing operations | | |
| | Revenue | | |
| IAS 1:82(a) IFRS 15:113(a) | | 5 | |
| | Finance income – interest income | 9 | |
| | Finance income – other | 9 | |
| IAS 1:99 | Changes in inventories of finished goods and work in progress | | |
| IAS 1:99 | Raw materials and consumables used | | |
| IAS 1:99 | Depreciation and amortisation expenses | | |
| IAS 1:99 | Employee benefits expense | | |
| IAS 1:82(b) IFRS 16:49 | Finance costs | 11 | |
| IAS 1:99 | Transport costs | | |
| IAS 1:99 | Advertising costs | | |
| IAS 1:99 | Impairment of property, plant and equipment | | |
| | Impairment of goodwill | | |
| | Other expenses | | |
| IAS 1:82(c) | Share of results of associates | 21 | |
| IAS 1:82(c) | Share of results of joint ventures | 22 | |
| IAS 1:82(aa) IFRS 7:20A | Gains and losses arising from the derecognition of financial assets measured at amortised cost | | |
| IAS 1:82(ca) | Gains and losses on reclassification of financial assets from amortised cost to FVTPL | | |
| IAS 1:82(ba) | Impairment losses (including reversals of impairment losses) on financial assets and contract assets | 8 | |
| IAS 1:82(cb) | Gains and losses on reclassification of financial assets from FVTOCI to FVTPL | | |
| | Other gains and losses | 10 | |
| IAS 1:85, IAS 1:85A IAS 1:85B | Profit before tax | | |
| IAS 1:82(d) IAS 12:77 | Income tax | 12 | |
| | | | _____ |
| | | | _____ |

| Source | International GAAP Holdings Limited | | |
|---|---|----|--|
| IAS 1:85, IAS 1:85A IAS 1:85B | Profit for the year from continuing operations | | |
| | Discontinued operations | | |
| IAS 1:82(ea) IFRS 5:33(a) | Loss for the year from discontinued operations | 13 | |
| IAS 1:81A(a) | Profit for the year | 7 | |
| | Other comprehensive income for the year | | |
| IAS 1:82A(a)(i) | Items that will not be reclassified subsequently to profit or loss: | | |
| | Gains/(losses) on property revaluation | 43 | |
| | Remeasurement of net defined benefit liability | 58 | |
| IFRS 7:20(a)(vii) | Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI | 43 | |
| IFRS 7:20(a)(i) IFRS 9:B5.7.9 | Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk | 45 | |
| IAS 1:82A(b)(i) | Share of other comprehensive income of associates | 21 | |
| IAS 1:82A(b)(i) | Share of other comprehensive income of joint ventures | 22 | |
| IAS 1:90 IAS 1:91(b) | Income tax relating to items that will not be reclassified subsequently to profit or loss | 12 | |
| | | | |
| IAS 1:82A(a)(ii) | Items that may be reclassified subsequently to profit or loss: | | |
| | <u>Debt instruments measured at FVTOCI:</u> | 43 | |
| IFRS 7:20(a)(viii) IFRS 9:5.7.10 IFRS 9:B5.7.1A | Fair value gain/(loss) on investments in debt instruments measured at FVTOCI | | |
| IFRS 7:20(a)(viii) | Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal | | |
| IAS 1:82(cb) | Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL | | |
| | | | |
| IFRS 7:24C(b)(iv) IFRS 7:24E(a) | <u>Cash flow hedges:</u> | 46 | |
| IFRS 7:24E(a) IAS 1:96, IFRS 9:6.5.11(d)(i) | Fair value gain/(loss) arising on hedging instruments during the period | | |
| | Less: Cumulative (gain)/loss arising on hedging instruments reclassified to profit or loss | | |
| | | | |
| | <u>Foreign currency translation, net of investment hedges of a foreign operation:</u> | 48 | |
| IAS 21:52(b) | Foreign exchange differences on translation of foreign operations | | |

| Source | | International GAAP Holdings Limited | | | |
|---|---|-------------------------------------|-------------------|-------------------|--|
| IAS 1:10(a) IAS 1:10(ea) | Consolidated statement of financial position - Alt. 1 | | | | |
| | As at 31 December 2021 | | | | |
| IAS 1:113 | Note | 31/12/2021 | 31/12/2020 | 1/1/2020 | |
| IAS 1:10(f) IAS 1:40A | | CU | CU (Restated)* | CU (Restated)* | |
| IAS 8:22 | | | | | |
| IAS 1:60-61 IAS 1:66-68 | Non-current assets | | | | |
| IAS 1:55 | Goodwill | 16 | | | |
| IAS 1:54(c) | Other intangible assets | 17 | | | |
| IAS 1:54(a) | Property, plant and equipment | 18 | | | |
| IAS 1:55 IFRS 16:47(a) | Right-of-use assets | 30 | | | |
| IAS 1:54(b) | Investment property | 19 | | | |
| IAS 1:54(e) IAS 1:55 | Investments in associates | 21 | | | |
| IAS 1:54(e) IAS 1:55 | Interests in joint ventures | 22 | | | |
| IAS 1:54(d) IAS 1:55 | Investments in financial assets | 24 | | | |
| IAS 1:54(d) IAS 1:55 | Finance lease receivables | 29 | | | |
| IAS 1:54(d) IAS 1:55 | Derivative financial instruments | 34 | | | |
| IAS 1:54(o) IAS 1:56 | Deferred tax asset | 35 | | | |
| IAS 1:55 IFRS 15:105 IFRS 15:116(a) | Contract assets | 27 | | | |
| IAS 1:55 IFRS 15:105 IFRS 15:91 IFRS 15:95 | Contract costs | 28 | | | |
| | | | | | |
| IAS 1:60-61 IAS 1:66-68 | Current assets | | | | |
| IAS 1:54(g) | Inventories | 25 | | | |
| IAS 1:54(d) IAS 1:55 | Investments in financial assets | 24 | | | |
| IAS 1:55 IFRS 15:B21 | Right to returned goods asset | 26 | | | |
| IAS 1:55 IFRS 15:105 | Contract assets | 27 | | | |
| IAS 1:55 IFRS 15:105 IFRS 15:91 IFRS 15:95 | Contract costs | 28 | | | |
| | | | | | |
| | * The comparative information has been restated as a result of [the change in accounting policy/prior period error] as discussed in note 2. | | | | |

| Source | International GAAP Holdings Limited | | |
|---|---|----|--|
| IAS 1:54(d) IAS 1:55 | Finance lease receivables | 30 | |
| IAS 1:54(h) IFRS 15:116(a) | Trade and other receivables | 32 | |
| IAS 1:54(d) IAS 1:55 | Derivative financial instruments | 35 | |
| IAS 1:54(i) | Cash and bank balances | | |
| IAS 1:54(j) IFRS 5:38-39 | Assets classified as held for sale | 14 | |
| IAS 1:55-55A | Total assets | | |
| IAS 1:60-61 IAS 1:69-76 | Current liabilities | | |
| IAS 1:54(k) IAS 1:54(n) IAS 1:56 | Trade and other payables Current tax liabilities | 37 | |
| IAS 1:54(m) IAS 1:55 IFRS 16:47(b) | Lease liabilities | 36 | |
| IAS 1:54(m) IAS 1:55 | Borrowings | 32 | |
| IAS 1:54(m) IAS 1:55 | Derivative financial instruments | 34 | |
| IAS 1:54(m) IAS 1:55 | Other financial liabilities | 38 | |
| IAS 1:54(l) | Provisions | 39 | |
| IAS 1:55 | Deferred income – government grant | 59 | |
| IAS 1:55 IFRS 15:105 IFRS 15:116(a) | Contract liabilities | 60 | |
| IAS 1:55 IFRS 15:B21 IFRS 15:119(d) | Refund liability | 61 | |
| IAS 1:54(p) IFRS 5:38-39 | Liabilities directly associated with assets classified as held for sale | 13 | |
| | Net current assets | | |

| Source | International GAAP Holdings Limited | | |
|---|--|-------|--|
| | Non-current liabilities | | |
| IAS 1:60-61 IAS 1:69-76 | | | |
| IAS 1:54(m) IAS 1:55 | Borrowings | 32 | |
| IAS 1:54(m) IAS 1:55 | Convertible loan notes | 33 | |
| IAS 1:55 | Retirement benefit obligations | 58 | |
| IAS 1:54(o) IAS 1:56 | Deferred tax liabilities | 35 | |
| IAS 1:54(l) | Provisions | 39 | |
| IAS 1:55 | Deferred income – government grant | 59 | |
| IAS 1:55 IFRS 15:105 IFRS 15:116(a) | Contract liabilities | 60 | |
| IAS 1:54(m) IAS 1:55 IFRS 16:47(b) | Lease liabilities | 36 | |
| IAS 1:54(m) IAS 1:55 | Liability for share-based payments | 57 | |
| | | | |
| IAS 1:55-55A | Total liabilities | | |
| | Net assets | | |
| | | | |
| | Equity | | |
| | Share capital | 40 | |
| | Share premium account | 41 | |
| | Other reserves | 42-49 | |
| | Retained earnings | 50 | |
| IAS 1:54(r) | Equity attributable to owners of the Company | | |
| IAS 1:54(q) IFRS 10:22 | Non-controlling interests | 51 | |
| IAS 1:55-55A | Total equity | | |

Commentary:

IAS 1:40A requires an entity to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) if:

- It applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements
- The retrospective application, retrospective restatement or the reclassification has a material effect on the information in the third statement of financial position

Other than disclosures of certain specified information as required by IAS 1:41-44 and IAS 8 the related notes to the third statement of financial position are not required to be disclosed.



Australian entities commonly present the statement of financial position in a different order to that presented here. An example of the common Australian presentation can be found in Appendix 2.

| Source | International GAAP Holdings Limited | | | |
|---|---|------------|-------------|-------------|
| IAS 1:10(a) IAS 1:10(ea) | Consolidated statement of financial position - Alt. 2 | | | |
| | As at 31 December 2021 | | | |
| IAS 1:113 IAS 1:10(f) IAS 1:40A | Note | 31/12/2021 | 31/12/2020 | 1/1/2020 |
| | | CU | CU | CU |
| | | | (Restated)* | (Restated)* |
| | Assets | | | |
| | Non-current assets | | | |
| IAS 1:60-61 IAS 1:66-68 | Non-current assets | | | |
| IAS 1:55 | Goodwill | 16 | | |
| IAS 1:54(c) | Other intangible assets | 17 | | |
| IAS 1:54(a) | Property, plant and equipment | 18 | | |
| IAS 1:55 IFRS 16:47(a) | Right-of-use assets | 30 | | |
| IAS 1:54(b) | Investment property | 19 | | |
| IAS 1:54(e) IAS 1:55 | Investments in associates | 21 | | |
| IAS 1:54(e) IAS 1:55 | Interests in joint ventures | 22 | | |
| IAS 1:54(d) IAS 1:55 | Investments in financial assets | 24 | | |
| IAS 1:54(d) IAS 1:55 | Finance lease receivables | 29 | | |
| IAS 1:54(d) IAS 1:55 | Derivative financial instruments | 34 | | |
| IAS 1:54(o) IAS 1:56 | Deferred tax asset | 35 | | |
| IAS 1:55 IFRS 15:105 IFRS 15:116(a) | Contract assets | 27 | | |
| IAS 1:55 IFRS 15:105 IFRS 15:91 IFRS 15:95 | Contract costs | 28 | | |
| IAS 1:55-55A | Total non-current assets | | | |
| IAS 1:60-61 IAS 1:66-68 | Current assets | | | |
| IAS 1:54(g) | Inventories | 25 | | |
| IAS 1:54(d) IAS 1:55 | Investments | 24 | | |
| IAS 1:55 IFRS 15:B21 | Right to returned goods asset | 26 | | |
| IAS 1:55 IFRS 15:105 | Contract assets | 27 | | |
| IAS 1:55 IFRS 15:105 IFRS 15:91 IFRS 15:95 | Contract costs | 28 | | |
| | * The comparative information has been restated as a result of [the change in accounting policy/prior period error] as discussed in note 2. | | | |

| Source | International GAAP Holdings Limited | | |
|---|--|-------|--|
| IAS 1:54(d) IAS 1:55 | Finance lease receivables | 29 | |
| IAS 1:54(h) IFRS 15:116(a) | Trade and other receivables | 31 | |
| IAS 1:54(d) IAS 1:55 | Derivative financial instruments | 34 | |
| IAS 1:54(i) | Cash and bank balances | | |
| IAS 1:54(j) IFRS 5:38–39 | Assets classified as held for sale | 13 | |
| | Total current assets | | |
| IAS 1:55-55A | Total assets | | |
| | Equity and liabilities | | |
| | Capital and reserves | | |
| | Issued share capital and share premium | 40–41 | |
| | Other reserves | 42–49 | |
| | Retained earnings | 50 | |
| IAS 1:54(r) | Equity attributable to owners of the Company | | |
| IAS 1:54(q) IFRS 10:22 | Non-controlling interests | 51 | |
| IAS 1:55-55A | Total equity | | |
| | Non-current liabilities | | |
| IAS 1:60-61 IAS 1:69-76 | | | |
| IAS 1:54(m) IAS 1:55 | Borrowings | 32 | |
| IAS 1:54(m) IAS 1:55 | Convertible loan notes | 33 | |
| IAS 1:55 | Retirement benefit obligations | 58 | |
| IAS 1:54(o) IAS 1:56 | Deferred tax liabilities | 35 | |
| IAS 1:54(l) | Provisions | 39 | |
| IAS 1:55 | Deferred income – government grant | 59 | |
| IAS 1:55 IFRS 15:105 IFRS 15:116(a) | Contract liabilities | 60 | |
| IAS 1:54(m) IAS 1:55 IFRS 16:47(b) | Lease liabilities | 36 | |
| IAS 1:54(m) IAS 1:55 | Liability for share-based payments | 57 | |
| | Total non-current liabilities | | |

| Source | International GAAP Holdings Limited | | |
|---|---|----|--|
| | Current liabilities | | |
| IAS 1:60-61 IAS 1:69-76 | | | |
| IAS 1:54(k) | Trade and other payables | 37 | |
| IAS 1:54(n) IAS 1:56 | Current tax liabilities | | |
| IAS 1:54(m) IAS 1:55 IFRS 16:47(b) | Lease liabilities | 36 | |
| IAS 1:54(m) IAS 1:55 | Borrowings | 32 | |
| IAS 1:54(m) IAS 1:55 | Derivative financial instruments | 34 | |
| IAS 1:54(m) IAS 1:55 | Other financial liabilities | 38 | |
| IAS 1:54(l) | Provisions | 39 | |
| IAS 1:55 | Deferred income – government grant | 59 | |
| IAS 1:55 IFRS 15:105 IFRS 15:116(a) | Contract liabilities | 60 | |
| IAS 1:55 IFRS 15:B21 IFRS 15:119(d) | Refund liability | 61 | |
| | | | |
| IAS 1:54(p) IFRS 5:38 - 39 | Liabilities directly associated with assets classified as held for sale | 13 | |
| | | | |
| IAS 1:55-55A | Total current liabilities | | |
| | | | |
| IAS 1:55-55A | Total liabilities | | |
| | | | |
| IAS 1:55-55A | Total equity and liabilities | | |
| | | | |

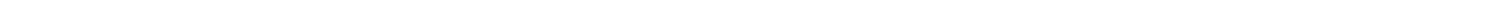


Australian entities commonly present the statement of financial position in a different order to that presented here. An example of the common Australian presentation can be found in Appendix 2.

| Source | International GAAP Holdings Limited | | | | | | | | | | |
|--|--|---------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|----|----|----|----|----|
| IAS 1:10(c) IAS 1:10(ea) IAS 1:106 IAS 1:108 | Consolidated statement of changes in equity for the year ended 31 December 2021 | | | | | | | | | | |
| | Equity attributable to equity holders of the parent | | | | | | | | | | |
| IFRS 9:6.5.8(a) IFRS 7:24E(a) IFRS 9:6.5.11(a)&(d) IFRS 7:24E(b)-(c) IAS 21:52(b) IFRS 9:6.5.14 | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Share capital</th> <th style="width: 15%;">Share premium account</th> <th style="width: 10%;">Own shares</th> <th style="width: 15%;">Properties revaluation reserve</th> <th style="width: 15%;">Investments revaluation reserve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">CU</td> </tr> </tbody> </table> | Share capital | Share premium account | Own shares | Properties revaluation reserve | Investments revaluation reserve | CU | CU | CU | CU | CU |
| Share capital | Share premium account | Own shares | Properties revaluation reserve | Investments revaluation reserve | | | | | | | |
| CU | CU | CU | CU | CU | | | | | | | |
| | Balance at 1 January 2020 | | | | | | | | | | |
| IAS 1:106(b) IAS 8:49(c) | Effect of change in accounting policy for <i>[insert as relevant]</i> | | | | | | | | | | |
| | Balance at 1 January 2020 – As restated* | | | | | | | | | | |
| IAS 1:106(d)(i) | Profit for the year | | | | | | | | | | |
| IAS 1:106(d)(ii) IAS 1:106A | Other comprehensive income for the year | | | | | | | | | | |
| IAS 1:106(a) | Total comprehensive income for the year | | | | | | | | | | |
| IAS 1:106(d)(iii) | Issue of share capital | | | | | | | | | | |
| IAS 1:107 | Dividends | | | | | | | | | | |
| | Transfer of cash flow hedging (gains)/losses and cost of hedging to the initial carrying amount of hedged items | | | | | | | | | | |
| | Transfer of credit risk reserve upon derecognition of the related financial liabilities | | | | | | | | | | |
| | Transfer of investment revaluation reserve upon disposal of investments in equity instruments designated as at FVTOCI | | | | | | | | | | |
| | Own shares acquired in the year | | | | | | | | | | |
| | Equity-settled share-based payments | | | | | | | | | | |
| | Deferred tax on share-based payment transactions | | | | | | | | | | |
| | Balance at 31 December 2020 | | | | | | | | | | |



| Option premium on convertible notes | Financial liabilities at FVTPL credit risk reserve | Cash flow hedging reserve | Cost of hedging reserve | Foreign exchange translation reserve | Share-based payments reserve | Retained earnings | Attributable to owners of the parent | Non-controlling interest | Total equity |
|-------------------------------------|--|---------------------------|-------------------------|--------------------------------------|------------------------------|-------------------|---|--------------------------|---------------------|
| CU | CU | CU | CU | CU | CU | CU | CU | CU | CU |



| Source | | International GAAP Holdings Limited | | | | |
|---|---|---|-----------------------|------------|--------------------------------|---------------------------------|
| | | Equity attributable to equity holders of the parent | | | | |
| | | Share capital | Share premium account | Own shares | Properties revaluation reserve | Investments revaluation reserve |
| IFRS 9:6.5.8(a) IFRS 7:24E(a) IFRS 9:6.5.11(a)&(d) IFRS 7:24E(b)-(c) IAS 21:52(b) IFRS 9:6.5.14 | | CU | CU | CU | CU | CU |
| | Balance at 1 January 2021 | | | | | |
| | Impact of initial application of Interest Rate Benchmark Reform (see note 2) | | | | | |
| | Impact of initial application of Amendment to IFRS 16 (see note 2) | | | | | |
| | Balance at 1 January 2021 - adjusted | | | | | |
| IAS 1:106(d)(i) | Profit for the year | | | | | |
| IAS 1:106(d)(ii) IAS 1:106A | Other comprehensive income for the year | | | | | |
| IAS 1:106(a) | Total comprehensive income for the period | | | | | |
| IAS 1:106(d)(iii) | Issue of share capital | | | | | |
| IAS 1:107 | Dividends | | | | | |
| | Transfer of cash flow hedging (gains)/ losses and cost of hedging to the initial carrying amount of hedged items | | | | | |
| | Transfer of credit risk reserve upon derecognition of the related financial liabilities | | | | | |
| | Transfer of investment revaluation reserve upon disposal of investments in equity instruments designated as at FVTOCI | | | | | |
| | Own shares acquired in the year | | | | | |
| | Equity-settled share-based payments | | | | | |
| | Deferred tax on share-based payment transactions | | | | | |
| | Adjustment arising from change in non-controlling interest | | | | | |
| | Recognition of equity component of convertible loan notes | | | | | |
| | Deferred tax on equity component of convertible loan notes | | | | | |
| | Balance at 31 December 2021 | | | | | |



| Option premium on convertible notes | Financial liabilities at FVTPL credit risk reserve | Cash flow hedging reserve | Cost of hedging reserve | Foreign exchange translation reserve | Share-based payments reserve | Retained earnings | Attributable to owners of the parent | Non-controlling interest | Total equity |
|-------------------------------------|--|---------------------------|-------------------------|--------------------------------------|------------------------------|-------------------|---|--------------------------|---------------------|
| CU | CU | CU | CU | CU | CU | CU | CU | CU | CU |

| Source | International GAAP Holdings Limited | | 31/12/2021 | 31/12/2020 |
|--|--|------|------------|------------|
| | | Note | CU | CU |
| IAS 1:10(d) IAS 1:10(ea) IAS 7:1 IFRS 5:33(c) | Consolidated statement of cash flows - Alt. 1 for the year ended 31 December 2021 | | | |
| IAS 1:113 | Profit for the year | | | |
| | Adjustments for: | | | |
| | Share of profit of associates | | | |
| | Share of profit of joint ventures | | | |
| | Finance income | | | |
| | Other gains and losses | | | |
| | Finance costs | | | |
| | Income tax expense | | | |
| | Gain on disposal of discontinued operations | | | |
| | Depreciation of property, plant and equipment | | | |
| | Impairment loss on property, plant and equipment | | | |
| | Depreciation of right-of-use assets | | | |
| | Impairment losses, net of reversals, on financial assets | | | |
| | Amortisation of intangible assets | | | |
| | Impairment of goodwill | | | |
| | Share-based payment expense | | | |
| | Fair value gain/loss on investment property | | | |
| | Gain on disposal of property, plant and equipment | | | |
| | Increase/(decrease) in provisions | | | |
| | Fair value gain/loss on derivatives and other financial assets held for trading | | | |
| | Difference between pension funding contributions paid and the pension cost charge | | | |
| | Operating cash flows before movements in working capital | | | |
| | Decrease/(increase) in inventories | | | |
| | Decrease/(increase) in trade and other receivables | | | |
| | Decrease/(increase) in contract assets | | | |
| | Decrease/(increase) in contract costs | | | |
| | Decrease/(increase) in right to returned goods assets | | | |
| | Increase/(decrease) in trade and other payables | | | |
| | Increase/(decrease) in contract liabilities | | | |
| | Increase/(decrease) in refund liability | | | |
| | Increase/(decrease) in deferred income | | | |
| | Cash generated by operations | | | |
| IAS 7:35-36 | Income taxes paid | | | |
| | Net cash from operating activities | | | |

| Source | International GAAP Holdings Limited | | |
|---------------|--|----|--|
| IAS 7:10 | Investing activities | | |
| IAS 7:16 | | | |
| IAS 7:21-24 | | | |
| IFRS 9:IG.G.2 | | | |
| IAS 7:31 | Interest received | | |
| IAS 7:38 | Dividends received from associates | | |
| IAS 24:19(d) | | | |
| IAS 7:38 | Dividends received from joint ventures | | |
| IAS 24:19(e) | | | |
| IAS 7:31 | Dividends received from equity instruments designated at FVTOCI | | |
| | Proceeds on disposal of equity instruments held at FVTOCI | | |
| IAS 7:39 | Proceeds on disposal of subsidiary | 52 | |
| | Proceeds on disposal of property, plant and equipment | | |
| | Purchases of property, plant and equipment | | |
| IAS 20:28 | Government grants towards purchase of equipment | | |
| | Acquisition of investment in an associate | | |
| | Purchases of equity instruments designated at FVTOCI | | |
| | Purchases of patents and trademarks | | |
| IAS 7:39 | Acquisition of subsidiary | 53 | |
| | Cash received from the settlements of the derivative financial instruments held for hedging purposes | | |
| | Cash paid due to the settlements of the derivative financial instruments held for hedging purposes | | |
| | Net cash (used in)/from investing activities | | |
| | | | |
| | Financing activities | | |
| IAS 7:10 | | | |
| IAS 7:17 | | | |
| IAS 7:21-24 | | | |
| IFRS 9:IG.G.2 | | | |
| IAS 7:31 | Dividends paid | | |
| IAS 7:34 | | | |
| IAS 7:31 | Interest paid | | |
| IFRS 16:50(b) | | | |
| IAS 7:21 | Transaction costs related to loans and borrowings | | |
| IAS 7:17(d) | Repayments of loans and borrowings | | |
| IAS 7:17(c) | Proceeds from loans and borrowings | | |
| IAS 7:17(b) | Repurchase of treasury shares | | |
| IAS 7:17(e) | Repayment of lease liabilities | | |
| IFRS 16:50(a) | | | |

| Source | International GAAP Holdings Limited | | | |
|-------------|---|--|----|--|
| IAS 7:17(c) | Proceeds on issue of convertible loan notes | | | |
| IAS 7:17(a) | Proceeds on issue of shares | | | |
| | Proceeds from sale of own shares | | | |
| | Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control | | 20 | |
| | Cash received from the settlements of the derivative financial instruments used to hedge interest rate risk | | | |
| | Cash paid due to the settlements of the derivative financial instruments used to hedge interest rate risk | | | |
| | Net cash (used in)/from financing activities | | | |
| | Net increase/(decrease) in cash and cash equivalents | | | |
| | Cash and cash equivalents at beginning of year | | | |
| IAS 7:28 | Effect of foreign exchange rate changes | | | |
| | Cash and cash equivalents at end of year | | 54 | |

Commentary:
The above illustrates the indirect method of reporting cash flows from operating activities.



Australian entities commonly adopt the direct method of presentation of the statement of cash flows and in this case are additionally required to provide a reconciliation of the net cash flows from operating activities to profit or loss. An illustrative disclosure is included in Appendix 2 in Note 54.

| Source | International GAAP Holdings Limited | | 31/12/2021 | 31/12/2020 |
|--|--|------|------------|------------|
| | | Note | CU | CU |
| IAS 1:10(d) IAS 1:10(ea) IAS 7:1 IFRS 5:33(c) | Consolidated statement of cash flows - Alt. 2 For the year ended 31 December 2021 | | | |
| IAS 1:113 IAS 7:10 IAS 7:12-15 IAS 7:18-20 | Cash from operating activities | | | |
| | Receipts from customers | | | |
| IFRS 16:50(c) | Payments to suppliers and employees | | | |
| | Cash generated from operations | | | |
| IAS 7:35-36 | Income taxes paid | | | |
| | Net cash from operating activities | | | |
| IAS 7:10 IAS 7:16 IAS 7:21-24 IFRS 9:IG.G.2 | Investing activities | | | |
| IAS 7:31 | Interest received | | | |
| IAS 7:38 IAS 24:19(d) | Dividends received from associates | | | |
| IAS 7:38 IAS 24:19(e) | Dividends received from joint ventures | | | |
| IAS 7:31 | Dividends received from equity instruments designated at FVTOCI | | | |
| | Proceeds on disposal of equity instruments held at FVTOCI | | | |
| IAS 7:39 | Proceeds on disposal of subsidiary | 52 | | |
| | Proceeds on disposal of property, plant and equipment | | | |
| | Purchases of property, plant and equipment | | | |
| IAS 20:28 | Government grants towards purchase of equipment | | | |
| | Acquisition of investment in an associate | | | |
| | Purchases of equity instruments designated at FVTOCI | | | |
| | Purchases of patents and trademarks | | | |
| IAS 7:39 | Acquisition of subsidiary | 53 | | |
| | Cash received from the settlements of the derivative financial instruments held for hedging purposes | | | |
| | Cash paid due to the settlements of the derivative financial instruments held for hedging purposes | | | |
| | Net cash (used in)/from investing activities | | | |

| Source | International GAAP Holdings Limited | | |
|--|---|----|--|
| | Financing activities | | |
| IAS 7:10 IAS 7:17 IAS 7:21-24 IFRS 9:IG.G.2 | | | |
| IAS 7:31 IAS 7:34 | Dividends paid | | |
| IAS 7:31 IFRS 16:50(b) | Interest paid | | |
| IAS 7:21 | Transaction costs related to loans and borrowings | | |
| IAS 7:17(d) | Repayments of loans and borrowings | | |
| IAS 7:17(c) | Proceeds from loans and borrowings | | |
| IAS 7:17(b) | Repurchase of treasury shares | | |
| IAS 7:17(e) IFRS 16:50(a) | Repayment of lease liabilities | | |
| IAS 7:17(c) | Proceeds on issue of convertible loan notes | | |
| IAS 7:17(a) | Proceeds on issue of shares | | |
| | Proceeds from sale of treasury shares | | |
| | Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control | 20 | |
| | Cash received from the settlements of the derivative financial instruments used to hedge interest rate risk | | |
| | Cash paid due to the settlements of the derivative financial instruments used to hedge interest rate risk | | |
| | Net cash (used in)/from financing activities | | |
| | Net increase/(decrease) in cash and cash equivalents | | |
| | Cash and cash equivalents at beginning of year | | |
| IAS 7:28 | Effect of foreign exchange rate changes | | |
| | Cash and cash equivalents at end of year | 54 | |

Commentary:
The above illustrates the direct method of reporting cash flows from operating activities.

 Australian entities commonly adopt the direct method of presentation of the statement of cash flows and in this case are additionally required to provide a reconciliation of the net cash flows from operating activities to profit or loss. An illustrative disclosure is included in Appendix 2 in Note 54.

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|------------|------------|------------|--|----|----|---|--|--|------------------------------|--|--|--|--|--|---|--|--|------------------------------|--|--|-----------------------------------|--|--|--|------------|--|----|---|--|------------------------------|--|--|--|---|--|------------------------------|--|-----------------------------------|--|
| | <p>Notes to the consolidated financial statements</p> <p>For the year ended 31 December 2021</p> <p>1. General information</p> <p>International GAAP Holdings Limited (the Company) is a company limited by shares incorporated and registered in [A Land]. Its ultimate controlling party is [name]. The address of the Company's registered office is shown on page [X].</p> <p>The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in note 6.</p> <p>These financial statements are presented in Currency Units (CUs) and are rounded to the nearest CU. Foreign operations are included in accordance with the policies set out in note 3.</p> <p>2. Adoption of new and revised Standards</p> <p>Change in accounting policy</p> <p>[Describe the nature of the change in accounting policy, describe the transitional provisions (when applicable) and describe the transitional provisions that might have an effect on future periods (when applicable)].</p> <p>The following table summarises the impact of the change in policy on the financial statements of the Group. The impact of the change in policy on both basic and diluted earnings per share is presented in note 15.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2021</th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> </tr> </thead> <tbody> <tr> <td>Consolidated statement of profit or loss</td> <td></td> <td></td> </tr> <tr> <td>[Describe captions affected]</td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Increase/(decrease) in profit for the financial year</td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Consolidated statement of financial position</td> <td></td> <td></td> </tr> <tr> <td>[Describe captions affected]</td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Increase/(decrease) in net assets</td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> </tbody> </table> <p>[Describe the amount of the adjustment relating to periods before those presented (to the extent practicable)]</p> <p>[If retrospective application is impracticable for a particular prior period, or for periods before those presented, describe the circumstances that led to the existence of that condition and describe how and from when the change in accounting policy has been applied].</p> <p>Prior period errors</p> <p>[Describe the nature of the prior period error.]</p> <p>The following table summarises the impact of the prior period error on the financial statements of the Group. The impact of the prior period error on both basic and diluted earnings per share is presented in note 16.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2021</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> </tr> </thead> <tbody> <tr> <td>Consolidated statement of profit or loss</td> <td></td> </tr> <tr> <td>[Describe captions affected]</td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Increase/(decrease) in profit for the financial year</td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Consolidated statement of financial position</td> <td></td> </tr> <tr> <td>[Describe captions affected]</td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Increase/(decrease) in net assets</td> <td style="border-top: 1px solid black;"></td> </tr> </tbody> </table> <p>[If retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.]</p> | | 31/12/2021 | 31/12/2020 | | CU | CU | Consolidated statement of profit or loss | | | [Describe captions affected] | | | Increase/(decrease) in profit for the financial year | | | Consolidated statement of financial position | | | [Describe captions affected] | | | Increase/(decrease) in net assets | | | | 31/12/2021 | | CU | Consolidated statement of profit or loss | | [Describe captions affected] | | Increase/(decrease) in profit for the financial year | | Consolidated statement of financial position | | [Describe captions affected] | | Increase/(decrease) in net assets | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated statement of profit or loss | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Describe captions affected] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Increase/(decrease) in profit for the financial year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated statement of financial position | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Describe captions affected] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Increase/(decrease) in net assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 31/12/2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated statement of profit or loss | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Describe captions affected] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Increase/(decrease) in profit for the financial year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated statement of financial position | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Describe captions affected] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Increase/(decrease) in net assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 24:13 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 1:138(a)&(c) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 1:138(b) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 1:51(d)-(e) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 8:14-15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 8:28(a) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 8:28(c) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 8:28(b) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 8:28(d) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 8:28(e) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 8:28(f)(i) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 8:28(g) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 8:28(h) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 8:41 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 8:45 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 8:49(a) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 8:49(b)(i) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 8:49(d) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



New and amended IFRS Standards that are effective for the current year

Impact of the initial application of Interest Rate Benchmark Reform

In the prior year, the Group adopted the Phase 1 amendments *Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7*. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Group adopted the Phase 2 amendments *Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021.

Both the Phase 1 and Phase 2 amendments are relevant to the Group because it applies hedge accounting to its interest rate benchmark exposures, and in the current period modifications in response to the reform have been made to some (but not all) of the Group's derivative and non-derivative financial instruments that mature post 2021 (the date by which the reform is expected to be implemented).

Details of the derivative and non-derivative financial instruments affected by the interest rate benchmark reform together with a summary of the actions taken by the Group to manage the risks relating to the reform and the accounting impact, including the impact on hedge accounting relationships, appear in Note 62.

The amendments are relevant for the following types of hedging relationships and financial instruments of the Group, all of which extend beyond 2021:

- Fair value hedges where LIBOR-linked derivatives are designated as a fair value hedge of fixed rate debt in respect of the GBP LIBOR risk component
- Cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked bank borrowings
- Bills or exchange and lease liabilities which reference LIBORs and are subject to the interest rate benchmark reform

The application of the amendments affects the Group's accounting in the following ways:

- The Group has issued CU-denominated fixed rate debt that is subject to a fair value hedge using CU fixed to CU LIBOR interest rate swaps. The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, CU LIBOR, may no longer be separately identifiable and there is uncertainty about the replacement of the floating interest rates included in the interest rate swaps. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship will be discontinued.

[For those entities that apply the hedge accounting requirements in IAS 39, the following paragraph would be relevant.]

- The Group will not discontinue hedge accounting should the retrospective assessment of hedge effectiveness fall outside the 80-125 per cent range and the hedging relationship is subject to interest rate benchmark reforms. For those hedging relationships that are not subject to the interest rate benchmark reforms the entity continues to cease hedge accounting if retrospective effectiveness is outside the 80-125 per cent range.

The Group will continue to apply the Phase 1 amendments to IFRS 9/IAS 39 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread.

| Source | International GAAP Holdings Limited |
|---------------------------------|---|
| | <p>As a result of the Phase 2 amendments:</p> <ul style="list-style-type: none"> • When the contractual terms of the Group's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other changes. See note 32 for further details regarding changes made to the LIBOR-linked bank borrowings • When a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the Group remeasures the lease liability to reflect the revised lease payments discounted using a revised discount rate that reflects the change in the basis for determining the contractual cash flows • When changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the Group updates the hedge documentation without discontinuing the hedging relationship and, in the case of a cash flow hedge, the amount accumulated in the cash flow hedge reserve is deemed to be based on SONIA (see note 62) • For the Group's fair value hedges of a non-contractually specified benchmark component of interest rate risk, on transition to the alternative benchmark rate, if that risk rate is not separately identifiable at the date of designation, it will be deemed to have met the separately identifiable requirement at that date, if the Group reasonably expects the term specific interest rate component will be separately identifiable within a period of 24 months from the date the alternative benchmark rate is first designated, regardless of the term for which the risk is designated in that hedge. The 24-month period applies on a rate-by-rate basis <p>Note 62 provides the required disclosures related to these amendments.</p> |
| | <p>Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16</p> |
| | <p>In the prior year, the Group early adopted <i>Covid-19-Related Rent Concessions (Amendment to IFRS 16)</i> that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.</p> |
| | <p>In March 2021, the Board issued <i>Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)</i> that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.</p> |
| IAS 8:28(a)-(c); IFRS 16:C1C | <p>In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.</p> |
| IFRS 16:46A | <p>The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.</p> |
| IFRS 16:46B | <p>The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:</p> <ul style="list-style-type: none"> • The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change • Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022) • There is no substantive change to other terms and conditions of the lease |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | |
|---|---|---|----------------------------|----------------------------------|--|---------------------|--|----------------------|--|----------------------|---|----------------------|--|---|--|
| IFRS 16:60A(a) IFRS 16:C20A; IFRS 16:C20BA; IFRS 16:BC205] | <p><u>Impact on accounting for changes in lease payments applying the exemption</u></p> <p>The Group has applied the practical expedient retrospectively to all rent concessions that became eligible for the practical expedient as a result of the March 2021 amendment. The Group has not restated prior period figures, and the difference arising on initial application of the March 2021 amendment has been recognised in the opening balance of retained earnings at 1 January 2021. The Group has, in total, benefited from a __ month waiver of lease payments on buildings in [A Land], where those payments originally included amounts due after 30 June 2021 but before 30 June 2022. The waiver of lease payments which total CU__ has been accounted for as a negative variable lease payment in profit or loss of CU__ for lease payments waived in 2021 and an adjustment to the opening balance of retained earnings at 1 January 2021 of CU __ for lease payments waived in 2020. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of IFRS 9:3.3.1.</p> | | | | | | | | | | | | | | |
| IAS 8:30 - 31 | <p>In the current period, the Group has benefited from a __ month lease payment holiday on buildings in [B Land]. The payment holiday reduces payments in the period to [date] by CU__, and increases payments in the period to [date] by CU__. The Group has remeasured the lease liability using the revised lease payments and the discount rate originally applied to the lease, resulting in a decrease in the lease liability of CU__ (2020: CU__), which has been recognised as a negative variable lease payment in profit or loss. The Group continues to recognise interest expense on the lease liability.</p> | | | | | | | | | | | | | | |
| | <p><i>New and revised IFRS Standards in issue but not yet effective</i></p> | | | | | | | | | | | | | | |
| | <p>Commentary:</p> <p><i>Entities are required to disclose in their financial statements the potential impact of new and revised IFRS Standards that have been issued but are not yet effective. The disclosures below reflect a cut off date of 30 September 2021. The potential impact of the application of any new and revised IFRS Standard issued by the Board after 30 September 2021, but before the financial statements are issued should also be considered and disclosed. The impact of the application of the new and revised IFRS Standards (see below) is for illustrative purposes only. Entities should analyse the impact based on their specific facts and circumstances.</i></p> | | | | | | | | | | | | | | |
| | <p>At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective [and [in some cases] had not yet been adopted by the [relevant body]]:</p> | | | | | | | | | | | | | | |
| | <p>Commentary:</p> <p><i>The above statement should be tailored to be specific to the entity.</i></p> <p><i>Most jurisdictions have a mechanism for incorporating IFRS Standards into their financial reporting system. These mechanisms range from direct adoption of 'IFRS Standards as issued by the Board', through adopting local standards that are 'equivalent to IFRS Standards', to the extensive endorsement mechanism used in the European Union and the United Kingdom.</i></p> <p><i>The impact of the application of the new and revised IFRS Standards below is for illustrative purposes only. Entities should analyse the impact of these new or revised IFRS Standards on their financial statements based on their specific facts and circumstances and make appropriate disclosures.</i></p> | | | | | | | | | | | | | | |
| | <table border="0"> <tr> <td data-bbox="292 1635 670 1713">IFRS 17 (including the June 2020 amendments to IFRS 17)</td> <td data-bbox="670 1635 1495 1713"><i>Insurance Contracts</i></td> </tr> <tr> <td data-bbox="292 1724 670 1769">Amendments to IFRS 10 and IAS 28</td> <td data-bbox="670 1724 1495 1769"><i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i></td> </tr> <tr> <td data-bbox="292 1780 670 1825">Amendments to IAS 1</td> <td data-bbox="670 1780 1495 1825"><i>Classification of Liabilities as Current or Non-current</i></td> </tr> <tr> <td data-bbox="292 1836 670 1881">Amendments to IFRS 3</td> <td data-bbox="670 1836 1495 1881"><i>Reference to the Conceptual Framework</i></td> </tr> <tr> <td data-bbox="292 1892 670 1937">Amendments to IAS 16</td> <td data-bbox="670 1892 1495 1937"><i>Property, Plant and Equipment—Proceeds before Intended Use</i></td> </tr> <tr> <td data-bbox="292 1948 670 1993">Amendments to IAS 37</td> <td data-bbox="670 1948 1495 1993"><i>Onerous Contracts—Cost of Fulfilling a Contract</i></td> </tr> <tr> <td data-bbox="292 2004 670 2116">Annual Improvements to IFRS Standards 2018-2020 Cycle</td> <td data-bbox="670 2004 1495 2116"><i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture</i></td> </tr> </table> | IFRS 17 (including the June 2020 amendments to IFRS 17) | <i>Insurance Contracts</i> | Amendments to IFRS 10 and IAS 28 | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Amendments to IAS 1 | <i>Classification of Liabilities as Current or Non-current</i> | Amendments to IFRS 3 | <i>Reference to the Conceptual Framework</i> | Amendments to IAS 16 | <i>Property, Plant and Equipment—Proceeds before Intended Use</i> | Amendments to IAS 37 | <i>Onerous Contracts—Cost of Fulfilling a Contract</i> | Annual Improvements to IFRS Standards 2018-2020 Cycle | <i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture</i> |
| IFRS 17 (including the June 2020 amendments to IFRS 17) | <i>Insurance Contracts</i> | | | | | | | | | | | | | | |
| Amendments to IFRS 10 and IAS 28 | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | | | | | | | | | | | | | | |
| Amendments to IAS 1 | <i>Classification of Liabilities as Current or Non-current</i> | | | | | | | | | | | | | | |
| Amendments to IFRS 3 | <i>Reference to the Conceptual Framework</i> | | | | | | | | | | | | | | |
| Amendments to IAS 16 | <i>Property, Plant and Equipment—Proceeds before Intended Use</i> | | | | | | | | | | | | | | |
| Amendments to IAS 37 | <i>Onerous Contracts—Cost of Fulfilling a Contract</i> | | | | | | | | | | | | | | |
| Annual Improvements to IFRS Standards 2018-2020 Cycle | <i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture</i> | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited |
|--------|--|
| | Amendments to IAS 1 and IFRS Practice Statement 2 <i>Disclosure of Accounting Policies</i> |
| | Amendments to IAS 8 <i>Definition of Accounting Estimates</i> |
| | Amendments to IAS 12 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> |
| | The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below: |
| | IFRS 17 Insurance Contracts |
| | IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 <i>Insurance Contracts</i> . |
| | IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. |
| | The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. |
| | In June 2020, the Board issued <i>Amendments to IFRS 17</i> to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the Board issued <i>Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)</i> that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023. |
| | IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. |
| | For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. |
| | Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| | The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. |
| | The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise. |

Source

International GAAP Holdings Limited

Amendments to IAS 1 *Presentation of Financial Statements—Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 *Business Combinations—Reference to the Conceptual Framework*

The amendments update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to IAS 16 *Property, Plant and Equipment—Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Source

International GAAP Holdings Limited

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018-2020—Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The Annual Improvements include amendments to four Standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

Source

International GAAP Holdings Limited

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

| Source | International GAAP Holdings Limited |
|--------|-------------------------------------|
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The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Commentary:

IAS 8:30 requires entities to give known or reasonably estimable information relevant to assessing the possible impact that the application of any new or revised IFRS Standard will have on the entity's financial statements in the period of initial application. The regulatory requirements in the various jurisdictions may differ as to how detailed the disclosures need to be; some regulators may require both qualitative and quantitative information to be disclosed whereas others may consider that qualitative information (e.g. key areas that may be affected by the new or revised IFRS Standard) suffices in many circumstances. For this reason, relevant regulatory guidance should also be taken into account in preparing the disclosure.

This applies to all new or revised IFRS Standards that have been issued but are not yet effective.

IAS 1:112(a); IAS 1:119 - 121

3. Significant accounting policies

Commentary:

The following are examples of the types of accounting policies that might be disclosed in this entity's financial statements. Entities are required to disclose in the summary of significant accounting policies the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements. An accounting policy may be significant because of the nature of the entity's operations even if amounts for the current and prior periods are not material.

In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in the reported financial performance and financial position. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in Standards and Interpretations.

Each entity considers the nature of its operations and the policies that users of its financial statements would expect to be disclosed for that type of entity. It is also appropriate to disclose each significant accounting policy that is not specifically required by IFRS Standards, but that is selected and applied in accordance with IAS 8.

For completeness, in these model financial statements, accounting policies have been provided for some immaterial items, although this is not required under IFRS Standards. In general, immaterial and irrelevant policies should be omitted.

IAS 1:117(a)
IAS 1:16

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Standards). *[The financial statements have also been prepared in accordance with IFRS Standards adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.]*

Commentary:

The above statement should be tailored to be specific to the entity.

Most jurisdictions have a mechanism for incorporating IFRS Standards into their financial reporting system. These mechanisms range from direct adoption of 'IFRS Standards as issued by the IASB', through adopting local standards that are 'equivalent to IFRS Standards', to the extensive endorsement mechanism used in the European Union.



Australian entities may wish to include an additional accounting policy in respect of goods and services tax (GST). See Note 3 in Appendix 2 for example wording.

| Source | International GAAP Holdings Limited |
|---|--|
| IAS 1:117(b) IAS 1:112(a) IAS 1:17(b) IAS 1:25 | <p>The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.</p> <p>Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.</p> <p>The principal accounting policies adopted are set out below.</p> |
| | <p>Going concern</p> <p>The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.</p> <p>Basis of consolidation</p> <p>The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:</p> <ul style="list-style-type: none"> • Has the power over the investee • Is exposed, or has rights, to variable returns from its involvement with the investee • Has the ability to use its power to affect its returns |
|  | <p>The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.</p> <p>When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:</p> <ul style="list-style-type: none"> • The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders • Potential voting rights held by the Company, other vote holders or other parties • Rights arising from other contractual arrangements • Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings |
| | <p>*This symbol indicates that this area of the model financial statements may be affected by the effects of climate change. Please see the table in Appendix 1 to see how this area may be affected. For areas affected by the effects of climate change, it would be expected that the entity discusses in its disclosures how the area is affected.</p> |

Source

International GAAP Holdings Limited

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below)
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard

Source

International GAAP Holdings Limited

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.



Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Source

International GAAP Holdings Limited

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.



Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.



Revenue recognition

The Group recognises revenue from the following major sources:

- Sale of leisure goods and electronic equipment, including the related loyalty programme 'Maxi-Points Scheme', as disclosed in note 60, maintenance included in the price of products sold, as well as warranties granted under local legislation as disclosed in note 39
- Installation of computer software for specialised business applications
- Construction of residential properties

| Source | International GAAP Holdings Limited |
|---|--|
| IFRS 15:31 IFRS 15:46 IFRS 15:47 IFRS 15:119 | <p>Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.</p> |
| | <p><i>Sale of leisure goods</i></p> |
| IFRS 15:119(e) IFRS 15:B30 | <p>The Group sells sport shoes, sport equipment and outdoor play equipment both to the wholesale market and directly to customers through its own retail outlets. Sales-related warranties associated with leisure goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 (see note 39).</p> |
| IFRS 15:125 | <p>For sales of leisure goods to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.</p> |
| IFRS 15:108 IFRS 15:125 | <p>For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.</p> |
| IFRS 15:125 | <p>Under the Group's standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.</p> |
| IFRS 15:55 IFRS 15:119(d) IFRS 15:126(b) IFRS 15:126(d) IFRS 15:B21 | <p><i>Sale of electronic equipment</i></p> |
| IFRS 15:55 IFRS 15:125 IFRS 15:119(d) IFRS 15:B21 | <p>The Group sells electronic equipment to the wholesale market and directly to customers both through its own retail outlets and through internet sales.</p> |
| IFRS 15:106 IFRS 15:117 IFRS 15:125 | <p>For sales of electronic equipment to the wholesale market and through retail outlets and internet sales, revenue is recognised by the Group at a point in time in line with the policy outlined above for the sale of leisure goods. For sales to retail customers (from both retail outlet and internet sales) there exists the same 30-day right of return and accordingly a refund liability and a right to returned goods asset are recognised in relation to electronic equipment expected to be returned.</p> |
| IFRS 15:106 IFRS 15:117 IFRS 15:125 | <p>For internet sales, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. When the customer initially purchases the goods online the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.</p> |
| IFRS 15:B39 IFRS 15:B40 | <p><i>'Maxi-Points' customer loyalty programme</i></p> |
| IFRS 15:74 IFRS 15:106 IFRS 15:117 IFRS 15:B42 | <p>The Group operates a 'Maxi-Points' loyalty programme through which retail customers accumulate points on purchases of leisure goods and electronic equipment that entitle them to discounts on future purchases. These points provide a discount to customers that they would not receive without purchasing the leisure goods or electronic equipment (i.e. a material right). The promise to provide the discount to the customer is therefore a separate performance obligation.</p> |
| IFRS 15:74 IFRS 15:106 IFRS 15:117 IFRS 15:B42 | <p>The transaction price is allocated between the product, the maintenance services (if the product is electronic equipment, as described below) and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated based on the discount to be given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Group's historical experience. A contract liability is recognised for revenue relating to the loyalty points at the time of the initial sales transaction. Revenue from the loyalty points is recognised when the points are redeemed by the customer. Revenue for points that are not expected to be redeemed is recognised in proportion to the pattern of rights exercised by customers.</p> |

| Source | International GAAP Holdings Limited |
|--|--|
| IFRS 15:B41 | <p><i>Maintenance relating to electronic equipment</i></p> <p>Included in the transaction price for the sale of electronic equipment is an after-sales service. This service relates to maintenance work that may be required to be carried out on the equipment for a three-year period after sale. This period can then be extended if the customer requires additional years of maintenance services. The renewal of services after the three-year period will be for the price at which these are sold by the Group to all of its customers as at the date of renewal regardless of the existence of a renewal option. Consequently, the option to extend the renewal period does not provide customers with any advantage when they enter into the initial contract and therefore no revenue has been deferred relating to this renewal option.</p> |
| IFRS 15:27 IFRS 15:74 IFRS 15:81 IFRS 15:126 (c) IFRS 15:B29 | <p>The maintenance service is considered to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. A portion of the transaction price is therefore allocated to the maintenance services based on the stand-alone selling price of those services. Discounts are not considered as they are only given in rare circumstances and are never material.</p> |
| IFRS 15:35(a) IFRS 15:123(a) IFRS 15:124 IFRS 15:106 IFRS 15:117 | <p>Revenue relating to the maintenance services is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service (i.e. three years when the services are purchased together with the underlying equipment).</p> |
| | <p><i>Installation of software services</i></p> |
| IFRS 15:35(b) IFRS 15:124 IFRS 15:107 IFRS 15:117 | <p>The Group provides a service of installation of various software products for specialised business operations. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these installation services based on the stage of completion of the contract. The directors have assessed that the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under IFRS 15. Payment for installation of software services is not due from the customer until the installation services are complete and therefore a contract asset is recognised over the period in which the installation services are performed representing the entity's right to consideration for the services performed to date.</p> |
| | <p><i>Construction of residential properties</i></p> |
| IFRS 15:35(c) IFRS 15:124 | <p>The Group constructs and sells residential properties under long-term contracts with customers. Such contracts are entered into before construction of the residential properties begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from construction of residential properties is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.</p> |
| IFRS 15:117 IFRS 15:106 IFRS 15:107 IFRS 15:126 | <p>The Group becomes entitled to invoice customers for construction of residential properties based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.</p> |

| Source | International GAAP Holdings Limited |
|---|--|
|  | Leases |
| IFRS 16:51 | <i>(a) The Group as lessee</i> |
| IFRS 16:5 IFRS 16:6 IFRS 16:9 IFRS 16:60 | The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. |
| IFRS 16:26 | The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group. |
| IFRS 16:27 | Lease payments included in the measurement of the lease liability comprise : <ul style="list-style-type: none">• Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable• Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date• The amount expected to be payable by the lessee under residual value guarantees• The exercise price of purchase options, if the lessee is reasonably certain to exercise the options• Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease |
| IFRS 16:47 | The lease liability is presented as a separate line in the consolidated statement of financial position. |
| IFRS 16:39 | The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever: |
| IFRS 16:40(a) | <ul style="list-style-type: none">• The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate |
| IFRS 16:42 | <ul style="list-style-type: none">• The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used) |
| IFRS 16:45(c) | <ul style="list-style-type: none">• A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification |
| IFRS 16:24 | The Group did not make any such adjustments during the periods presented |
| IFRS 16:30 | The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses |

| Source | International GAAP Holdings Limited |
|--------------------------|--|
| | Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. |
| IFRS 16:32 | Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. |
| IFRS 16:47 | The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. |
| IFRS 16:38 | Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss (see note 30). |
| IFRS 16:12 IFRS 16:15 | As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. |
| IFRS 16:89 | <i>(b) The Group as lessor</i> |
| IFRS 16:61 IFRS 16:62 | The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Group. |
| | Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. |
| IFRS 16:B58 | When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. |
| IFRS 16:81 IFRS 16:83 | Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. |
| IFRS 16:67 IFRS 16:75 | Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. |
| | Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables. |
| | Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance). |
| IFRS 16:17 | When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component. |
| | <p>Foreign currencies</p> <p>In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies</p> |



Source

International GAAP Holdings Limited

are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings
- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting)
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.



Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset affects profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

IAS 20:39(a)



Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Source

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Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Commentary:

Governments may be providing support to entities through programmes that do not result in recognition of income in the financial statements of the participating entities.

For example, certain governments are offering short-term debt facilities, sometimes in the form of commercial paper, to support liquidity of entities that were financially sound before the COVID-19 pandemic. To the extent that the interest rate paid by the borrower and other terms of the debt instruments reflect market conditions, the borrowing does not include a government grant that requires recognition in the financial statements. Nevertheless, such support is considered government assistance under IAS 20.

Entities will need to consider if the significance of the benefit received is such that disclosure of the nature, extent and duration of the assistance is necessary in order to avoid the financial statements from being misleading.

**Retirement and termination benefit costs**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- Service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements
- Net interest expense or income
- Remeasurements

The Group recognises service costs within profit or loss as cost of sales and administrative expenses (see note 58).

Net interest expense or income is recognised within finance costs (see note 11).

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Source

International GAAP Holdings Limited

[If applicable include alternative explanation about rights to refunds: The Trust Deed provides International GAAP Holdings Limited with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the Trustee has no rights to unilaterally wind up, or otherwise augment the benefits due to members of, the plan. Based on these rights, any net surplus in the plan is recognised in full.]

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting treatment depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset)
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19:70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity *[reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with IAS 19:70]*

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Taxation

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

Current tax

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

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

*Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

IAS 16:73(a)-(c)

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services for rental to others (excluding investment properties), or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Source International GAAP Holdings Limited

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

| | |
|-----------------------|-------------------------------------|
| Buildings | 4 per cent per annum |
| Plant and machinery | 10 per cent - 25 per cent per annum |
| Fixtures and fittings | 10 per cent - 30 per cent per annum |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Commentary:

Provide additional explanation if the Group has elected to use fair value or a previous revaluation as deemed cost on transition to IFRS Standards.

IAS 40:75(a)

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

| Source | International GAAP Holdings Limited |
|---------------|--|
| | <p>Commentary: <i>A Group that elects to use the cost model for investment property (not illustrated in these model financial statements) should disclose an appropriate policy and make reference, if relevant, to the use of the elections to use fair value or previous revaluations as deemed cost on transition.</i></p> |
| IAS 38:118(a) | <p>Intangible assets acquired separately</p> <p>Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in note 17. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.</p> |
| IAS 38:118(b) | <p>Internally-generated intangible assets – research and development expenditure</p> <p>Expenditure on research activities is recognised as an expense in the period in which it is incurred.</p> <p>An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:</p> <ul style="list-style-type: none"> • The technical feasibility of completing the intangible asset so that it will be available for use or sale • The intention to complete the intangible asset and use or sell it • The ability to use or sell the intangible asset • How the intangible asset will generate probable future economic benefits • The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset • The ability to measure reliably the expenditure attributable to the intangible asset during its development <p>The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.</p> <p>Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.</p> |
| IAS 38:118(b) | <p>Intangible assets acquired in a business combination</p> <p>Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).</p> <p>Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.</p> <p>Derecognition of intangible assets</p> <p>An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.</p> |



Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

IAS 2:36(a)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

IFRS 7:21

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

| Source | International GAAP Holdings Limited |
|--------------|---|
| IFRS 7:B5(c) | <p>Financial assets</p> <p>All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.</p> <p>All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.</p> <p>Classification of financial assets</p> <p>Debt instruments that meet the following conditions are measured subsequently at amortised cost:</p> <ul style="list-style-type: none"> • The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding <p>Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):</p> <ul style="list-style-type: none"> • The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding <p>By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).</p> <p>Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:</p> <ul style="list-style-type: none"> • The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below) • The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below) <p><i>(i) Amortised cost and effective interest method</i></p> <p>The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.</p> <p>For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.</p> <p>The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.</p> <p>Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.</p> |

| Source | International GAAP Holdings Limited |
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| IFRS 7:B5(e) | <p>For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.</p> <p>Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item (note 9).</p> <p><i>(ii) Debt instruments classified as at FVTOCI</i></p> <p>The corporate bonds held by the Group are classified as at FVTOCI. Fair value is determined in the manner described in note 62(a)(i). The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.</p> <p><i>(iii) Equity instruments designated as at FVTOCI</i></p> <p>On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.</p> <p>Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.</p> <p>Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Finance income - Other' line item (note 9) in profit or loss.</p> <p>The Group designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition (see note 24).</p> <p>A financial asset is held for trading if either:</p> <ul style="list-style-type: none"> • It has been acquired principally for the purpose of selling it in the near term • On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking • It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) <p><i>(iv) Financial assets at FVTPL</i></p> <p>Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:</p> <ul style="list-style-type: none"> • Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above) • Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL |

| Source | International GAAP Holdings Limited |
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| IFRS 7:B5(e) | <p>Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'Other gains and losses' line item (note 10). Fair value is determined in the manner described in note 62(a)(i).</p> <p>Foreign exchange gains and losses</p> <p>The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:</p> <ul style="list-style-type: none"> • For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (note 10) • For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'Other gains and losses' line item (note 10). As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the investments revaluation reserve |
| IFRS 7:B5(e) | <ul style="list-style-type: none"> • For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the fair value gain or loss (note 10) • For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve <p>See hedge accounting policy regarding the recognition of exchange differences where the foreign currency risk component of a financial asset is designated as a hedging instrument for a hedge of foreign currency risk.</p> |
| IFRS 7:35F | <p>Impairment of financial assets</p> <p>The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.</p> <p>The Group always recognises lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.</p> <p>For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.</p> <p>Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.</p> |



| Source | International GAAP Holdings Limited |
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| IFRS 7:35F(a) IFRS 7:35G(b) | <p data-bbox="308 230 638 264"><i>(i) Significant increase in credit risk</i></p> <p data-bbox="308 275 1493 544">In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.</p> |
| IFRS 7:35F(a) IFRS 7:35G(a)(ii) | <p data-bbox="308 566 1493 622">In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:</p> <ul data-bbox="308 633 1493 1126" style="list-style-type: none"> <li data-bbox="308 633 1493 701">• An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating <li data-bbox="308 723 1493 813">• Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost <li data-bbox="308 835 1493 902">• Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations <li data-bbox="308 925 1493 969">• An actual or expected significant deterioration in the operating results of the debtor <li data-bbox="308 992 1493 1037">• Significant increases in credit risk on other financial instruments of the same debtor <li data-bbox="308 1059 1493 1126">• An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations <p data-bbox="308 1149 1493 1238">Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.</p> <p data-bbox="308 1249 1493 1339">Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:</p> <ul data-bbox="308 1350 1493 1552" style="list-style-type: none"> <li data-bbox="308 1350 1493 1395">• The financial instrument has a low risk of default <li data-bbox="308 1417 1493 1462">• The debtor has a strong capacity to meet its contractual cash flow obligations in the near term <li data-bbox="308 1485 1493 1552">• Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations |
| IFRS 7:35F(a)(i) | <p data-bbox="308 1574 1493 1697">The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.</p> <p data-bbox="308 1709 1493 1865">For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.</p> <p data-bbox="308 1877 1493 1977">The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.</p> |

| Source | International GAAP Holdings Limited |
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| IFRS 7:35F(b)  | <p data-bbox="308 237 531 266"><i>(ii) Definition of default</i></p> <p data-bbox="308 286 1481 376">The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:</p> <ul data-bbox="308 398 1481 521" style="list-style-type: none"> <li data-bbox="308 398 935 427">• When there is a breach of financial covenants by the debtor <li data-bbox="308 461 1481 521">• Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group) <p data-bbox="308 555 1481 651">Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.</p> |
| IFRS 7:35F(d) IFRS 7:35G(a)(iii) | <p data-bbox="308 685 647 714"><i>(iii) Credit-impaired financial assets</i></p> <p data-bbox="308 734 1481 824">A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:</p> <ul data-bbox="308 846 1481 1137" style="list-style-type: none"> <li data-bbox="308 846 919 875">• Significant financial difficulty of the issuer or the borrower <li data-bbox="308 898 1054 927">• A breach of contract, such as a default or past due event (see (ii) above) <li data-bbox="308 958 1481 1019">• The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider <li data-bbox="308 1050 1310 1079">• It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation <li data-bbox="308 1111 1273 1140">• The disappearance of an active market for that financial asset because of financial difficulties |
| IFRS 7:35F(e) | <p data-bbox="308 1167 488 1196"><i>(iv) Write-off policy</i></p> <p data-bbox="308 1216 1481 1406">The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.</p> |
| IFRS 7:35G(a)  | <p data-bbox="308 1435 860 1464"><i>(v) Measurement and recognition of expected credit losses</i></p> <p data-bbox="308 1485 1481 1742">The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.</p> <p data-bbox="308 1765 1481 1910">For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.</p> <p data-bbox="308 1933 1481 2056">For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.</p> |

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If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound instruments

The component parts of convertible loan notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognised in equity will be transferred to [share premium/other equity [describe]]. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to [retained earnings/other equity [describe]]. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

| Source | International GAAP Holdings Limited |
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| IFRS 7:B5(e) | <p>Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.</p> <p><i>Financial liabilities</i></p> <p>All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.</p> <p><i>Financial liabilities at FVTPL</i></p> <p>Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.</p> <p>A financial liability is classified as held for trading if either:</p> <ul style="list-style-type: none"> • It has been acquired principally for the purpose of repurchasing it in the near term • On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking • It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument <p>A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if either:</p> <ul style="list-style-type: none"> • Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise • The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis • It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL <p>Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other gains and losses' line item (note 10) in profit or loss.</p> <p>However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.</p> <p>Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.</p> <p>Fair value is determined in the manner described in note 62(a)(i).</p> <p><i>Financial liabilities measured subsequently at amortised cost</i></p> <p>Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.</p> |

Source

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The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above)
- The amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (note 10) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

IFRS 7:21

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in notes 34 and 62(c).

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

| Source | International GAAP Holdings Limited |
|-----------|---|
| IFRS 7:21 | <p>A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. The impact of the master netting agreements on the Group's financial position is disclosed in note 34. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.</p> <p><i>Embedded derivatives</i></p> <p>An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.</p> <p>Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.</p> <p>Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.</p> <p>If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.</p> <p>An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.</p> <p>Hedge accounting</p> <p>The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.</p> <p>At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:</p> <ul style="list-style-type: none"> • There is an economic relationship between the hedged item and the hedging instrument • The effect of credit risk does not dominate the value changes that result from that economic relationship • The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item <p>If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.</p> <p>The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.</p> <p>The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Group applies straight-line amortisation. Those reclassified amounts are recognised in profit</p> |

Source

International GAAP Holdings Limited

or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Note 62(a) sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in note 46.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the foreign currency forward contracts relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other gains and losses' line item.



| Source | International GAAP Holdings Limited |
|--------|---|
| | <p>Gains and losses on the hedging instrument accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.</p> <p>Provisions</p> <p>Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.</p> <p>The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).</p> <p>When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.</p> <p><i>Restructurings</i></p> <p>A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.</p> <p><i>Warranties</i></p> <p>Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.</p> <p><i>Onerous contracts</i></p> <p>Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.</p> <p><i>Restoration provisions</i></p> <p>Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.</p> <p><i>Contingent liabilities acquired in a business combination</i></p> <p>Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 15.</p> <p>Own shares</p> <p>Own shares represent the shares of the parent company International GAAP Holdings Limited that are held in treasury or by the employee benefit trust. Own shares are recorded at cost and deducted from equity.</p> <p>Share-based payments</p> <p><i>Share-based payment transactions of the Company</i></p> <p>Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting</p> |

| Source | International GAAP Holdings Limited |
|--------|-------------------------------------|
|--------|-------------------------------------|

conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 57.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Share-based payment transactions of the acquiree in a business combination

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with IFRS 2 ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquiree awards expire as a consequence of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with IFRS 2. All of the market-based measure of the replacement awards is recognised as remuneration cost for post-combination service.

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.

Supplier financing arrangements and factoring of receivables

An entity may enter into arrangements under which a 'factor' (typically, a financial institution) pays a supplier on its behalf, with the entity (i.e. the purchaser) then reimbursing the factor. Such arrangements may be referred to as, for example, 'supplier financing', 'reverse factoring' or 'structured payable arrangements'. When such arrangements are material, clear disclosure should be provided of the following:

- *The approach to the presentation of significant supplier financing arrangements and, in accordance with IAS 1:122, the judgements made in applying that policy*
- *How supplier financing transactions have been reflected in the statement of cash flows*
- *The carrying amount of the liabilities in question and the line item(s) in which they are presented*
- *When supplier financing arrangements have been used as a tool to manage liquidity risk, the disclosures required by IFRS 7:39(c)*

IAS 1:122

IAS 7:21

IAS 1:54

IAS 7:39(c)

Source International GAAP Holdings Limited

Supplier financing arrangements and factoring of receivables

When an entity enters into arrangements for factoring of receivables where they are not fully derecognised, it is important that the policy adopted for the treatment of cash flows arising is clearly explained and that any non-cash financing transactions are disclosed in accordance with IAS 7:43. In particular, an explanation of whether the cash flows received on the receivables are treated as operating inflows with associated financing outflows that are deemed to repay the financing liability that was recognised when the receivables were transferred. Balances that will give rise to financing cash flows should also be included in the disclosure of changes in such balances required by IAS 7:44A-44E.

4. Critical accounting judgements and key sources of estimation uncertainty**Commentary:**

The following are examples of the types of disclosures that might be required in this area. The nature of these disclosures is very specific to an individual Group's particular circumstances. Although the model financial statements illustrate disclosures to comply with these requirements, it is unlikely that these specific model disclosures would be appropriate other than in very rare circumstances.

In applying the Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



IAS 1:122

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

IFRS 15:123(a)
IFRS 15:125**Judgements in determining the timing of satisfaction of performance obligations**

Note 7 describes the expenditure required in the year for rectification work carried out on goods supplied to one of the Group's major customers. These goods were delivered to the customer in the months of __ to __ 2021, and shortly thereafter the defects were identified by the customer. Following negotiations, a schedule of works was agreed, which will involve expenditure by the Group until 2022. In the light of the problems identified, management was required to consider whether it was appropriate to recognise the revenue from these transactions of CU__ million in the current year, in line with the Group's general policy of recognising revenue when goods are delivered, or whether it was more appropriate to defer recognition until the rectification work was complete.

In making their judgement, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Group had transferred control of the goods to the customer. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

**Capitalisation of borrowing costs**

As described in note 3, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. Capitalisation of the borrowing costs relating to construction of the Group's premises in [A Land] was suspended in 2020, while the development was delayed as management reconsidered its detailed plans. Capitalisation of borrowing costs recommenced in 2021 – following the finalisation of revised plans, and the resumption of the activities necessary to prepare the asset for its intended use. Although construction of the premises was not restarted until May 2021, borrowing costs have been capitalised from February 2021, at which time the technical and administrative work associated with the project recommenced.

Source

International GAAP Holdings Limited

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 3). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

***Significant increase in credit risk***

As explained in note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

IFRS 12:7(a)

Control over Subsidiary B Limited

IFRS 12:9(b)



Note 20 describes that Subsidiary B Limited is a subsidiary of the Group even though the Group has only a 45 per cent ownership interest and has only 45 per cent of the voting rights in Subsidiary B Limited. Subsidiary B Limited is listed on the stock exchange of [A Land]. The Group has held its 45 per cent ownership since June 2016 and the remaining 55 per cent of the ownership interests are held by thousands of shareholders that are unrelated to the Group.

The directors of the Company assessed whether or not the Group has control over Subsidiary B Limited based on whether the Group has the practical ability to direct the relevant activities of Subsidiary B Limited unilaterally. In making their judgement, the directors considered the Group's absolute size of holding in Subsidiary B Limited and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Subsidiary B Limited and therefore the Group has control over Subsidiary B Limited.

If the directors had concluded that the 45 per cent ownership interest was insufficient to give the Group control, Subsidiary B Limited would instead have been classified as an associate and the Group would have accounted for it using the equity method of accounting.

IFRS 12:7(b)

Significant influence over Associate B Limited

IFRS 12:9(e)

Note 21 describes that Associate B Limited is an associate of the Group although the Group only owns a 17 per cent ownership interest in Associate B Limited. The Group has significant influence over Associate B Limited by virtue of its contractual right to appoint two out of seven directors to the board of directors of that entity.

Judgement in identifying whether a contract includes a lease - Contract for the supply of sports shoes

The Group has entered into a contract with [Manufacturer A] for the supply of sports shoes for a three-year period. Each month the type of sports shoes and the production volume, up to a limit of [X] pairs, are determined by the Group and are not specified in the contract.

[Manufacturer A] has only one factory that can meet the needs of the Group and is unable to supply the sports shoes from another factory or source the sports shoes from a third party supplier. [Manufacturer A] makes all decisions about the operations of the factory, including the production level at which to run the factory and which customer contracts to fulfil with the output of the factory that is not used to fulfil the Group's contract for that month.

The directors of the Company assessed whether or not the Group has contracted for the rights to substantially all of the capacity of the factory and whether the contract with [Manufacturer A] contains a lease for the factory. After making inquiries based on forecast production volumes over the contract term the directors have established that [Manufacturer A] can regularly use the factory for other purposes during the course of the contract to supply other customers and therefore the Group does not have the right to obtain substantially all of the economic benefits from the use of the factory. As a result the directors concluded that the Group has not contracted for substantially all of the capacity of the factory, including the plant therein, and therefore the contract does not contain a lease.

IAS 1:125

Key sources of estimation uncertaintyIAS 1:128
IAS 1:129
IAS 1:131

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

***Taxation provisions***

The Group's current tax provision of CU__ relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with [insert name of relevant Tax Authority]. Uncertain tax items for which a provision of CU__ is made, relate principally to the interpretation of tax legislation regarding arrangements entered into by the Group. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly. Whilst a range of outcomes is reasonably possible, the extent of the reasonably possible range is from additional liabilities of up to CU__ to a reduction in liabilities of up to CU__.

***Impairment testing***

Following the assessment of the recoverable amount of goodwill allocated to 'Leisure goods – retail outlets', to which goodwill of CU__ is allocated, the directors consider the recoverable amount of goodwill allocated to 'Leisure goods – retail outlets' to be most sensitive to the achievement of the 2022 budget. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board. Whilst the Group is able to manage most of 'Leisure goods – retail outlets' costs, the revenue projections are inherently uncertain due to the short-term nature of the business and unstable market conditions. Revenue of the CGU is most sensitive to changes in the sectors demand for sales in retail outlets, reflecting the increased use of internet sales by rivals, a service which the Group does not currently offer.

The market for 'Leisure goods – retail outlets' products has seen a significant slowdown over the past 18 months due to a decline in the customer appetite for retail sales and increases in internet sales of rivals in the sector. It is possible that further underperformance may occur in 2022 if prevailing trends continue.

The sensitivity analysis in respect of the recoverable amount of 'Leisure goods – retail outlets' goodwill is presented in note 16.

***Calculation of loss allowance***

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Source

International GAAP Holdings Limited

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

If the ECL rates on trade receivables between 61 and 90 days past due had been __ per cent higher (lower) as of December 2021, the loss allowance on trade receivables would have been CU__ million (2020: CU__ million) higher (lower).

If the ECL rates on trade receivables between 31 and 60 days past due had been __ per cent higher (lower) as of December 2021, the loss allowance on trade receivables would have been CU__ million (2020: CU__ million) higher (lower).

Discount rate used to determine the carrying amount of the Group's defined benefit obligation

The determination of the Group's defined benefit obligation depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Group's financial statements within the next year. Further information on the carrying amounts of the Group's defined benefit obligation and the sensitivity of those amounts to changes in discount rate are provided in note 58.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation committee, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the board of directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

The valuations of private equity investments, contingent consideration in business combinations and non-derivative financial assets held for trading are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs are provided in note 62(a)(i).

Provision for restoration of contaminated land

On 15 December 2021, new legislation in [A Land] was enacted which resulted in the requirement for the Company to clean up historically contaminated waste sites in [A Land] and bear the costs thereof. Consequently, a provision of CU__ million has been recognised. In estimating the provision, the directors have made assumptions regarding the interpretation of the legislation and have estimated costs based on currently available information about the likely extent of contamination and potential clean-up techniques. Due to the associated uncertainty, it is possible that estimates may need to be revised during the next year as interpretations of the legislation evolve and the extent of contamination and potential approaches to clean-up are assessed in more detail. Whilst a range of outcomes is possible, the directors believe that the reasonably possible range is an increase in provisions of up to CU__ million to a reduction in provisions of up to CU__ million. See note 39 for further details.



Source

International GAAP Holdings Limited

**Assessment as to whether the right-of-use assets are impaired**

In January 2015 [*Subsidiary D Limited*], a subsidiary of the Group, entered into a 10-year lease for an office building located in [*location*]. Following the acquisition of [*Acquisition A Limited*] on [*date*] 2021 and the subsequent restructuring programme, the Group identified that the office space occupied by [*Subsidiary E Limited*], which is also located in [*location*], could accommodate all of the staff of [*Subsidiary D Limited*], and took the decision to relocate staff to a single office. The leased property previously occupied by [*Subsidiary D Limited*], has been marketed with a local estate agent and is expected to be sub-leased by the firm for the remainder of the lease term.

The directors have estimated that the entirety of the lease payment will be recoverable through the sub-lease of the property. This reflects the current achievable market rates for similar properties with similar lease terms and therefore no impairment has been recognised. The carrying amount of right-of-use asset in respect of the property is CU__ at 31 December 2021 (2020: CU__).

In estimating the recoverable amount of the right-of-use asset, the directors have made assumptions about the achievable market rates for similar properties with similar lease terms. Due to the associated uncertainty, it is possible that the estimates of the amount of lease payment that will be recovered through the sub-lease of the property may need to be revised during the next year. Achieving a sub-lease for only 95 per cent of the lease payment is considered reasonably possible based on recent experience in the market and would lead to an impairment charge of CU__ against the right-of-use asset in respect of the property.

IFRS 15:113(a)

5. Revenue

IFRS 15:115



The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines. The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (see note 6).

IFRS 15:114

Disaggregation of revenue

IFRS 15:B87-89

| | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| | CU | CU |
| External revenue by product line | | |
| Electronic equipment – direct sale customers | | |
| Electronic equipment – wholesale customers | | |
| Electronic equipment – internet customers | | |
| Leisure goods – wholesale customers | | |
| Leisure goods – retail outlets | | |
| Computer software installation | | |
| Construction | | |
| | | |
| | | |

| Source | International GAAP Holdings Limited | |
|----------------|--|------------|
| | 31/12/2021 | 31/12/2020 |
| | CU | CU |
| | External revenue by timing of revenue | |
| | Goods transferred at a point in time | |
| | Goods transferred over time | |
| | Services transferred at a point in time | |
| | Services transferred over time | |
| | _____ | _____ |
| | _____ | _____ |
| | <p>Commentary:</p> <p><i>IFRS 15:114 requires an entity to disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This disaggregation will depend on the entity's individual facts and circumstances.</i></p> <p><i>In the model financial statements the Group has assessed that the disaggregation of revenue by operating segments is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the chief operating decision maker (CODM) in order to evaluate the financial performance of the entity.</i></p> <p><i>If an entity discloses disaggregated revenue on a basis other than that used for revenue information disclosed for each reportable segment then the entity should disclose sufficient information to allow users of the financial statements to understand the relationship between these two disclosures.</i></p> | |
| IFRS 15:120(a) | The transaction price allocated to (partially) unsatisfied performance obligations at 31 December 2021 are as set out below. | |
| | 31/12/2021 | 31/12/2020 |
| | CU | CU |
| | Maintenance obligations relating to electronic equipment | |
| | Installation of computer software services | |
| | Construction of residential properties | |
| | _____ | _____ |
| | _____ | _____ |
| IFRS 15:120(b) | Management expects that __ per cent of the transaction price allocated to the unsatisfied contracts as of the year ended 2021 will be recognised as revenue during the next reporting period (CU__ million). The remaining __ per cent, CU__ million will be recognised in the 2023 financial year and CU__ million in the 2024 financial year. | |

Source

International GAAP Holdings Limited

Commentary:

There is no requirement in IFRS 15 for contract balances (i.e. contract assets, receivables and contract liabilities) to be disclosed together at a single place in the financial statements. Indeed, entities will likely continue to include balances arising from contracts with customers within the same financial statement line item and related note as previously under IAS 18 (e.g. contract liabilities within a deferred revenue note). IFRS 15 allows entities to use terms other than contract asset and contract liability to describe such balances.

Contract balances and the related disclosures have been included in the following places in the notes to the Group's accounts:

| | |
|-----------------------------|---|
| <i>Receivables</i> | <i>Balance described as 'Trade receivables' (Note 31)</i> |
| <i>Contract assets</i> | <i>Note 27</i> |
| <i>Contract costs</i> | <i>Note 28</i> |
| <i>Contract liabilities</i> | <i>Note 60</i> |

Materiality considerations will affect the line items to be disclosed separately within each relevant IFRS 15 contract balance. A single net contract asset or liability should be presented for each contract balance.

6. Operating segments**Commentary:*****When are entities required to present segment information?***

The following segment information is required by IFRS 8 to be presented in the consolidated financial statements of a group with a parent (and in the separate or individual financial statements of an entity):

- Whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over the counter market, including local and regional markets)*
- That files, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market*

What needs to be disclosed when entities aggregate operating segments into a single operating segment?

IFRS 8:22 requires entities to give a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining the aggregated operating segments share similar economic characteristics.

According to IFRS 8:12, two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and the segments are similar in each of the following respects:

- The nature of the products and services*
- The nature of the production processes*
- The type or class of customer for their products and services*
- The methods used to distribute their products or provide their services*
- If applicable, the nature of the regulatory environment, for example, banking, insurance or public utilities*

IFRS 8:22

Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive (the Chief Operating Decision Maker (CODM)) for the purposes of resource allocation and assessment of segment performance is focused on the category of customer for each type of activity. The principal categories of customer are direct sales to major customers, wholesalers and internet sales. The Group's reportable segments under IFRS 8 are therefore as follows:

| Source | International GAAP Holdings Limited |
|---------------|--|
| | <p>[Segment A] – Electronic equipment – direct sale customers</p> |
| | <p>[Segment B] – Electronic equipment – wholesale customers</p> |
| | <p>[Segment C] – Electronic equipment – internet customers</p> |
| | <p>[Segment D] – Leisure goods – wholesale customers</p> |
| | <p>[Segment E] – Leisure goods – retail outlets</p> |
| | <p>[Segment F] – Computer software – installation of computer software for specialised business applications</p> |
| | <p>[Segment G] – Construction – construction of residential properties</p> |
| | <p>The leisure goods segments supply sports shoes and equipment, as well as outdoor play equipment.</p> |
| IFRS 8:22(aa) | <p>The electronic equipment (direct sales) segment includes a number of direct sales operations in various cities within Country A each of which is considered as a separate operating segment by the CODM. For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:</p> <ul style="list-style-type: none"> • These operating segments have similar long-term gross profit margins • The nature of the products and production processes are similar • The methods used to distribute the products to the customers are the same • <i>[Other factors, please specify]</i> |
| IFRS 5:5B | <p>Two operations (the manufacture and sale of toys and bicycles) were discontinued in the current year. The segment information reported on the next pages does not include any amounts for these discontinued operations, which are described in more detail in note 13.</p> <p>Other operations include <i>[identify other operations and their sources of revenue if any.]</i></p> |

| Source | International GAAP Holdings Limited | | | | |
|--------------|---|---------------------|---------------------|---------------------|---------------------|
| | Segment revenues and profits | | | | |
| | The following is an analysis of the Group's revenue and results by reportable segment in 2021: | | | | |
| | | [Segment A] 2021 | [Segment B] 2021 | [Segment C] 2021 | [Segment D] 2021 |
| | | CU | CU | CU | CU |
| | Revenue | | | | |
| IFRS 8:23(a) | External sales | | | | |
| IFRS 8:23(b) | Inter-segment sales | | | | |
| IFRS 8:28(a) | Total revenue | | | | |
| IFRS 8:27(a) | Inter-segment sales are charged at prevailing market prices. | | | | |
| | Result | | | | |
| IFRS 8:23 | Segment profit | | | | |
| | Central administration costs | | | | |
| | Share of profit of associates | | | | |
| | Share of profit from joint ventures | | | | |
| | Finance income | | | | |
| | Other gains and losses | | | | |
| | Finance costs | | | | |
| IFRS 8:28(b) | Profit before tax | | | | |
| | Income tax | | | | |
| | Profit for the year from discontinued operations | | | | |
| | Profit after tax and discontinued operations | | | | |

| [Segment E] 2021 CU | [Segment F] 2021 CU | [Segment G] 2021 CU | Other 2021 CU | Eliminations 2021 CU | Consolidated 2021 CU |
|---------------------------|---------------------------|---------------------------|---------------------|----------------------------|----------------------------|
| | | | | () | |
| | | | | () | |

| Source | International GAAP Holdings Limited | | | |
|--------------|---|---------------------|---------------------|---------------------|
| | The following is an analysis of the Group's revenue and results by reportable segment in 2020: | | | |
| | [Segment A] 2020 | [Segment B] 2020 | [Segment C] 2020 | [Segment D] 2020 |
| | CU | CU | CU | CU |
| | Revenue | | | |
| IFRS 8:23(a) | External sales | | | |
| IFRS 8:23(b) | Inter-segment sales | | | |
| IFRS 8:28(a) | Total revenue | | | |
| IFRS 8:27(a) | Inter-segment sales are charged at prevailing market prices. | | | |
| | Result | | | |
| IFRS 8:23 | Segment profit | | | |
| | Central administration costs | | | |
| | Share of profit of associates | | | |
| | Share of profit from joint ventures | | | |
| | Finance Income | | | |
| | Other gains and losses | | | |
| | Finance costs | | | |
| IFRS 8:28(b) | Profit before tax | | | |
| | Income tax | | | |
| | Profit for the year from discontinued operations | | | |
| | Profit after tax and discontinued operations | | | |

| [Segment E] 2020 | [Segment F] 2020 | [Segment G] 2020 | Other 2020 | Eliminations 2020 | Consolidated 2020 |
|---------------------|---------------------|---------------------|---------------|----------------------|----------------------|
| CU | CU | CU | CU | CU | CU |
| | | | | () | |
| | | | | () | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|------------|------------|------------|--|----|----|--------------------|--|--|--------------------|--|--|--------------------|--|--|--------------------|--|--|--------------------|--|--|--------------------|--|--|--------------------|--|--|-------|--|--|----------------------|--|--|--|--|--|--------------------|--|--|--------------|--|--|--|--|--|--|--|--|--|--|--------------|---|
| IFRS 8:27 | The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of the share of profits of associates and joint ventures, central administration costs including directors' salaries, finance income, non-operating gains and losses in respect of financial instruments and finance costs, and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 8:23(f) | The exceptional rectification work costs of CU__ disclosed in note 7 relate to the <i>[identify segment]</i> . | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 8:27 | <p>Segment assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/2021</th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: right;">CU</th> <th style="text-align: right;">CU</th> </tr> </thead> <tbody> <tr> <td><i>[Segment A]</i></td> <td></td> <td></td> </tr> <tr> <td><i>[Segment B]</i></td> <td></td> <td></td> </tr> <tr> <td><i>[Segment C]</i></td> <td></td> <td></td> </tr> <tr> <td><i>[Segment D]</i></td> <td></td> <td></td> </tr> <tr> <td><i>[Segment E]</i></td> <td></td> <td></td> </tr> <tr> <td><i>[Segment F]</i></td> <td></td> <td></td> </tr> <tr> <td><i>[Segment G]</i></td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Total segment assets</td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Assets relating to discontinued operations</td> <td></td> <td></td> </tr> <tr> <td>Unallocated assets</td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>IFRS 8:28(c)</td> <td> <p>Consolidated total assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right; border-bottom: 1px solid black;"></th> <th style="text-align: right; border-bottom: 1px solid black;"></th> </tr> <tr> <th></th> <th style="text-align: right; border-bottom: 3px double black;"></th> <th style="text-align: right; border-bottom: 3px double black;"></th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table> </td> </tr> <tr> <td>IFRS 8:27(c)</td> <td>For the purposes of monitoring segment performance and allocating resources between segments the Group's Chief Executive monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of investments in associates and joint ventures, other financial assets (except for trade and other receivables) (see note 31) and tax assets. Goodwill has been allocated to reportable segments as described in note 16. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.</td> </tr> </tbody> </table> | | 31/12/2021 | 31/12/2020 | | CU | CU | <i>[Segment A]</i> | | | <i>[Segment B]</i> | | | <i>[Segment C]</i> | | | <i>[Segment D]</i> | | | <i>[Segment E]</i> | | | <i>[Segment F]</i> | | | <i>[Segment G]</i> | | | Other | | | Total segment assets | | | Assets relating to discontinued operations | | | Unallocated assets | | | IFRS 8:28(c) | <p>Consolidated total assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right; border-bottom: 1px solid black;"></th> <th style="text-align: right; border-bottom: 1px solid black;"></th> </tr> <tr> <th></th> <th style="text-align: right; border-bottom: 3px double black;"></th> <th style="text-align: right; border-bottom: 3px double black;"></th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table> | | | | | | | | | | IFRS 8:27(c) | For the purposes of monitoring segment performance and allocating resources between segments the Group's Chief Executive monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of investments in associates and joint ventures, other financial assets (except for trade and other receivables) (see note 31) and tax assets. Goodwill has been allocated to reportable segments as described in note 16. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments. |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>[Segment A]</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>[Segment B]</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>[Segment C]</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>[Segment D]</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>[Segment E]</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>[Segment F]</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>[Segment G]</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total segment assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assets relating to discontinued operations | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Unallocated assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 8:28(c) | <p>Consolidated total assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right; border-bottom: 1px solid black;"></th> <th style="text-align: right; border-bottom: 1px solid black;"></th> </tr> <tr> <th></th> <th style="text-align: right; border-bottom: 3px double black;"></th> <th style="text-align: right; border-bottom: 3px double black;"></th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 8:27(c) | For the purposes of monitoring segment performance and allocating resources between segments the Group's Chief Executive monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of investments in associates and joint ventures, other financial assets (except for trade and other receivables) (see note 31) and tax assets. Goodwill has been allocated to reportable segments as described in note 16. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | | | |
|------------------------------|--|-------------------------------|------------|----------------------------------|------------|
| | Other segment information | | | | |
| IFRS 8:23(e) IFRS 8:24(b) | | Depreciation and amortisation | | Additions to non-current assets* | |
| | | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | | CU | CU | CU | CU |
| | [Segment A] | | | | |
| | [Segment B] | | | | |
| | [Segment C] | | | | |
| | [Segment D] | | | | |
| | [Segment E] | | | | |
| | [Segment F] | | | | |
| | [Segment G] | | | | |
| | Other | | | | |
| | | | | | |
| | | | | | |
| | * The amounts exclude additions to financial instruments, deferred tax assets and net defined benefit assets. | | | | |
| IFRS 8:23(h) IAS 36:129 | In addition to the depreciation and amortisation reported above, impairment losses of CU__ (2020: CU__) and CU__ (2020: CU__) were recognised in respect of property, plant and equipment, and goodwill, respectively. These impairment losses were attributable to the following reportable segments: | | | | |
| | | 31/12/2021 | 31/12/2020 | | |
| | | CU | CU | | |
| | [Segment A] | | | | |
| | [Segment E] | | | | |
| | | | | | |
| | | | | | |
| IFRS 8:32 | Revenues from major products and services | | | | |
| | The Group's revenues from its major products and services are disclosed in note 5. | | | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------|--|------------|---------------------------------|------------|---------------------|--|--|--|------------|------------|------------|------------|----------|--|----|----|----|----|----|----------|--|--|--|--|--|----------|--|--|--|--|--|----------|--|--|--|--|--|----------|--|--|--|--|--|-------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | <p>Geographical information</p> <p>The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 8:33(a) IFRS 8:33(b) | <table border="1"> <thead> <tr> <th></th> <th colspan="2">Revenue from external customers</th> <th colspan="3">Non-current assets*</th> </tr> <tr> <th></th> <th>31/12/2021</th> <th>31/12/2020</th> <th>31/12/2021</th> <th>31/12/2020</th> <th>1/1/2020</th> </tr> <tr> <th></th> <th>CU</th> <th>CU</th> <th>CU</th> <th>CU</th> <th>CU</th> </tr> </thead> <tbody> <tr> <td>[A Land]</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>[B Land]</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>[C Land]</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>[D Land]</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | | Revenue from external customers | | Non-current assets* | | | | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 1/1/2020 | | CU | CU | CU | CU | CU | [A Land] | | | | | | [B Land] | | | | | | [C Land] | | | | | | [D Land] | | | | | | Other | | | | | | | | | | | | | | | | | |
| | Revenue from external customers | | Non-current assets* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 1/1/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | CU | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [A Land] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [B Land] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [C Land] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [D Land] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>* Non-current assets exclude those relating to discontinued operations and non-current assets held for sale.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 8:34 | <p>Information about major customers</p> <p>Included in revenues arising from [Segment A] are revenues of approximately CU__ million (2020: CU__ million) which arose from sales to the Group's largest customer. No other single customers contributed 10 per cent or more to the Group's revenue in either 2021 or 2020.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | |
|--------------------|--|------------|------------|
| IAS 1:104 | 7. Profit for the year | | |
| | Profit for the year has been arrived at after charging/(crediting): | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| IAS 21:52(a) | Net foreign exchange losses/(gains) | | |
| IAS 38:126 | Research and development costs | | |
| IAS 20:20 | Government grant for the purpose of immediate financial support | | |
| IAS 20:39(b) | Government grants towards training costs | | |
| | Amortisation of government grants towards purchase of property, plant and equipment | | |
| IAS 1:104 | Depreciation of property, plant and equipment | | |
| IAS 36:126(a) | Impairment of property, plant and equipment | | |
| IAS 1:97-98 | Gain/(loss) on disposal of property, plant and equipment | | |
| IFRS 16:53(a) | Depreciation of right-of-use assets | | |
| IFRS 16:49 | | | |
| IAS 38:118(d) | Amortisation of internally-generated intangible assets included in other expenses | | |
| IAS 36:126(a) | Impairment of goodwill | | |
| IAS 2:36(d) | Cost of inventories recognised as expense | | |
| IAS 2:36(e) | Write downs of inventories recognised as an expense | | |
| IAS 2:36(f) | Reversal of write downs of inventories recognised in the year | | |
| IAS 1:104 | Employee benefit expense (see note 8) | | |
| IFRS 7:20(a)(vi) | Loss allowance on trade receivables (note 31) | | |
| IFRS 7:20(a)(vi) | Loss allowance on other financial assets measured at amortised cost (note 24) | | |
| IFRS 7:20(a)(viii) | Loss allowance on debt investments measured at FVTOCI (note 43) | | |
| | Loss allowance on amounts due from contract assets (note 27) | | |
| | | _____ | _____ |
| | | _____ | _____ |
| IAS 1:97-98 | There was no loss allowance on financial guarantee contracts (note 38). | | |
| IAS 2:36(g) | Costs of CU__ have been recognised during the year in respect of rectification work to be carried out on goods supplied to one of the Group's major customers, which have been included in <i>[specify caption]</i> . | | |
| IAS 20:20 | <i>[Describe circumstances or events that led to any reversal of any write-down of inventories.]</i> | | |
| IAS 20:39(b) | In 2021, government grants of CU__ were received as part of a Government initiative to provide immediate financial support as a result of <i>[describe event that led to receipt of grants and the effect the grants have on the results]</i> . There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year. Government grants towards training costs and purchase of property, plant and equipment are described in note 59. | | |



| Source | International GAAP Holdings Limited | | |
|----------------------|---|------------|------------|
| | In [month] 2021, the Group disposed of [name of subsidiary] (see note 52). Certain of the non-core assets of the [____] division were retained by the Group. In addition, the [_____] operations of the [____] division were segregated from the manufacturing operations and retained by the Group. The assets retained were scrapped, and an impairment loss recognised in respect of their previous carrying amount. To the extent that employees could not be redeployed, redundancy terms were agreed. | | |
| IAS 1:97 IAS 1:98 | The restructuring costs charged to profit or loss consist of an impairment loss recognised in respect of assets of CU__ and redundancy costs of CU__. | | |
| | 8. Staff costs | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| | Post-employment benefits (note 58) | | |
| IAS 19:53 | Defined contribution plans | | |
| IAS 19:135(b) | Defined benefit plans | | |
| | | | |
| IFRS 2:50 | Share-based payments (note 57) | | |
| IFRS 2:51(a) | Equity-settled share-based payments | | |
| IFRS 2:51(a) | Cash-settled share-based payments | | |
| | | | |
| IAS 1:104 | Termination benefits | | |
| | Other employee benefits | | |
| | | | |
| IAS 1:104 | Total employee benefit expense | | |
| | | | |
| | 9. Finance income | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| IFRS 7:20(b) | Interest income: | | |
| | Financial instruments measured at amortised cost: | | |
| | • Bank deposits | | |
| | • Other financial assets measured at amortised cost (see note 24) | | |
| | Investment in debt instruments measured at FVTOCI (see note 24) | | |
| | | | |
| | | | |

| Source | International GAAP Holdings Limited | | |
|------------------------------------|---|------------|------------|
| | Other: | | |
| IFRS 7:B5(e) IFRS 7:11A(d) | Dividends received from equity investments designated as at FVTOCI (see note 24): | | |
| | <ul style="list-style-type: none"> • Relating to investments derecognised during the year • Relating to investments held at the end of the reporting period | | |
| | Total finance income | | |
| | 10. Other gains and losses | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| IFRS 7:20(a)(i) | Net gain/(loss) arising on financial liabilities designated as at FVTPL (i) | | |
| IFRS 7:20(a)(i) | Net gain/(loss) arising on financial assets mandatorily measured at FVTPL (ii) | | |
| IFRS 7:20(a)(i) | Net gain/(loss) arising on financial liabilities mandatorily measured at FVTPL (iii) | | |
| IFRS 7:20(a)(viii) | Reclassification of net gain/(loss) on debt investments classified as at FVTOCI from equity to profit or loss upon disposal | | |
| IFRS 7:20(a)(v) | Net gain/(loss) arising on derecognition of financial liabilities measured at amortised cost | | |
| IFRS 7:20(a)(v) IFRS 7:20A | Net gain/(loss) arising on modification of financial instruments measured at amortised cost that were not derecognised | | |
| IAS 40:76(d) | Gain/(loss) on remeasurement of investment property | | |
| IFRS 7:24A(c) IFRS 7:24C(b)(ii) | Hedge ineffectiveness on cash flow hedges | | |
| IFRS 7:24A(c) IFRS 7:24C(b)(ii) | Hedge ineffectiveness on net investment hedges | | |
| IFRIC 19:11 | (Gain)/loss on debt for equity swap | | |
| | Net foreign exchange gain/(loss) | | |
| | (i) The net loss on the redeemable preference shares designated as at FVTPL includes a gain of CU__ resulting from the decrease in fair value of the liabilities other than changes in the fair value of the liabilities attributable to the liabilities' credit risk, offset by dividends of CU__ paid during the year (note 11). | | |
| | (ii) The amount represents a net gain on investments in listed equity shares (see note 24) and comprises an increase in fair value of CU__ (2020: CU__), including dividends of CU__ received during the year (2020: CU__). | | |
| | (iii) The amount represents a net loss arising on an interest rate swap that economically hedges the fair value of the redeemable cumulative preference shares, but for which hedge accounting is not applied (see note 34). The net loss on the interest rate swap comprises an increase in fair value of CU__ of the swap, including interest of CU__ paid during the year. | | |

| Source | International GAAP Holdings Limited | | |
|---|---|------------|------------|
| IAS 1:97 | <p>The (gain)/loss arising on adjustment for the hedged item in a designated fair value hedge accounting relationship relates to the fixed rate bank loan, details of which are disclosed in note 32. This (gain)/loss forms part of the net gains or net losses on other financial liabilities carried at amortised cost.</p> <p>During the year the Group extinguished some of its borrowings by issuing equity instruments. In accordance with IFRIC 19, the (gain)/loss recognised on these transactions was CU__ (2020: CU__).</p> <p>The foreign exchange gains/losses arose on the unhedged monetary items denominated in foreign currencies. The amount predominantly consists of retranslation of bank loans of CU__ (2020: CU__).</p> | | |
| | 11. Finance costs | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| | Interest on bank overdrafts and loans | | |
| | Interest on convertible loan notes | | |
| IFRS 16:49 IFRS 16:53(b) | Interest on lease liabilities | | |
| IFRS 7:20(b) | Total interest expense for financial liabilities not classified as at FVTPL | | |
| IAS 23:26(a) | Less: amounts included in the cost of qualifying assets | | |
| IFRS 7.24C(a)(ii) IFRS 9:6.5.8(a) | Loss/(gain) arising on derivatives as designated hedging instruments in fair value hedges | | |
| IFRS 9:6.5.8(b) | (Gain)/loss arising on adjustment for the hedged item attributable to the hedged risk in a designated fair value hedge accounting relationship | | |
| IFRS 7:24C(b)(iv) IFRS 9:6.5.11(d) (ii) | (Gain)/loss arising on interest rate swaps as designated hedging instruments in cash flow hedges of floating rate debt reclassified from equity to profit or loss | | |
| IFRS 7:24C(b)(iv) IFRS 9:6.5.12(b) | (Gain)/loss arising on forward foreign exchange contracts designated as hedging instruments in cash flow hedges of forecast transactions that are no longer expected to occur reclassified from equity to profit or loss | | |
| | Unwinding of discount on provisions | | |
| IAS 19:134 | Net interest expense on defined benefit obligation | | |
| | Other finance costs | | |
| IAS 23:26(b) | Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of __ per cent (2020: __ per cent) to expenditure on such assets. | | |

Source International GAAP Holdings Limited

IAS 12:81(c)

The charge for the year can be reconciled to the profit before tax as follows:

| | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| | CU | CU |
| Profit before tax on continuing operations | | |
| Tax at the [A Land] corporation tax rate of __ per cent (2020: __per cent) | | |
| Tax effect of share of results of associates | | |
| Tax effect of expenses that are not deductible in determining taxable profit | | |
| Tax effect of income not taxable in determining taxable profit | | |
| Tax effect of utilisation of tax losses not previously recognised | | |
| Change in unrecognised deferred tax assets | | |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | | |
| Tax expense for the year | | |

Commentary:
The reconciliation should enable users of financial statements to understand whether the relationship between tax expense (income) and accounting profit is unusual and to understand the significant factors that could affect that relationship in the future. Distinguishing between recurring and non-recurring items may assist with this. It is also informative to state the effective tax rate. The relationship between tax expense (income) and accounting profit may be affected by such factors as revenue that is exempt from taxation, expenses that are not deductible in determining taxable profit (tax loss), the effect of tax losses and the effect of foreign tax rates and it is useful to explain these items.

IAS 12:84

| Source | International GAAP Holdings Limited | | |
|---------------|--|------------|------------|
| IAS 12:81(ab) | In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised in other comprehensive income: | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| | Current tax | | |
| | <i>[describe items and split between those items that will not be reclassified subsequently to profit or loss and those items that may be reclassified subsequently to profit or loss]</i> | | |
| | Deferred tax | | |
| | Items that will not be reclassified subsequently to profit or loss: | | |
| | Gains/(losses) on property revaluation | | |
| | Remeasurement of net defined benefit liability | | |
| | Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI | | |
| | Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk | | |
| | | | |
| | Items that may be reclassified subsequently to profit or loss: | | |
| | <u>Debt instruments measured at FVTOCI:</u> | | |
| | Fair value gain/(loss) on investments in debt instruments measured at FVTOCI | | |
| | Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal | | |
| | Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL | | |
| | | | |
| | <u>Cash flow hedges:</u> | | |
| | Fair value gain/(loss) arising on hedging instruments during the period | | |
| | Less: Cumulative (gain)/loss arising on hedging instruments reclassified to profit or loss | | |
| | | | |
| | <u>Cost of hedging:</u> | | |
| | Changes in the fair value during the period in relation to transaction related hedged items | | |
| | Changes in the fair value during the period in relation to time-period related hedged items | | |
| | Less: Cumulative (gain)/loss arising on changes in the fair value in relation to transaction-related hedged items reclassified to profit or loss | | |
| | Less: Amortisation to profit or loss of cumulative (gain)/loss arising on changes in the fair value in relation to time-period related hedged item | | |
| | | | |
| | Exchange differences on translation of foreign operations | | |
| | Gains/(losses) on net investment hedge | | |
| IAS 12:81(a) | Total income tax recognised in other comprehensive income | | |

| Source | International GAAP Holdings Limited | | |
|--------------|--|------------|------------|
| | In addition to the amount charged to profit or loss and other comprehensive income, the following amounts relating to tax have been recognised directly in equity: | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| | Current tax | | |
| | Excess tax deductions related to share-based payments on exercised options | | |
| | Deferred tax | | |
| | Initial recognition of the equity component on issue of convertible loan notes | | |
| | Change in estimated excess tax deductions related to share-based payments | | |
| IAS 12:81(a) | Total income tax recognised directly in equity | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--------------------------|------------------------------------|--------------------------|--|----|----|-----------------|---------|--|-----------------|----------|--|-----------------|-------------------|--|----------------------------------|--------------------------|--|-------------------|---|--|----------------------------------|--------------------------|--|--------------|--|--|
| IFRS 5:30 - 32 | 13. Discontinued operations | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | On <i>[date]</i> 2021, the Group entered into a sale agreement to dispose of <i>[name of subsidiary]</i> , which carried out all of the Group's <i>[...]</i> operations. The disposal was effected in order to generate cash flows for the expansion of the Group's other businesses. The disposal was completed on <i>[date]</i> 2021, on which date control of <i>[name of subsidiary]</i> passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 52. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 5:33(b) IFRS 5:34 | The results of the discontinued operations, which have been included in the profit for the year, were as follows: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Period ended <i>[date]</i> 2021</th> <th style="text-align: center;">Year ended 31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> </tr> </thead> <tbody> <tr> <td>IFRS 5:33(b)(i)</td> <td>Revenue</td> <td></td> </tr> <tr> <td>IFRS 5:33(b)(i)</td> <td>Expenses</td> <td></td> </tr> <tr> <td>IFRS 5:33(b)(i)</td> <td>Profit before tax</td> <td></td> </tr> <tr> <td>IFRS 5:33(b)(ii) IAS 12:81(h)</td> <td>Attributable tax expense</td> <td></td> </tr> <tr> <td>IFRS 5:33(b)(iii)</td> <td>Loss on disposal of discontinued operations</td> <td></td> </tr> <tr> <td>IFRS 5:33(b)(iv) IAS 12:81(h)</td> <td>Attributable tax expense</td> <td></td> </tr> <tr> <td>IFRS 5:33(d)</td> <td>Net loss attributable to discontinued operations (attributable to owners of the Company)</td> <td></td> </tr> </tbody> </table> | | Period ended <i>[date]</i> 2021 | Year ended 31/12/2020 | | CU | CU | IFRS 5:33(b)(i) | Revenue | | IFRS 5:33(b)(i) | Expenses | | IFRS 5:33(b)(i) | Profit before tax | | IFRS 5:33(b)(ii) IAS 12:81(h) | Attributable tax expense | | IFRS 5:33(b)(iii) | Loss on disposal of discontinued operations | | IFRS 5:33(b)(iv) IAS 12:81(h) | Attributable tax expense | | IFRS 5:33(d) | Net loss attributable to discontinued operations (attributable to owners of the Company) | |
| | Period ended <i>[date]</i> 2021 | Year ended 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 5:33(b)(i) | Revenue | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 5:33(b)(i) | Expenses | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 5:33(b)(i) | Profit before tax | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 5:33(b)(ii) IAS 12:81(h) | Attributable tax expense | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 5:33(b)(iii) | Loss on disposal of discontinued operations | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 5:33(b)(iv) IAS 12:81(h) | Attributable tax expense | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 5:33(d) | Net loss attributable to discontinued operations (attributable to owners of the Company) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 5:33(c) | <p>During the year, <i>[name of subsidiary]</i> contributed CU__ million (2020: CU__ million) to the Group's net operating cash flows, paid CU__ million (2020: CU__ million) in respect of investing activities and paid CU__ million (2020: CU__ million) in respect of financing activities.</p> <p>A loss of CU__ million arose on the disposal of <i>[name of subsidiary]</i>, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets and attributable goodwill.</p> <p>In addition, on <i>[date]</i> the board resolved to dispose of the Group's <i>[specify]</i> operations and negotiations with several interested parties have subsequently taken place. The disposal is consistent with the Group's long-term policy to focus its activities on the Group's other businesses. These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position. The proceeds of disposal are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale. The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 5:41 IFRS 5:38 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | |
|---------------------------|--|------------|------------|
| | | 31/12/2021 | |
| | | CU | |
| | Goodwill | | |
| | Property, plant and equipment | | |
| | Inventories | | |
| | Trade and other receivables | | |
| | Cash and bank balances | | |
| | Total assets classified as held for sale | | |
| | Trade and other payables | | |
| | Tax liabilities | | |
| | Bank overdrafts and loans | | |
| | Total liabilities associated with assets classified as held for sale | | |
| | Net assets of disposal group | | |
| | 14. Dividends | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| | Amounts recognised as distributions to equity holders in the year: | | |
| | Final dividend for the year ended 31 December 2020 of CU__ (2019: CU__) per share | | |
| | Interim dividend for the year ended 31 December 2021 of CU__ (2020: CU__) per share | | |
| IAS 1:107 | Proposed final dividend for the year ended 31 December 2021 of CU__ (2020: CU__) per share | | |
| IAS 1:137(a) IAS 10:13 | The proposed final dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the register of members on <i>[insert date]</i> . The total estimated dividend to be paid is CU__ per share. The payment of this dividend will not have any tax consequences for the Group. | | |
| | Under an arrangement dated <i>[date]</i> , <i>[name]</i> who holds <i>[number]</i> ordinary shares representing __ per cent of the Company's called up share capital, has agreed to waive all dividends due to <i>[him/her]</i> for a period of <i>[specify]</i> . | | |



Australian entities are required to provide additional information about franking credits. See Note 14 in Appendix 2 for an illustrative example.

| Source | International GAAP Holdings Limited | | | | | | | | | | |
|---|--|------------|---|------------|------------|---|----|----|---|------------|------------|
| IAS 33:2-3 | <p>15. Earnings per share</p> <p>Commentary:</p> <p><i>IAS 33 requires that earnings per share (EPS) information be presented in the consolidated financial statements of a group with a parent (and in the separate or individual financial statements of an entity):</i></p> <ul style="list-style-type: none"> • <i>Whose ordinary shares or potential ordinary shares are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local or regional markets) or</i> • <i>That files, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing ordinary shares in a public market</i> <p><i>If other entities choose to disclose EPS information voluntarily in their financial statements that comply with IFRS Standards, the disclosures in relation to the EPS information should comply fully with the requirements set out in IAS 33.</i></p> <p>From continuing and discontinued operations</p> <p>The calculation of the basic and diluted earnings per share is based on the following data:</p> <table border="0" style="width: 100%; margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/2021</th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/2020</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: right;">CU</td> <td style="text-align: right;">CU</td> </tr> </tbody> </table> | | | 31/12/2021 | 31/12/2020 | | CU | CU | | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | |
| | CU | CU | | | | | | | | | |
| IAS 33:70(a) | <p>Earnings</p> <p>Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company</p> <p>Effect of dilutive potential ordinary shares:</p> <table border="0" style="width: 100%; margin-left: auto; margin-right: auto;"> <tbody> <tr> <td style="padding-left: 20px;">Interest on convertible loan notes (net of tax)</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Earnings for the purposes of diluted earnings per share</td> <td style="text-align: right; border-bottom: 3px double black;"></td> <td style="text-align: right; border-bottom: 3px double black;"></td> </tr> <tr> <td></td> <td style="text-align: right; border-bottom: 1px solid black;">31/12/2021</td> <td style="text-align: right; border-bottom: 1px solid black;">31/12/2020</td> </tr> </tbody> </table> <p>Number of shares</p> | | Interest on convertible loan notes (net of tax) | | | Earnings for the purposes of diluted earnings per share | | | | 31/12/2021 | 31/12/2020 |
| Interest on convertible loan notes (net of tax) | | | | | | | | | | | |
| Earnings for the purposes of diluted earnings per share | | | | | | | | | | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | |
| IAS 33:70(b) | <p>Weighted average number of ordinary shares for the purposes of basic earnings per share</p> | | | | | | | | | | |
| IAS 33:70(c) | <p>Effect of dilutive potential ordinary shares</p> <table border="0" style="width: 100%; margin-left: auto; margin-right: auto;"> <tbody> <tr> <td style="padding-left: 20px;">Share options</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="padding-left: 20px;">Convertible loan notes</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Weighted average number of ordinary shares for the purposes of diluted earnings per share</td> <td style="text-align: right; border-bottom: 3px double black;"></td> <td style="text-align: right; border-bottom: 3px double black;"></td> </tr> </tbody> </table> | | Share options | | | Convertible loan notes | | | Weighted average number of ordinary shares for the purposes of diluted earnings per share | | |
| Share options | | | | | | | | | | | |
| Convertible loan notes | | | | | | | | | | | |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | | | | | | | | | | | |
| <p>The denominator for the purposes of calculating both basic and diluted earnings per share has been adjusted to reflect the capitalisation issue in 2021.</p> | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | |
|------------------------|--|------------|
| IAS 33 :70(c) | <p>The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share.</p> | |
| | 31/12/2021 | 31/12/2020 |
| | Number of shares | |
| | [Describe] | |
| | From continuing operations | |
| | 31/12/2021 | 31/12/2020 |
| | CU | CU |
| IAS 33:70(a) | Earnings | |
| | Net profit attributable to equity holders of the parent | |
| | Adjustments to exclude loss for the year from discontinued operations | |
| | | |
| | Earnings from continuing operations for the purpose of basic earnings per share excluding discontinued operations | |
| | Effect of dilutive potential ordinary shares: | |
| | Interest on convertible loan notes (net of tax) | |
| | | |
| | Earnings from continuing operations for the purpose of diluted earnings per share excluding discontinued operations | |
| | | |
| | The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations. | |
| IAS 33:68 IAS 33:69 | From discontinued operations | |
| | 31/12/2021 | 31/12/2020 |
| | CU | CU |
| | Basic | |
| | Diluted | |
| | | |
| | | |

| Source | International GAAP Holdings Limited | | | | | | |
|--|--|--|------------------------------------|------------------------------------|--------------------------------------|--------------------------------------|--|
| IAS 8:28(f)(ii) | Impact of changes in accounting policy (see note 2) | | | | | | |
| | Impact on profit for the year from continuing operations | | Impact on basic earnings per share | | Impact on diluted earnings per share | | |
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | |
| | CU | CU | CU | CU | CU | CU | |
| | Changes in accounting policies relating to: | | | | | | |
| | <i>[Specify relevant changes in accounting policy]</i> | | | | | | |
| | _____ | | _____ | | _____ | | |
| | _____ | | _____ | | _____ | | |
| | IAS 8:49(b)(ii) | Impact of prior year errors (see note 2) | | | | | |
| | | Impact on profit for the year from continuing operations | | Impact on basic earnings per share | | Impact on diluted earnings per share | |
| 31/12/2021 | | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | |
| CU | | CU | CU | CU | CU | CU | |
| Changes relating to prior period errors: | | | | | | | |
| <i>[Specify relevant prior period error]</i> | | | | | | | |
| _____ | | _____ | | _____ | | | |
| _____ | | _____ | | _____ | | | |

| Source | International GAAP Holdings Limited |
|--------|--|
| | <p>16. Goodwill</p> <p style="text-align: right;">CU</p> <p>Cost</p> <p>At 1 January 2020</p> <p>Exchange differences</p> <p>Recognised on acquisition of a subsidiary</p> <p>Derecognised on disposal of a subsidiary</p> <p>Classified as held for sale</p> <p>Other changes</p> <hr/> <p>IFRS 3:B67(d) At 31 December 2020</p> <p>Exchange differences</p> <p>Recognised on acquisition of a subsidiary</p> <p>Derecognised on disposal of a subsidiary</p> <p>Classified as held for sale</p> <p>Other changes</p> <hr/> <p>IFRS 3:B67(d) At 31 December 2021</p> <hr/> <p>Accumulated impairment losses</p> <p>At 1 January 2020</p> <p>Exchange differences</p> <p>IAS 36:126 Impairment losses for the year</p> <p>Eliminated on disposal of a subsidiary</p> <hr/> <p>IFRS 3:B67(d) At 31 December 2020</p> <p>Exchange differences</p> <p>IAS 36:126 Impairment losses for the year</p> <p>Eliminated on disposal of a subsidiary</p> <hr/> <p>IFRS 3:B67(d) At 31 December 2021</p> <hr/> |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|------------|------------|------------|--|----|----|--|--|--|---|--|--|---|--|--|--|--|--|--|--|--|--|--|--|
| IFRS 3:B67(d) | <p>Carrying amount</p> <p>At 31 December 2021</p> <p>At 31 December 2020</p> <p>At 1 January 2020</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 36:134-135 | <p>The carrying amount of goodwill has been allocated to CGUs as follows:</p> <table border="1" data-bbox="909 604 1487 1064"> <thead> <tr> <th></th> <th style="text-align: right;">31/12/2021</th> <th style="text-align: right;">31/12/2020</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">CU</td> <td style="text-align: center;">CU</td> </tr> <tr> <td>[Segment C]: Electronic equipment – internet sales</td> <td></td> <td></td> </tr> <tr> <td>[Segment E]: Leisure goods – retail outlets</td> <td></td> <td></td> </tr> <tr> <td>[Segment G]: Construction operations – Alpha Construction</td> <td></td> <td></td> </tr> <tr> <td>[Segment G]: Construction operations – other</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> </tr> </tbody> </table> | | 31/12/2021 | 31/12/2020 | | CU | CU | [Segment C]: Electronic equipment – internet sales | | | [Segment E]: Leisure goods – retail outlets | | | [Segment G]: Construction operations – Alpha Construction | | | [Segment G]: Construction operations – other | | | | | | | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | | | | | | | | | | |
| [Segment C]: Electronic equipment – internet sales | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Segment E]: Leisure goods – retail outlets | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Segment G]: Construction operations – Alpha Construction | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Segment G]: Construction operations – other | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
|   | <p>The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.</p> <p><i>Electronic equipment – internet sales</i></p> <p>The recoverable amount of the ‘electronic equipment – internet sales’ segment as a cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period and a pre-tax discount rate of __ per cent per annum (2020: __ per cent per annum) calculated by [<i>describe method used to determine the discount rate</i>].</p> <p>The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:</p> <p><i>Forecast sales growth rates</i></p> <p>Forecast sales growth rates are based on past experience adjusted for [<i>discuss reasons for adjusting the historic measures, for example, sales/market trends and the strategic decisions made in respect of the cash-generating unit</i>].</p> <p><i>Operating profits</i></p> <p>Operating profits are forecast based on historical experience of operating margins, adjusted for the impact of [<i>describe reasons for adjusting the historical measures, for example, changes to product costs and cost saving initiatives</i>].</p> <p><i>Cash conversion</i></p> <p>Cash conversion is the ratio of operating cash flow to operating profit. Management forecasts cash conversion rates based on historical experience.</p> <p>Cash flows beyond that five-year period have been extrapolated using a steady __ per cent (2020: __ per cent) per annum growth rate. This growth rate exceeds by __ percentage points the long-term average growth rate for the international electronic equipment market. However, among other factors, the internet sales cash-generating unit benefits from the protection of a 20-year patent on the Series Z electronic equipment, granted in 2015, which is still acknowledged as one of the top models in the market.</p> | | | | | | | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited |
|--------|---|
| | <p>The steady growth rate of __ per cent is estimated by the directors of the Company based on past performance of the cash-generating unit and their expectations of market development. The directors estimate that a decrease in growth rate by __ per cent to __ per cent would reduce the headroom in the cash-generating unit to nil but would not result in an impairment charge.</p> <p><i>Leisure goods – retail outlets</i></p> <p>The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a pre-tax discount rate of __ per cent per annum (2020: __ per cent per annum) calculated by [<i>describe method used to determine the discount rate</i>].</p> <p>The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:</p> <p><i>Forecast sales growth rates</i></p> <p>Forecast sales growth rates are based on past experience adjusted for [<i>discuss reasons for adjusting the historic measures, for example, sales/market trends and the strategic decisions made in respect of the cash-generating unit</i>].</p> <p><i>Operating profits</i></p> <p>Operating profits are forecast based on historical experience of operating margins, adjusted for the impact of [<i>describe reasons for adjusting the historical measures, for example, changes to product costs and cost saving initiatives</i>].</p> <p><i>Cash conversion</i></p> <p>Cash conversion is the ratio of operating cash flow to operating profit. Management forecasts cash conversion rates based on historical experience.</p> <p>Cash flow projections during the budget period are based on the same expected gross margins and inventory price inflation throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady __ per cent (2020: __ per cent) per annum growth rate which is the projected long-term average growth rate for the international leisure goods market.</p> <p><i>Construction operations – Alpha Construction</i></p> <p>The goodwill associated with Alpha Construction arose when that business was acquired by the Group in 2013. The business has continued to operate on a satisfactory basis, but without achieving any significant increase in market share.</p> <p>During the year, the government of [<i>A Land</i>] introduced new regulations requiring registration and certification of builders for government contracts. In the light of the decision to focus the Group's construction activities through the other operating units in Subsidiary C Limited, the directors have decided not to register Alpha Construction for this purpose, which means that it has no prospects of obtaining future contracts. The directors have consequently determined to write off the goodwill directly related to Alpha Construction amounting to CU___. No other write-down of the assets of Alpha Construction is considered necessary. Contracts in progress at the end of the year will be completed without loss to the Group. The recoverable amount of the Alpha Construction cash-generating unit amounted to CU__ as at 31 December 2021.</p> <p>The impairment loss has been included in profit or loss in the [<i>other expenses/cost of sales</i>] line item.</p> <p><i>Construction operations – other</i></p> <p>The recoverable amount of the Group's remaining construction operations has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a pre-tax discount rate of __ per cent per annum (2020: __ per cent per annum) calculated by [<i>describe method used to determine the discount rate</i>].</p> |

| Source | International GAAP Holdings Limited |
|--------|-------------------------------------|
|--------|-------------------------------------|

The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:

Forecast sales growth rates

Forecast sales growth rates are based on past experience adjusted for [discuss reasons for adjusting the historic measures, for example, sales/market trends and the strategic decisions made in respect of the cash-generating unit].

Operating profits

Operating profits are forecast based on historical experience of operating margins, adjusted for the impact of [describe reasons for adjusting the historical measures, for example, changes to product costs and cost saving initiatives].

Cash conversion

Cash conversion is the ratio of operating cash flows to operating profit. Management forecasts cash conversion rates based on historical experience.

Cash flows beyond that five-year period have been extrapolated using a steady ___ per cent (2020: ___ per cent) per annum growth rate. This growth rate does not exceed the long-term average growth rate for the construction market in [A Land].

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of 'Electronic equipment – internet sales' and 'Construction operations – other' is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

At the beginning of the financial year the recoverable amount of 'Leisure goods – retail outlets' was substantially in excess of its carrying amount. Due to current market conditions at the year-end, as discussed in note 4, the recoverable amount exceeds the carrying amount by CU__.

A ___ per cent underperformance against forecast sales growth rates for 'Leisure goods – retail outlets' is considered reasonably possible based on recent experience and would lead to an impairment charge of CU__.

A ___ per cent underperformance against forecast sales growth rates would reduce the headroom in 'Leisure goods – retail outlets' to nil but would not result in an impairment charge.

| Source | | International GAAP Holdings Limited | | |
|--------------------------------|--|---|---------------------------|-------|
| | | 17. Other intangible assets | | |
| | | Capitalised development costs | Patents and trademarks | Total |
| | | CU | CU | CU |
| IAS 38:118(c) IAS 38:118(e) | | Cost | | |
| | | At 1 January 2020 | | |
| | | Exchange differences | | |
| | | Additions from internal development | | |
| | | At 31 December 2020 | | |
| | | Exchange differences | | |
| | | Additions from internal development | | |
| | | Additions from separate acquisitions | | |
| | | Acquired on acquisition of a subsidiary | | |
| | | At 31 December 2021 | | |
| IAS 38:118(c) IAS 38:118(e) | | Amortisation | | |
| | | At 1 January 2020 | | |
| | | Exchange differences | | |
| | | Charge for the year | | |
| | | At 31 December 2020 | | |
| | | Exchange differences | | |
| | | Charge for the year | | |
| | | At 31 December 2021 | | |
| | | Carrying amount | | |
| | | At 31 December 2021 | | |
| | | At 31 December 2020 | | |
| | | At 1 January 2020 | | |
| | | The amortisation period for development costs incurred on the Group's [<i>specify</i>] development is [<i>number</i>] years. | | |
| | | Patents and trademarks are amortised over their estimated useful lives, which is on average [<i>number</i>] years. | | |
| IAS 38:122(b) | | The Group holds a patent for the manufacture of its Z Series Electronic Equipment. The carrying amount of the patent of CU__ million (2020: CU__ million) will be fully amortised in __ years (2020: __ years). | | |

| Source | International GAAP Holdings Limited | | | | |
|------------------|--|-----------------------|------------------------|--------------------------|-------|
| | 18. Property, plant and equipment | | | | |
| | | Land and buildings | Plant and machinery | Fixtures and fittings | Total |
| | | CU | CU | CU | CU |
| | Cost or valuation | | | | |
| | At 1 January 2020 | | | | |
| | Additions | | | | |
| | Acquisition of subsidiary | | | | |
| | Exchange differences | | | | |
| | Disposals | | | | |
| | Revaluation increase | | | | |
| IAS 16:73(d)-(e) | At 31 December 2020 | | | | |
| | Additions | | | | |
| | Acquisition of subsidiary | | | | |
| | Exchange differences | | | | |
| | Reclassified as held for sale | | | | |
| | Revaluation increase | | | | |
| | Transferred to investment property | | | | |
| IAS 16:73(d)-(e) | At 31 December 2021 | | | | |
| | Comprising: | | | | |
| | At cost | | | | |
| | At valuation 2021 | | | | |

| Source | International GAAP Holdings Limited |
|---|--|
| | <p>Accumulated depreciation and impairment</p> <p>At 1 January 2020</p> <p>Charge for the year</p> <p>Impairment loss</p> <p>Exchange differences</p> <p>Eliminated on disposals</p> <p>Eliminated on revaluation</p> <hr/> |
| IAS 16:73(d)-(e) | <p>At 31 December 2020</p> <p>Charge for the year</p> |
| IAS 36:126 | <p>Impairment loss</p> <p>Exchange differences</p> <p>On assets reclassified as held for sale</p> <p>Eliminated on revaluation</p> <p>Transferred to investment property</p> <hr/> |
| IAS 16:73(d)-(e) | <p>At 31 December 2021</p> <hr/> |
| | <p>Carrying amount</p> <p>At 31 December 2021</p> <p>At 31 December 2020</p> <p>At 1 January 2020</p> |
| | <p>Commentary:</p> <p><i>Although not illustrated in these model financial statements, for items of property, plant and equipment which are subject to an operating lease, a lessor should apply the disclosure requirements of IAS 16.</i></p> <p><i>For this purpose, each class of property, plant and equipment should be segregated into assets subject to operating leases and assets not subject to operating leases (i.e. the disclosures required by IAS 16 should be provided separately for assets subject to an operating lease (by class of underlying asset) and owned assets held and used by the lessor.</i></p> |
| IFRS 16:95 | |
|   | <p>Fair value measurement of the Group's freehold land and buildings</p> <p>The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's freehold land and buildings as at 31 December 2021 and 31 December 2020 were performed by [name of valuers], independent valuers not related to the Group. [Name of valuers] are members of the Institute of Valuers of _____, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.</p> <p>The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties/other methods [describe].</p> <p>The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence/other methods [describe]. [Describe the valuation techniques and the inputs used in determining the fair value.]</p> <p>There has been no change to the valuation technique during the year.</p> |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---------|--------------------------------|---------|--------------------------------|---------|--------------------------------|----|----|---|----|---|--|---------------|--|---------------|--|-----------|--|-----------|--|--|--|--|--|--|---------|---------|--------------------------------|--|----|----|----|---|--|--|--|---------------|--|--|--|-----------|--|--|--|
| IFRS 13:93(a) - (b) | <p>Details of the Group's freehold land and buildings and information about the fair value hierarchy as at the end of the reporting period are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Level 2</th> <th style="text-align: center;">Level 3</th> <th style="text-align: center;">Fair value as at 31/12/2021</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> </tr> </thead> <tbody> <tr> <td colspan="4">A manufacturing plant in X Land contains:</td> </tr> <tr> <td style="padding-left: 20px;">Freehold land</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Buildings</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="4" style="text-align: center;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Level 2</th> <th style="text-align: center;">Level 3</th> <th style="text-align: center;">Fair value as at 31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> </tr> </thead> <tbody> <tr> <td colspan="4">A manufacturing plant in X Land contains:</td> </tr> <tr> <td style="padding-left: 20px;">Freehold land</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Buildings</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> </td> </tr> </tbody> </table> | | Level 2 | Level 3 | Fair value as at 31/12/2021 | | CU | CU | CU | A manufacturing plant in X Land contains: | | | | Freehold land | | | | Buildings | | | | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Level 2</th> <th style="text-align: center;">Level 3</th> <th style="text-align: center;">Fair value as at 31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> </tr> </thead> <tbody> <tr> <td colspan="4">A manufacturing plant in X Land contains:</td> </tr> <tr> <td style="padding-left: 20px;">Freehold land</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Buildings</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | | | | | Level 2 | Level 3 | Fair value as at 31/12/2020 | | CU | CU | CU | A manufacturing plant in X Land contains: | | | | Freehold land | | | | Buildings | | | |
| | Level 2 | Level 3 | Fair value as at 31/12/2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A manufacturing plant in X Land contains: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freehold land | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | Level 2 | Level 3 | Fair value as at 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A manufacturing plant in X Land contains: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freehold land | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>Commentary:</p> <p><i>The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The above categorisations are for illustrative purpose only. It is worth noting the following points:</i></p> <ul style="list-style-type: none"> • <i>The classification into the 3-level hierarchy is not an accounting policy choice. For land and buildings, given their unique nature, it is extremely rare that the fair value measurement would be identified as a Level 1 measurement. Whether the fair value measurement in its entirety should be classified into Level 2 or Level 3 would depend on the extent to which the inputs and assumptions used in arriving at the fair value are observable. In many situations where valuation techniques (with significant unobservable inputs) are used in estimating the fair value of the real estate properties, the fair value measurement as a whole would be classified as Level 3.</i> • <i>The level within which the fair value measurement is categorised bears no relation to the quality of the valuation. For example, the fact that a real estate property is classified as a Level 3 fair value measurement does not mean that the property valuation is not reliable – it merely indicates that significant unobservable inputs have been used and significant judgement was required in arriving at the fair value.</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>Commentary:</p> <p><i>Where there had been a transfer between different levels of the fair value hierarchy, the Group should disclose the reasons for the transfer and the Group's policy for determining when transfers between levels are deemed to have occurred (for example, at the beginning or end of the reporting period or at the date of the event that caused the transfer).</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 13:95 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | |
|---|--|------------------|------------------|------------------|--|----|----|---------------|--|--|-----------|--|--|
| IAS 16:77(e) | <p>Had the Group's freehold land and buildings (other than land and buildings classified as held for sale or included in a disposal group) been measured on a historical cost basis, their carrying amount would have been as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;">As at 31/12/2021</th> <th style="text-align: center; border-bottom: 1px solid black;">As at 31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> </tr> </thead> <tbody> <tr> <td>Freehold land</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;"></td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Buildings</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;"></td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;"></td> </tr> </tbody> </table> <p>The revaluation surplus is disclosed in note 43. The revaluation surplus arises in a subsidiary and cannot be distributed to the parent due to legal restrictions in the country of incorporation.</p> <p>At 31 December 2021, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to CU__ million (2020: CU__ million).</p> | | As at 31/12/2021 | As at 31/12/2020 | | CU | CU | Freehold land | | | Buildings | | |
| | As at 31/12/2021 | As at 31/12/2020 | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | |
| Freehold land | | | | | | | | | | | | | |
| Buildings | | | | | | | | | | | | | |
|   | <p>Impairment losses recognised during the year</p> <p>During the year, as the result of the unexpected poor performance of a manufacturing plant, the Group carried out a review of the recoverable amount of that manufacturing plant and the related equipment. The poor performance of the plant can be attributed to <i>[insert description of reasons for poor performance, for example, this could include whether the impairment loss was prompted by external data or changes in the Company's own estimates]</i>.</p> <p>These assets are used in the Group's <i>[name segment]</i> reportable segment. The review led to the recognition of an impairment loss of CU__, which has been recognised in profit or loss. The Group also estimated the fair value less costs of disposal of the manufacturing plant and the related equipment, which is based on the recent market prices of assets with similar age and obsolescence. The fair value less costs of disposal is less than the value in use and hence the recoverable amount of the relevant assets has been determined on the basis of their value in use. The manufacturing plant and the related equipment were impaired to their recoverable amount based on value in use of CU__, which is their carrying value at year end.</p> | | | | | | | | | | | | |
| IAS 36:130(a)-(g) | <p>The discount rate used in measuring value in use was __ per cent per annum. No impairment assessment was performed in 2020 as there was no indication of impairment.</p> | | | | | | | | | | | | |
| IAS 36:131 | <p>Additional impairment losses recognised in respect of plant and machinery in the year amounted to CU__ million. These losses are attributable to greater than anticipated wear and tear. Those assets have been impaired in full and they belong to the Group's <i>[name segment]</i> reportable segment.</p> | | | | | | | | | | | | |
| IAS 36:126(a) | <p>The impairment losses have been included in the profit and loss in the <i>[other expenses/cost of sales]</i> line item.</p> <p>The impairment loss on fixtures and equipment arose in connection with the restructuring following the disposal of <i>[specify/provide cross-reference]</i>.</p> | | | | | | | | | | | | |
| IAS 16:74(a) | <p>Assets pledged as security</p> <p>Freehold land and buildings with a carrying amount of CU__ million (2020: CU__ million) have been pledged to secure borrowings of the Group (see note 32). The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.</p> | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---------|--------------------------------|---------|--------------------------------|--|----|----|----|--|--|--|--|--|--|--|--|---|--|--|--|--|--|--|--|--|--|--|--|
| IFRS 16:96 | <p>19. Investment property</p> <p style="text-align: right;">CU</p> <p>Fair value</p> <p>At 1 January 2020</p> <p>Additions</p> <p>Exchange differences</p> <p>Disposals</p> <p>Increase in fair value during the year</p> <hr/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 40:76 | <p>At 31 December 2020</p> <p>Additions</p> <p>Exchange differences</p> <p>Disposals</p> <p>Increase in fair value during the year</p> <p>Transferred from property, plant and equipment</p> <hr/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 40:76 | <p>At 31 December 2021</p> <hr/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|   | <p>The fair value of the Group's investment property at 31 December 2021 has been arrived at on the basis of a valuation carried out at that date by <i>[name of valuers]</i>, independent valuers not connected with the Group. The valuation conforms to International Valuation Standards. The fair value was determined <i>[based on the market comparable approach that reflects recent transaction prices for similar properties/other methods [describe]]</i>.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 40:75(e) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 13:91(a) | In estimating the fair value of the properties, the highest and best use of the properties is their current use. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 13:93(d) | <i>[Describe the valuation technique and inputs used in the fair value measurement]</i> . | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | There has been no change to the valuation technique during the year. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 13:93(b) | Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows: | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Level 2</th> <th style="text-align: center;">Level 3</th> <th style="text-align: center;">Fair value as at 31/12/2021</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> </tr> </thead> <tbody> <tr> <td>Commercial units located in A Land – BB City</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Office units located in A Land – CC City</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Residential units located in A Land – DD City</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td></td> <td style="border-top: 3px double black;"></td> <td style="border-top: 3px double black;"></td> <td style="border-top: 3px double black;"></td> </tr> </tbody> </table> | | Level 2 | Level 3 | Fair value as at 31/12/2021 | | CU | CU | CU | Commercial units located in A Land – BB City | | | | Office units located in A Land – CC City | | | | Residential units located in A Land – DD City | | | | | | | | | | | |
| | Level 2 | Level 3 | Fair value as at 31/12/2021 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commercial units located in A Land – BB City | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Office units located in A Land – CC City | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Residential units located in A Land – DD City | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | |
|---------------|--|---------|--------------------------------|
| | Level 2 | Level 3 | Fair value as at 31/12/2020 |
| | CU | CU | CU |
| | Commercial units located in A Land – BB City | | |
| | Office units located in A Land – CC City | | |
| | Residential units located in A Land – DD City | | |
| | | | |
| | | | |
| IFRS 13:93(c) | <p>Commentary:</p> <p>Where there had been a transfer between the different levels of the fair value hierarchy, the Group should disclose the reasons for the transfer and the Group's policy for determining when transfers between levels are deemed to have occurred (for example, at the beginning or end of the reporting period or at the date of the event that caused the transfer).</p> <p>The Group shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change in use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.</p> | | |
| | <p>Commentary:</p> <p>Fair value hierarchy</p> <p>The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The above categorisations are for illustrative purposes only. It is worth noting the following points:</p> <ul style="list-style-type: none"> • The classification into the 3-level hierarchy is not an accounting policy choice. For land and buildings, given their unique nature, it is extremely rare that the fair value measurement would be identified as a Level 1 measurement. Whether the fair value measurement in its entirety should be classified into Level 2 or Level 3 would depend on the extent to which the inputs and assumptions used in arriving at the fair value are observable. In many situations where valuation techniques (with significant unobservable inputs) are used in estimating the fair value of the real estate properties, the fair value measurement as a whole would be classified as Level 3 • The level within which the fair value measurement is categorised bears no relation to the quality of the valuation. For example, the fact that a real estate property is classified as a Level 3 fair value measurement does not mean that the property valuation is not reliable – it merely indicates that significant unobservable inputs have been used and significant judgement was required in arriving at the fair value <p>Fair value disclosures for investment properties measured using the cost model</p> <p>For investment properties that are measured using the cost model, IAS 40:79(e) requires the fair value of the properties to be disclosed in the notes to the financial statements. In that case, the fair value of the properties (for disclosure purpose) should be measured in accordance with IFRS 13. In addition, IFRS 13:97 requires the following disclosures:</p> <ul style="list-style-type: none"> • The level in which fair value measurement is categorised (i.e. Level 1, 2 or 3) • When the fair value measurement is categorised within level 2 or level 3, a description of the valuation technique(s) and the inputs used in the fair value measurement • The highest and best use of the properties (if different from their current use) and the reasons why the properties are being used in a manner that is different from their highest and best use | | |

Source International GAAP Holdings Limited



20. Subsidiaries

Commentary:

IFRS Standards do not explicitly require an entity to disclose a list of its subsidiaries in the consolidated financial statements. Nevertheless, local laws or regulations may require an entity to make such a disclosure. The disclosure below is for information only and may have to be modified to comply with the additional local requirements.

IFRS 12:10(a)(i)
IFRS 12:4
IFRS 12:B4(a)
IFRS 12:B5-B6

Information about the composition of the Group at the end of the reporting period is as follows:

| Principal activity | Place of incorporation and operation | Number of wholly-owned subsidiaries | |
|----------------------------|--------------------------------------|-------------------------------------|------------|
| | | 31/12/2021 | 31/12/2020 |
| <i>[Insert Activity X]</i> | <i>[A Land]</i> | | |
| <i>[Insert Activity Y]</i> | <i>[B Land]</i> | | |

| Principal activity | Place of incorporation and operation | Number of non-wholly-owned subsidiaries | |
|----------------------------|--------------------------------------|---|------------|
| | | 31/12/2021 | 31/12/2020 |
| <i>[Insert Activity X]</i> | <i>[A Land]</i> | | |
| <i>[Insert Activity Y]</i> | <i>[B Land]</i> | | |

IFRS 12:10(a)(ii)
IFRS 12:12(a)-(f)
IFRS 12:B11

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests.



Entities applying ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 or with tax-consolidated groups may need to provide additional information. See the example in Note 20 in Appendix 2.

| Source | | International GAAP Holdings Limited | | | | | |
|--|--|---|------------|---|------------|---------------------------|------------|
| Commentary: | | | | | | | |
| <i>For illustrative purposes, the following non-wholly owned subsidiaries are assumed to have non-controlling interests that are material to the Group. The amounts disclosed should not reflect the elimination of intragroup transactions.</i> | | | | | | | |
| Name of subsidiary | Principal place of business and place of incorporation | Proportion of ownership interests and voting rights held by non-controlling interests | | Profit (loss) allocated to non-controlling interests for the year | | Non-controlling interests | |
| | | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | | % | % | CU | CU | CU | CU |
| Subsidiary A Limited (i) | [A Land] | | | | | | |
| Subsidiary B Limited (ii) | [B Land] | | | | | | |
| Individually immaterial subsidiaries with non-controlling interests | | | | | | | |
| IFRS 12:9(b) | <p>(i) The Group owns __ per cent of the equity shares of Subsidiary A Limited. However, based on the contractual arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of Subsidiary A Limited. The relevant activities of Subsidiary A Limited are determined by the board of directors of Subsidiary A Limited based on simple majority votes. Therefore, the directors of the Group concluded that the Group has control over Subsidiary A Limited and Subsidiary A Limited is consolidated in these financial statements.</p> <p>(ii) Subsidiary B Limited is listed on the stock exchange of [B Land]. Although the Group has only __ per cent ownership in Subsidiary B Limited, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Subsidiary B Limited on the basis of the Group's absolute size of shareholding and the relative size of and dispersion of the shareholdings owned by other shareholders. The __ per cent ownership interests in Subsidiary B Limited are owned by thousands of shareholders that are unrelated to the Group, none individually holding more than __ per cent.</p> | | | | | | |
| IFRS 12:13 | The reconciliation of non-controlling interests in note 51 includes an analysis of the profit or loss allocated to non-controlling interests of each subsidiary where the non-controlling interest is material. | | | | | | |
| IFRS 12:18 | There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities. | | | | | | |
| | During the year, the Group disposed of a __ per cent of its interest in [name of subsidiary]. The proceeds on disposal of CU__ million were received in cash. An amount of CU__ million (being the proportion share of the carrying amount of net assets in [name of subsidiary] has been transferred to non-controlling interests (see note 51). The gain on disposal of [name of subsidiary] is disclosed in note 52. No investment was retained in the former subsidiary. The gain on disposal is included in the loss on discontinued operations, which is analysed in note 15. | | | | | | |
| IFRS 12:14-17 | Commentary: | | | | | | |
| | <i>When the Group gives financial support to a consolidated structured entity, the nature and risks (including the type and amount of support provided) should be disclosed in the financial statements. Please see IFRS 12:15 for details.</i> | | | | | | |

Source

International GAAP Holdings Limited



IFRS 12:21(a)

21. Associates

Details of material associates

Details of each of the Group's material associates at the end of the reporting period are as follows:

Commentary:

For illustrative purposes, the following associates are assumed to be material to the group.

| Name of associate | Principal activity | Place of incorporation and principal place of business | Proportion of ownership interest and voting rights held by the Group | |
|--------------------------------|---------------------|--|--|------------|
| | | | 31/12/2021 | 31/12/2020 |
| Associate A Limited (i) & (ii) | [insert Activity X] | [A Land] | | |
| Associate B Limited (iii) | [insert Activity Y] | [B Land] | | |

IFRS 12:21(b)(i)

All of the above associates are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 3.

IFRS 12:21(a)(iv)

(i) Pursuant to a shareholder agreement, the Company has the right to cast __ per cent of the votes at shareholder meetings of Associate A Limited.

(ii) The financial year end date of Associate A Limited is 31 October. This was the reporting date established when that entity was incorporated, and a change of reporting date is not permitted in [A Land]. For the purposes of applying the equity method of accounting, the financial statements of Associate A Limited for the year ended 31 October 2021 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2021. As at 31 December 2021, the fair value of the Group's interest in Associate A Limited, which is listed on the stock exchange of [A Land], was CU__ million (2020: CU__ million) based on the quoted market price available on the stock exchange of [A Land], which is a Level 1 input in terms of IFRS 13.

IFRS 12:22(b)

IFRS 12:21(b)(III)

IFRS 13:97

(iii) Although the Group holds less than __ per cent of the equity shares of Associate B Limited, and it has less than __ per cent of the voting power at shareholder meetings, the Group exercises significant influence by virtue of its contractual right to appoint two out of seven directors to the board of directors of that entity.

IFRS 12:9(e)

Dividends received from associates below represent the actual amounts attributable and hence received by the Group. The other summary information that precedes the reconciliation to the Group's carrying amount represents amounts included in the IFRS financial statements of the associate, not the entity's share of these amounts, although they are adjusted to reflect fair value adjustments upon acquisition or accounting policy alignments.

IFRS 12:21(b)(ii)

IFRS 12:B12

IFRS 12:B14(a)

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts in associates' financial statements prepared in accordance with IFRS Standards [adjusted by the Group for equity accounting purposes].

| Source | International GAAP Holdings Limited | | | |
|--|-------------------------------------|------------|---------------------|------------|
| | Associate A Limited | | Associate B Limited | |
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | CU | CU | CU | CU |
| Current assets | | | | |
| Non-current assets | | | | |
| Current liabilities | | | | |
| Non-current liabilities | | | | |
| Equity attributable to owners of the Company | | | | |
| Non-controlling interest | | | | |
| Revenue | | | | |
| Profit or loss from continuing operations | | | | |
| Post-tax profit/(loss) from discontinued operations | | | | |
| Profit/(loss) for the year | | | | |
| Other comprehensive income attributable to the owners of the Company | | | | |
| Total comprehensive income | | | | |
| Dividends received from the associate during the year | | | | |

| Source | International GAAP Holdings Limited | | | | |
|----------------------------------|---|--|------------|---------------------|------------|
| IFRS 12:B14(b) | Reconciliation of the above summarised financial information to the carrying amount of the interest in Associate A Limited and Associate B Limited recognised in the consolidated financial statements: | | | | |
| | | Associate A Limited | | Associate B Limited | |
| | | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | | CU | CU | CU | CU |
| | | Net assets of associate | | | |
| | | Proportion of the Group's ownership interest in the associate | | | |
| | | Goodwill | | | |
| | | Other adjustments (please specify) | | | |
| | | Carrying amount of the Group's interest in the associate | | | |
| | | | | | |
| IFRS 12:21(c)(ii) IFRS 12:B16 | Aggregate information of associates that are not individually material | | | | |
| | | 31/12/2021 | | 31/12/2020 | |
| | | CU | | CU | |
| | | The Group's share of profit/(loss) from continuing operations | | | |
| | | The Group's share of post-tax profit/(loss) from discontinued operations | | | |
| | | The Group's share of other comprehensive income | | | |
| | | The Group's share of total comprehensive income | | | |
| | | Aggregate carrying amount of the Group's interests in these associates | | | |
| | | Unrecognised share of losses of an associate | | | |
| | | 31/12/2021 | | 31/12/2020 | |
| | CU | | CU | | |
| IFRS 12:22(c) | The unrecognised share of loss of an associate for the year | | | | |
| | Cumulative share of loss of an associate | | | | |

| Source | International GAAP Holdings Limited |
|--------|-------------------------------------|
|--------|-------------------------------------|

IAS 28:22

Change in the Group's ownership interest in an associate

In the prior year, the Group held a __ per cent interest in E Plus Limited and accounted for the investment as an associate. In December 2021, the Group disposed of a __ per cent interest in E Plus Limited to a third party for proceeds of CU__ million (received in January 2022). The Group has accounted for the remaining __ per cent interest as a financial asset at FVTOCI whose fair value at the date of disposal was CU__, which was determined using a discounted cash flow model [*describe key factors and assumptions used in determining the fair value*]. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

| | |
|--|----|
| | CU |
| Proceeds of disposal | |
| Plus: fair value of investment retained (__ per cent) | |
| Less: carrying amount of investment on the date of loss of significant influence | |
| Gain recognised | |

The gain recognised in the current year comprises a realised profit of CU__ (being the proceeds of CU__ less CU__ carrying amount of the interest disposed of) and an unrealised profit of CU__ (being the fair value less the carrying amount of the __ per cent interest retained). A current tax expense of CU__ arose on the gain realised in the current year, and a deferred tax expense of CU__ has been recognised in respect of the portion of the profit recognised that is not taxable until the remaining interest is disposed of.

IFRS 12:22(a)

Significant restriction**Commentary:**

When there are significant restrictions on the ability of associates to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group, the Group should disclose the nature and extent of significant restrictions in the financial statements.

Source

International GAAP Holdings Limited

**22. Joint ventures****Commentary:**

In these model financial statements, the Group only has one joint venture, JVA Limited, and for illustrative purposes, JVA Limited is assumed to be material to the Group.

IFRS 12:21(a)

Details of material joint ventures

Details of each of the Group's material joint ventures at the end of the reporting period are as follows:

| Name of joint venture | Principal activity | Place of incorporation and principal place of business | Proportion of ownership interest and voting rights held by the Group | |
|-----------------------|---------------------|--|--|------------|
| | | | 31/12/2021 | 31/12/2020 |
| JVA Limited | [insert Activity X] | [A Land] | | |

IFRS 12:21(b)(i)

All of the above joint ventures are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 3.

IFRS 12:21(b)(ii)
IFRS 12:B12
IFRS 12:B14(a)

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts in joint ventures financial statements prepared in accordance with IFRS Standards [adjusted by the Group for equity accounting purposes].

| | JV A Limited | |
|-------------------------|--------------|------------|
| | 31/12/2021 | 31/12/2020 |
| | CU | CU |
| Current assets | | |
| Non-current assets | | |
| Current liabilities | | |
| Non-current liabilities | | |

IFRS 12:B13

The above amounts of assets and liabilities include the following:

Cash and cash equivalents

Current financial liabilities (excluding trade and other payables and provisions)

Non-current financial liabilities (excluding trade and other payables and provisions)

| Source | International GAAP Holdings Limited | |
|----------------------------------|---|------------|
| IFRS 12:21(c)(ii) IFRS 12:B16 | Aggregate information of joint ventures that are not individually material | |
| | 31/12/2021 | 31/12/2020 |
| | CU | CU |
| | The Group's share of profit/(loss) from continuing operations | |
| | The Group's share of post-tax profit/(loss) from discontinued operations | |
| | The Group's share of other comprehensive income | |
| | The Group's share of total comprehensive income | |
| | Aggregate carrying amount of the Group's interests in these joint ventures | |
| | 31/12/2021 | 31/12/2020 |
| | CU | CU |
| IFRS 12:22(c) | The unrecognised share of loss of a joint venture for the year | |
| | Cumulative share of loss of a joint venture | |
| IFRS 12:22(a) | Significant restriction | |
| | <p>Commentary: <i>When there are significant restrictions on the ability of joint ventures to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group, the Group should disclose the nature and extent of significant restrictions in the financial statements.</i></p> | |
| IFRS 12:21(a) | 23. Joint operations | |
| | <p>The Group has a material joint operation, Project ABC. The Group has a __ per cent share in the ownership of a property located in Central District, City A. The property upon completion will be held for leasing purposes. The Group is entitled to a proportionate share of the rental income received and bears a proportionate share of the joint operation's expenses.</p> | |

| Source | | International GAAP Holdings Limited | | | |
|-------------------|---|-------------------------------------|------------|-------------|------------|
| | | Current | | Non-Current | |
| | | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | | CU | CU | CU | CU |
| | 24. Investments in financial assets | | | | |
| | | | | | |
| IFRS 7:8(h) | Investments in debt instruments classified as at FVTOCI (i) | | | | |
| | Corporate bonds | | | | |
| IFRS 7:8(h) | Investments in equity instruments designated as at FVTOCI (ii) | | | | |
| IFRS 7:11A(a)-(c) | Shares | | | | |
| IFRS 7:8(a) | Financial assets mandatorily measured at FVTPL (iii) | | | | |
| | Shares | | | | |
| IFRS 7:8(f) | Financial assets measured at amortised cost (iv) | | | | |
| | Bills of exchange | | | | |
| | Debentures | | | | |
| | Redeemable notes | | | | |
| | Loans to associates | | | | |
| | Loan to joint venture | | | | |
| | Loans to other entities | | | | |
| | Loss allowance | () | () | () | () |
| | Total Investments | | | | |

| Source | International GAAP Holdings Limited |
|------------------------------------|--|
| | <p>(i) The investments in listed corporate bond issued by <i>[name of entity]</i> are paying __ per cent of interest per annum and the bonds will mature on <i>[insert date]</i>. At maturity the Group will receive nominal amount of CU___. The corporate bonds are held by the Group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Hence the corporate bonds are classified as at FVTOCI. See below for impairment assessment.</p> <p>(ii) The Group holds __ per cent of the ordinary share capital of Rocket Corp Limited, an entity involved in the refining and distribution of fuel products. The directors of the Company do not consider that the Group is able to exercise significant influence over Rocket Corp Limited as the other __ per cent of the ordinary share capital is held by one shareholder, who also manages the day-to-day operations of that entity. The fair value of the investment was CU__ (2020: CU__).</p> <p>At 31 December 2021, the Group also continues to hold a __ per cent interest in E Plus Limited, a former associate. The fair value of the investment was CU__ (2020: CU__)</p> <p>The valuation methodology for these investments is disclosed in note 62(a)(i).</p> <p>The dividends received in respect of these investments are disclosed in note 9.</p> |
| IFRS 7:11A(a)-(c) IFRS 7:42J(a) | <p>These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.</p> |
| IFRS 7:11B | <p>Apart from the disposal of __ per cent of E Plus Limited as disclosed in note 21 which resulted in the Group's loss of significant influence there over, no other shares have been disposed of during the current reporting period.</p> <p>(iii) The Group has also invested in a portfolio of listed shares which are held for trading.</p> <p>(iv) The bills of exchange have maturity dates ranging between __ to __ months from the reporting date and return a variable rate of interest. The weighted average interest rate on these securities is __ per cent per annum (2020: __ per cent per annum). The counterparties have a minimum A credit rating. See below for impairment assessment.</p> <p>The debentures return interest of __ per cent per annum payable monthly, and mature on <i>[date]</i>. The counterparties have a minimum BBB- credit rating. See below for impairment assessment.</p> <p>The Group holds listed redeemable notes returning __ per cent per annum. The notes are redeemable at par value on <i>[date]</i>. The notes are held with a single counterparty with an AA credit rating. The Group holds no collateral over these notes. See below for impairment assessment.</p> <p>The Group has provided its associates with short-term loans at rates comparable to the average commercial rate of interest. Further information about these loans is contained in note 64. See below for impairment assessment.</p> <p>The Group has provided a joint venture, JV A Limited, with a long-term loan which forms part of the net investment in the joint venture. The loan is repayable in 2070 and interest of __ per cent is receivable annually. The Group does not apply the equity method of accounting to this instrument because it does not entitle the Group to the share of net assets of the joint venture. As the loan settlement is neither planned nor likely to occur in the foreseeable future, for the purpose of accounting for losses of JV A Limited, the loan would form part of the Group's net investment. Therefore, any losses recognised using the equity method in excess of the Group's investment in ordinary shares of JV A Limited will be applied to the long-term loan. The loan is held by the Group within a business model whose objective is to collect contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. Hence the loan to the joint venture is classified at amortised cost. See below for impairment assessment.</p> <p>The bills of exchange, debentures, redeemable notes, and short-term loan to associates and loans to other parties are held by the Group within a business model whose objective is to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. Hence all of those financial assets are classified as at amortised cost.</p> <p>The fair value of the investments carried at amortised cost is disclosed in note 62(a).</p> |

Source

International GAAP Holdings Limited



IFRS 7:35F(a)(i)
IFRS 7:35G

Impairment of financial assets

For the purposes of impairment assessment, the corporate bonds, investments in redeemable notes, bills of exchange and debentures are considered to have low credit risk as the counterparties to these investments have a minimum BBB- credit rating. Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12-month ECL. As for the loans to related and other parties lifetime ECL was provided for them upon initial application of IFRS 9 until these financial assets are derecognised as it was determined on initial application of IFRS 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial application of IFRS 9. For any new loans to related or third parties, which are not purchased or originated credit-impaired financial assets, the impairment loss is recognised as 12-month ECL on initial recognition of such instruments and subsequently the Group assesses whether there was a significant increase in credit risk.

In determining the expected credit losses for these assets, the directors of the Company have taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of the redeemable notes, bills of exchange and debentures operate obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

IFRS 7:35F(a)
IFRS 7:35G(c)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

IFRS 7:35M

Note 62(d)(ii) details the gross carrying amount, loss allowance as well as the measurement basis of expected credit losses for each of these financial assets by credit risk rating grades.

Source International GAAP Holdings Limited

IFRS 7:35H

The following table shows the movement in expected credit losses that has been recognised for the respective financial assets:

| | 12-month ECL | | Lifetime ECL – not credit impaired | | Total | |
|---|-------------------|-----------------------|------------------------------------|---------------------|-------|-------------------------|
| | Bills of exchange | Loan to joint venture | Redeemable debentures | Loans to associates | | Loans to other entities |
| | CU | CU | CU | CU | | CU |
| Balance as at 1 January 2020 | | | | | | |
| Increase in loss allowance arising from new financial assets recognised in the year | | | | | | |
| Decrease in loss allowance from derecognition of financial assets in the year | | | | | | |
| Balance as at 31 December 2020 | | | | | | |
| Increase in loss allowance arising from new financial assets recognised in the year | | | | | | |
| Decrease in loss allowance from derecognition of financial assets in the year | | | | | | |
| Balance as at 31 December 2021 | | | | | | |

IFRS 7:35B(b)
IFRS 7:35H

The changes in the loss allowance were caused predominantly by early repayment of the loan by Associate A Limited. The gross carrying amount of the loan was CU__ and associated loss allowance was CU__. There was no significant increase in the credit risk since inception in respect of new loans to associates, joint ventures and other entities.

The loss allowance for the corporate bonds measured at FVTOCI is recognised in other comprehensive income. The movement in loss allowance is disclosed in note 43.

| Source | International GAAP Holdings Limited | | |
|-----------------|---|-------------------|-------------------|
| | 25. Inventories | | |
| | | <u>31/12/2021</u> | <u>31/12/2020</u> |
| | | CU | CU |
| IAS 2:36(b) | Raw materials | | |
| | Work-in-progress | | |
| | Finished goods | | |
| | | _____ | _____ |
| | | _____ | _____ |
| IAS 2:36(d) | The cost of inventories recognised as an expense during the year in respect of continuing operations was CU__ million (2020: CU__ million). | | |
| IAS 2:36(e)-(g) | The cost of inventories recognised as an expense includes CU__ million (2020: CU__ million) in respect of write-downs of inventory to net realisable value, and has been reduced by CU__ million (2020: CU__ million) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of increased sales prices in certain markets. | | |
| IAS 1:61 | Inventories of CU__ million (2020: CU__ million) are expected to be recovered after more than 12 months. | | |
| | Inventories with a carrying amount of CU__ million (2020: CU__ million) have been pledged as security for certain of the Group's bank overdrafts. | | |
| | 26. Right to returned goods asset | | |
| | | <u>31/12/2021</u> | <u>31/12/2020</u> |
| | | CU | CU |
| IFRS 15:B21(c) | Right to returned goods asset | | |
| IFRS 15:126(a) | The right to returned goods asset represents the Group's right to recover products from customers where customers exercise their right of return under the Group's 30-day returns policy. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. | | |
| IFRS 15:126(d) | | | |
| | 27. Contract assets | | |
| | | <u>31/12/2021</u> | <u>31/12/2020</u> |
| | | CU | CU |
| | | <u>1/1/2020</u> | <u>1/1/2020</u> |
| | | CU | CU |
| IFRS 15:116(a) | Construction contracts | | |
| | Installation of software services | | |
| | | _____ | _____ |
| | | _____ | _____ |
| | Current | | |
| | Non-Current | | |
| | | _____ | _____ |
| | | _____ | _____ |

Source International GAAP Holdings Limited

IFRS 15:117

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Payment for installation of software services is not due from the customer until the installation services are complete and therefore a contract asset is recognised over the period in which the installation services are performed to represent the entity's right to consideration for the services transferred to date.



Commentary:

IFRS 15:118 contains a requirement to explain the significant changes in the contract asset (and contract liability) balance during the reporting period. This explanation should include qualitative and quantitative information. Examples of changes in the contract asset and liability balances may include any of the following:

- *Changes due to business combinations*
- *Cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification*
- *Impairment of a contract asset*
- *A change in the time frame for a right to consideration to become unconditional (i.e. for a contract asset to be reclassified to a receivable)*
- *A change in the time frame for a performance obligation to be satisfied (i.e. for the recognition of revenue arising from a contract liability)*

IFRS 7:34(a)

The directors of the Company always measure the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience, the nature of the customer and where relevant, the sector in which they operate.

IFRS 7:35G(c)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers under construction contracts.

IFRS 7:35M
IFRS 7:35N
IFRS 9:B5.5.35

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base (see note 31).

| | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| | CU | CU |
| Expected credit loss rate | __% | __% |
| Estimated total gross carrying amount at default | | |
| Lifetime ECL | | |
| Net carrying amount | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | |
|-------------------------------|--|------------|------------|------------|--|----|----|---------------------------|--|--|---------|--|--|-------------|--|--|--|--|--|
| IFRS 7:35H IFRS 7:IG20B | <p>The following table shows the movement in lifetime ECL that has been recognised for contract assets in accordance with the simplified approach set out in IFRS 9.</p> <p style="text-align: right;">CU</p> <p>Balance as at 1 January 2020</p> <p>Net increase in loss allowance arising from new amounts recognised in current year, net of those derecognised upon billing _____</p> <p>Balance as at 31 December 2020</p> <p>Net increase in loss allowance arising from new amounts recognised in current year, net of those derecognised upon billing _____</p> <p>Balance as at 31 December 2021 _____</p> | | | | | | | | | | | | | | | | | | |
| IFRS 7:35B(b) IFRS 7:35I | <p>There has not been any significant change in the gross amounts of contract assets that has affected the estimation of the loss allowance.</p> | | | | | | | | | | | | | | | | | | |
| | <p>28. Contract costs</p> | | | | | | | | | | | | | | | | | | |
| IFRS 15:128(a) | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">31/12/2021</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> </tr> </thead> <tbody> <tr> <td>Costs to obtain contracts</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;"></td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Current</td> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td>Non-Current</td> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;"></td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;"></td> </tr> </tbody> </table> | | 31/12/2021 | 31/12/2020 | | CU | CU | Costs to obtain contracts | | | Current | | | Non-Current | | | | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | | | | |
| Costs to obtain contracts | | | | | | | | | | | | | | | | | | | |
| Current | | | | | | | | | | | | | | | | | | | |
| Non-Current | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| IFRS 15:127 IFRS 15:128(b) | <p>Costs to obtain contracts relate to incremental commission fees of __ per cent paid to intermediaries as a result of obtaining residential property sales contracts. The commission fees are the only cost that the Group would not have incurred if the contract had not been obtained. Whilst the Group incurs other costs that are necessary to facilitate a sale, those costs would have been incurred even if the customer decided not to execute the contract and therefore have not been capitalised.</p> <p>These costs are amortised on a straight-line basis over the period of construction (in general, 2 years) as this reflects the period over which the residential property is transferred to the customer. In 2021, amortisation amounting to CU__ (2020: CU__) was recognised as part of cost of sales in the consolidated statement of profit or loss. There was no impairment loss (2020: impairment loss of CU__) in relation to the costs capitalised.</p> | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | |
|------------------------|---|------------|------------|
| | 29. Finance lease receivables | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| IFRS 16:94 | Amounts receivable under finance leases: | | |
| | Year 1 | | |
| | Year 2 | | |
| | Year 3 | | |
| | Year 4 | | |
| | Year 5 | | |
| | Onwards | | |
| | Undiscounted lease payments | | |
| | Unguaranteed residual values | () | () |
| | Less: unearned finance income | () | () |
| | Present value of lease payments receivable | | |
| | Impairment loss allowance | () | () |
| | Net investment in the lease | | |
| | Undiscounted lease payments analysed as: | | |
| | Recoverable after 12 months | | |
| | Recoverable within 12 months | | |
| | Net investment in the lease analysed as: | | |
| | Recoverable after 12 months | | |
| | Recoverable within 12 months | | |
| IFRS 16:93 | During the year, the finance lease receivables increased for the following reasons: <i>[qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases.]</i> | | |
| IFRS 16:92 | The Group entered into finance leasing arrangements as a lessor for certain store equipment to its retailers. The equipment is necessary for the presentation and testing of footwear and equipment manufactured by the Group. The average term of finance leases entered into is __ years. Generally, these lease contracts do not include extension or early termination options. | | |
| IFRS 16:92 IFRS 7:7 | The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in CU. Residual value risk on equipment under lease is not significant, because of the existence of a secondary market with respect to the equipment. | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------|--|------------|------------|------------|-----------|-------|----|----|----|------------|----|-------------|--|--|--|--|-------------------|--|--|--|--|-----------|--|--|--|--|---------------------|--|--|--|--|-----------|--|--|--|--|----------------------------|--|--|--|--|---------------------------------|--|--|--|--|-------------------|--|--|--|--|---------------------|--|--|--|--|---------------------|--|--|--|--|---------------------|--|--|--|--|----------------------------|--|--|--|--|------------------------|--|--|--|--|---------------|---------------------|--|--|--|---------------|---------------------|--|--|--|
| IFRS 16:91 | <p>The following table presents the amounts included in profit or loss:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/2021</th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: right;">CU</th> <th style="text-align: right;">CU</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td style="text-align: right;">(Restated)</td> </tr> </tbody> </table> | | 31/12/2021 | 31/12/2020 | | CU | CU | | | (Restated) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | (Restated) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 16:90(a)(i) | Selling profit/loss for finance leases | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 16:90(a)(ii) | Finance income on the net investment in finance leases | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 16:90(a)(iii) | Income relating to variable lease payments not included in the net investment in finance leases | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | The Group's finance lease arrangements do not include variable payments. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:7 | The average effective interest rate contracted approximates __ per cent (2020: __ per cent) per annum. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:34(a) | The directors of the Company estimate the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime ECL. None of the finance lease receivables at the end of the reporting period is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables (see note 62(d)(i)), the directors of the Company consider that no finance lease receivable is impaired. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| |   | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:35G(c) | There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 16:52 | <p>30. Leases (Group as a lessee)</p> <p><i>Right-of-use assets</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;">Buildings</th> <th style="text-align: center; border-bottom: 1px solid black;">Plant</th> <th style="text-align: center; border-bottom: 1px solid black;">Equipment</th> <th style="text-align: center; border-bottom: 1px solid black;">Total</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> </tr> </thead> <tbody> <tr> <td>Cost</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>At 1 January 2020</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Additions</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>At 31 December 2020</td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Additions</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>At 31 December 2021</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> </tr> <tr> <td>Accumulated depreciation</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>At 1 January 2020</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Charge for the year</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>At 31 December 2020</td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Charge for the year</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>At 31 December 2021</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> </tr> <tr> <td>Carrying amount</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>IFRS 16:53(j)</td> <td>At 31 December 2021</td> <td></td> <td></td> <td></td> </tr> <tr> <td>IFRS 16:53(j)</td> <td>At 31 December 2020</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | | Buildings | Plant | Equipment | Total | | CU | CU | CU | CU | Cost | | | | | At 1 January 2020 | | | | | Additions | | | | | At 31 December 2020 | | | | | Additions | | | | | At 31 December 2021 | | | | | Accumulated depreciation | | | | | At 1 January 2020 | | | | | Charge for the year | | | | | At 31 December 2020 | | | | | Charge for the year | | | | | At 31 December 2021 | | | | | Carrying amount | | | | | IFRS 16:53(j) | At 31 December 2021 | | | | IFRS 16:53(j) | At 31 December 2020 | | | |
| | Buildings | Plant | Equipment | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 1 January 2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 31 December 2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 31 December 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accumulated depreciation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 1 January 2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Charge for the year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 31 December 2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Charge for the year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 31 December 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Carrying amount | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 16:53(j) | At 31 December 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 16:53(j) | At 31 December 2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| |  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 16:53(a) | Charge for the year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | At 31 December 2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 16:53(a) | Charge for the year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | At 31 December 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 16:53(j) | At 31 December 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 16:53(j) | At 31 December 2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | |
|---------------------------------|--|------------|------------|------------|--|----|----|----------------|--|--|-------------------|--|--|-----------------------|--|--|
| IFRS 16:59(a) | <p>The Group leases several assets including buildings, plant and IT equipment. The average lease term is __ years (2020: __ years)</p> <p>The Group has options to purchase certain manufacturing equipment for a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.</p> | | | | | | | | | | | | | | | |
| IFRS 16:53(h) | <p>Approximately one fifth of the leases for buildings and equipment expired in the current financial year. The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets of CU__ million in 2021 (2020: CU__ million).</p> <p>The maturity analysis of lease liabilities is presented in note 36.</p> | | | | | | | | | | | | | | | |
| | <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; border-top: 1px solid black; border-bottom: 1px solid black;">31/12/2021</th> <th style="width: 20%; border-top: 1px solid black; border-bottom: 1px solid black;">31/12/2020</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">CU</td> <td style="text-align: center;">CU</td> </tr> </tbody> </table> | | 31/12/2021 | 31/12/2020 | | CU | CU | | | | | | | | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | |
| IFRS 16:54 | Amounts recognised in profit and loss | | | | | | | | | | | | | | | |
| IFRS 16:53(a) | Depreciation expense on right-of-use assets | | | | | | | | | | | | | | | |
| IFRS 16:53(b) | Interest expense on lease liabilities | | | | | | | | | | | | | | | |
| IFRS 16:53(c) | Expense relating to short-term leases | | | | | | | | | | | | | | | |
| IFRS 16:53(d) | Expense relating to leases of low value assets | | | | | | | | | | | | | | | |
| IFRS 16:53(e) | Expense relating to variable lease payments not included in the measurement of the lease liability | | | | | | | | | | | | | | | |
| IFRS 16:53(f) | Income from sub-leasing right-of-use assets | | | | | | | | | | | | | | | |
| IFRS 16:55 | At 31 December 2021, the Group is committed to CU__ million (2020: CU__ million) for short-term leases. | | | | | | | | | | | | | | | |
| IFRS 16:59(b) IFRS 16:B49 | <p>Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased stores. Variable payment terms are used to link rental payments to store cash flows and reduce fixed cost. The breakdown of lease payments for these stores is as follows:</p> | | | | | | | | | | | | | | | |
| | <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; border-top: 1px solid black; border-bottom: 1px solid black;">31/12/2021</th> <th style="width: 20%; border-top: 1px solid black; border-bottom: 1px solid black;">31/12/2020</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">CU</td> <td style="text-align: center;">CU</td> </tr> <tr> <td>Fixed payments</td> <td></td> <td></td> </tr> <tr> <td>Variable payments</td> <td></td> <td></td> </tr> <tr> <td>Total payments</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> </tr> </tbody> </table> | | 31/12/2021 | 31/12/2020 | | CU | CU | Fixed payments | | | Variable payments | | | Total payments | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | |
| Fixed payments | | | | | | | | | | | | | | | | |
| Variable payments | | | | | | | | | | | | | | | | |
| Total payments | | | | | | | | | | | | | | | | |
| IFRS 16:59(b)(i) IFRS 16:B49 | <p>Overall, the variable payments constitute up to __ per cent of the Group's entire lease payments. The Group expects this ratio to remain constant in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years. Taking into account the development of sales expected over the next __ years, variable rent expenses are expected to continue to present a similar proportion of store sales in future years.</p> <p>Additionally, as discussed in note 2, the Group has benefited from a __ month waiver of lease payments on buildings in [A Land] and a __ month lease payment holiday on buildings in [B Land]. The waivers of lease payments which total CU__ has been accounted for as a negative variable lease payment in profit or loss of CU__ for lease payments waived in 2021 and an adjustment to the opening balance of retained earnings at 1 January 2021 of CU__ for lease payments waived in 2020. The decrease in the lease liability of CU__ (2020: CU__), has been accounted for as a negative variable lease payment in profit or loss.</p> | | | | | | | | | | | | | | | |
| IFRS 16:53(g) | <p>The total cash outflow for leases amount to CU__ million (2020: CU__ million)</p> <p>On [date] 2021, [Subsidiary X Limited] entered into a 10-year lease to rent property, which had not commenced by the year-end and as a result, a lease liability and right-of-use asset has not been recognised at 31 December 2021. The aggregate future cash outflows to which the Group is exposed in respect of this contract is fixed payments of CU__ per year, for the next 10 years.</p> <p>There are no extension or termination options on the lease.</p> | | | | | | | | | | | | | | | |

Source

International GAAP Holdings Limited

Commentary:

In addition to the disclosures required in paragraphs 53–58, a lessee is required to disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 51. This additional information may include, but is not limited to, information that helps users of financial statements to assess:

- *The nature of the lessee's leasing activities*
- *Future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from:*
 - *Variable lease payments*
 - *Extension options and termination options*
 - *Residual value guarantees*
 - *Leases not yet commenced to which the lessee is committed*
- *Restrictions or covenants imposed by leases*
- *Sale and leaseback transactions*

31. Trade and other receivables

| | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| | CU | CU |
| Trade receivables | | |
| Loss allowance | () | () |
| Deferred consideration for the disposal of <i>[name of subsidiary]</i> (see note 52) | | |
| Other receivables | | |
| Prepayments | | |
| | | |
| | | |

IFRS 15:116(a)



As at 1 January 2020, trade receivables from contracts with customers amounted to CU__ (net of loss allowance of CU__).

Trade receivables

The average credit period on sales of goods is 60 days. No interest is charged on outstanding trade receivables.

IFRS 7:35G

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100 per cent against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable.

IFRS 7:35G(c)

The Group has engaged a third-party supplier to provide relevant economic data for determining the factors that are specific to the debtors, the general economic conditions of the industry in which the debtors operate and the forecast direction of conditions at the reporting date. The Group has significantly increased the expected loss rates for trade receivables from the prior year based on its judgement of the impact of current economic conditions and the forecast direction of travel at the reporting date. There has been no change in the estimation techniques during the current reporting period.



Where material, entities may wish to include a separate line item setting out the amount of goods and services tax recoverable. See the example in Note 31 in Appendix 2.

| Source | International GAAP Holdings Limited | | | | | | | |
|--|---|--------------|-----|---------|---------|----------|------|-------|
| IFRS 7:35F(e) IFRS 7:35L | The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities. | | | | | | | |
| IFRS 7:35M IFRS 7:35N IFRS 9:B5.5.35 | The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments. | | | | | | | |
| | Trade receivables – days past due | | | | | | | |
| | 31/12/2021 | Not past due | <30 | 31 – 60 | 61 – 90 | 91 – 120 | >120 | Total |
| | | CU | CU | CU | CU | CU | CU | CU |
| Expected credit loss rate | | _% | _% | _% | _% | _% | _% | |
| Estimated total gross carrying amount at default | | | | | | | | |
| Lifetime ECL | | | | | | | | _____ |
| | | | | | | | | _____ |
| | Trade receivables – days past due | | | | | | | |
| | 31/12/2020 | Not past due | <30 | 31 – 60 | 61 – 90 | 91 – 120 | >120 | Total |
| | | CU | CU | CU | CU | CU | CU | CU |
| Expected credit loss rate | | _% | _% | _% | _% | _% | _% | |
| Estimated total gross carrying amount at default | | | | | | | | |
| Lifetime ECL | | | | | | | | _____ |
| | | | | | | | | _____ |
| IFRS 7:35H | The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9. | | | | | | | |

| Source | International GAAP Holdings Limited | | |
|--|-------------------------------------|--------------------------|-------|
| | Collectively assessed | Individually assessed | Total |
| | CU | CU | CU |
| Balance as at 1 January 2020 | | | |
| Net remeasurement of loss allowance | | | |
| Amounts written off | | | |
| Amounts recovered | | | |
| Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement | | | |
| Foreign exchange gains and losses | | | |
| Changes in credit risk parameters | | | |
| Balance as at 31 December 2020 | | | |
| Net remeasurement of loss allowance | | | |
| Amounts written off | | | |
| Amounts recovered | | | |
| Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement | | | |
| Foreign exchange gains and losses | | | |
| Changes in credit risk parameters | | | |
| Balance as at 31 December 2021 | | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | |
|---|--|--|------------|--|--|--|----|--|------------|--|--|--|----|
| IFRS 7:35B(b) IFRS 7:35I IFRS 7:IG20B | <p>The following tables explain how significant changes in the gross carrying amount of the trade receivables contributed to changes in the loss allowance:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black;">31/12/2021</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">Increase/(decrease) in lifetime ECL</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">CU</td> </tr> </table> <p>Settlement in full by customers with a gross carrying amount of CU__ that were over 120 days past due</p> <p>Origination of new trade receivables net of those settled, as well as increase in days past due up to 90 days</p> <table style="width: 100%; border-collapse: collapse; margin-top: 20px;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black;">31/12/2020</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">Increase/(decrease) in lifetime ECL</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">CU</td> </tr> </table> <p>Customer with gross carrying amount of CU__ declared bankruptcy</p> <p>Origination of new trade receivables net of those settled, as well as decrease in days past due to 60 days</p> | | 31/12/2021 | | Increase/(decrease) in lifetime ECL | | CU | | 31/12/2020 | | Increase/(decrease) in lifetime ECL | | CU |
| | 31/12/2021 | | | | | | | | | | | | |
| | Increase/(decrease) in lifetime ECL | | | | | | | | | | | | |
| | CU | | | | | | | | | | | | |
| | 31/12/2020 | | | | | | | | | | | | |
| | Increase/(decrease) in lifetime ECL | | | | | | | | | | | | |
| | CU | | | | | | | | | | | | |
| | <p>Commentary:</p> <p><i>IFRS 7:35H requires an entity to explain the reasons for the changes in the loss allowance during the period. In addition to the reconciliation from the opening balance to the closing balance of the loss allowance, it may be necessary to provide a narrative explanation of the changes. This narrative explanation may include an analysis of the reasons for changes in the loss allowance during the period, including:</i></p> <ul style="list-style-type: none"> • <i>The portfolio composition</i> • <i>The volume of financial instruments purchased or originated</i> • <i>The severity of the expected credit losses</i> | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | |
|-------------|---|------------|
| IFRS 7:8(g) | 32. Borrowings | |
| | | 31/12/2021 |
| | | 31/12/2020 |
| | | CU |
| | | CU |
| | <i>Unsecured borrowing at FVTPL</i> | |
| | Redeemable cumulative preference shares | |
| | | |
| | | |
| | <i>Unsecured borrowing at amortised cost</i> | |
| | Bank overdrafts | |
| | Bank loans | |
| | Bills of exchange | |
| | Loans from related parties | |
| | Loans from government | |
| | Perpetual notes | |
| | | |
| | | |
| | <i>Secured borrowing at amortised cost</i> | |
| | Bank overdrafts | |
| | Bank loans | |
| | | |
| | Total borrowings | |
| | | |
| | Non-current | |
| | Current | |

| Source | International GAAP Holdings Limited | | | |
|---|---|--------------|--------------|-----------|
| | Analysis of borrowings by currency: | | | |
| | Currency Units | [Currency B] | [Currency C] | Total |
| | <u>CU</u> | <u>CU</u> | <u>CU</u> | <u>CU</u> |
| | 31 December 2021 | | | |
| Bank overdrafts | | | | |
| Bills of exchange | | | | |
| Loans from related parties | | | | |
| Redeemable cumulative preference shares | | | | |
| Perpetual notes | | | | |
| Bank loans | _____ | _____ | _____ | _____ |
| | _____ | _____ | _____ | _____ |
| | 31 December 2020 | | | |
| Bank overdrafts | | | | |
| Bills of exchange | | | | |
| Loans from related parties | | | | |
| Redeemable cumulative preference shares | | | | |
| Perpetual notes | | | | |
| Bank loans | _____ | _____ | _____ | _____ |
| | _____ | _____ | _____ | _____ |
| IFRS 7:7 | The other principal features of the Group's borrowings are as follows: | | | |
| | (i) Bank overdrafts are repayable on demand. Overdrafts of CU__ million (2020: CU__ million) have been secured by a charge over certain debentures held by the Group dated [date]. In line with the minimum required security, the carrying value of these debentures is CU__ million (2020: CU__ million). The average effective interest rate on bank overdrafts is approximately __ per cent (2020: __ per cent) per annum and rates are determined based on __ per cent plus prime rate. | | | |
| | (ii) The Group has two principal bank loans: | | | |
| | (a) A loan of CU__ million (2020: CU__ million). The loan was taken out on [date]. Repayments commenced on [date] and will continue until [date]. The loan is secured by a floating charge over certain of the Group's trade receivables dated [date], whose carrying value is CU__ million (2020: CU__ million). The Group is required to maintain trade receivables that are not past due with carrying value of CU__ million as security for the loan (see note 31). The loan carried interest rate at __ per cent above 3-month LIBOR. However, in the first quarter of 2021, the Group transitioned its CU__ million bank borrowings to SONIA. The CU__ million bank borrowings that transitioned to SONIA had an additional fixed spread added of [x]bps. No other terms were amended as part of the transition. The Group accounted for the change to SONIA using the practical expedient introduced by the Phase 2 amendments, which allows the Group to change the basis for determining the contractual cash flows prospectively by revising the effective interest rate. See Notes 2 and 62. | | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|------------|------------|------------|--|---|---|-----------------|--|--|-------------------|--|--|----------------------------|--|--|---|--|--|-----------------|--|--|------------|--|--|
| IFRS 7:10(a) IFRS 7:10(b) | <p>(b) An unsecured loan of CU__ million (2020: CU__ million). This loan was advanced on [date] and is due for repayment in full on [date]. The bank loan carries fixed interest rate at __ per cent (2020: __ per cent) per annum. The Group hedges a portion of the loan for interest rate risk using an interest rate swap exchanging fixed rate interest for variable rate interest. The outstanding balance is adjusted for fair value movements in the hedged risk, being movements in the 6-month LIBOR rate. The cumulative fair value adjustment to the loan was CU__ million (2020: CU__ million).</p> <p>(iii) Bills of exchange with a variable interest rate were issued on [date]. The current weighted average effective interest rate on the bills is __ per cent (2020: __ per cent) per annum.</p> <p>(iv) Amounts repayable to related parties of the Group carry interest of __ per cent to __ per cent (2020: __ per cent to __ per cent) per annum charged on the outstanding loan balances.</p> <p>(v) Redeemable cumulative preference shares of CU__ million were issued on [date] at an issue price of CU__ per share. The shares carry __ per cent non-discretionary dividends and are mandatorily redeemable on [date] at CU__ per share. The preference shares do not carry any equity component and are classified as financial liabilities in their entirety. At the same date when the preference shares were issued, the Group entered into a pay-floating, receive-fixed interest rate swap to reduce the fair value risk of changing interest rates. The swap's notional is CU__ million and matches the principal of the preference shares. The swap matures on [date]. To mitigate the accounting mismatch arising on measuring the liability at amortised cost and measuring the derivative at FVTPL, the Group designated the preference shares as at FVTPL. The changes in the fair value of the preference shares due to the changes in the credit risk do not create or enlarge the accounting mismatch and, therefore, they are recognised in other comprehensive income and accumulated in the financial liabilities at FVTPL credit risk reserve (see note 45). The cumulative amount change in fair value due to credit risk was CU__ (2020: CU__). The difference between the carrying amount (i.e. the fair value) of the preference shares and the contractual amount that will be required to pay at maturity is CU__ (2020: CU__). The valuation methodology and inputs used are disclosed in note 62(a)(i).</p> <p>(vi) Perpetual notes of CU__ million carrying interest of __ per cent were issued on [date] at principal value. Issue costs of CU__ million were incurred.</p> <p>(vii) On [date], the Group received an interest-free loan of CU__ million from the government of [country] to finance staff training costs. The loan is repayable in full at the end of a two-year period. Using prevailing market interest rates for an equivalent loan of __ per cent, the fair value of the loan is estimated at CU__ million. The difference of CU__ between the gross proceeds and the fair value of the loan is the benefit derived from the interest-free loan and is recognised as deferred income (see note 59). Interest charges will be recognised on this loan in 2021 (CU__) and 2022 (CU__).</p> <p>The weighted average interest rates paid during the year were as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2021</th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: center;">%</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>Bank overdrafts</td> <td></td> <td></td> </tr> <tr> <td>Bills of exchange</td> <td></td> <td></td> </tr> <tr> <td>Loans from related parties</td> <td></td> <td></td> </tr> <tr> <td>Redeemable cumulative preference shares</td> <td></td> <td></td> </tr> <tr> <td>Perpetual notes</td> <td></td> <td></td> </tr> <tr> <td>Bank loans</td> <td></td> <td></td> </tr> </tbody> </table> | | 31/12/2021 | 31/12/2020 | | % | % | Bank overdrafts | | | Bills of exchange | | | Loans from related parties | | | Redeemable cumulative preference shares | | | Perpetual notes | | | Bank loans | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | |
| | % | % | | | | | | | | | | | | | | | | | | | | | | | |
| Bank overdrafts | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bills of exchange | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loans from related parties | | | | | | | | | | | | | | | | | | | | | | | | | |
| Redeemable cumulative preference shares | | | | | | | | | | | | | | | | | | | | | | | | | |
| Perpetual notes | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank loans | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:18 | <p>Breach of a loan agreement</p> <p>During the current year, the Group was late in paying interest for the first quarter on one of its loans with a carrying amount of CU__ million. The delay arose because of a temporary lack of funds on the date interest was payable due to a technical problem on settlement. The interest payment outstanding of CU__ million was paid in full on the following day, including the additional interest and penalty. The lender did not request accelerated repayment of the loan and the terms of the loan were not changed. Management has reviewed the Group's settlement procedures to ensure that such circumstances do not recur.</p> | | | | | | | | | | | | | | | | | | | | | | | | |



| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--|----|---|-------|-------------------|-------|--|--------------|------------------|-------|--|-------|------------------------------------|--------------|---|-------|--|-------|---------------|-----------|---|--------------|
| IFRS 7:7 | <p>33. Convertible loan notes</p> <p>The convertible loan notes were issued on [date] at an issue price of CU__ per note. The notes are convertible into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date. On issue, the loan notes were convertible at __ shares per CU__ loan note. The conversion price is at a __ per cent premium to the share price of the ordinary shares at the date the convertible loan notes were issued.</p> <p>If the notes have not been converted, they will be redeemed on [date] at par. Interest of __ per cent will be paid annually up until that settlement date.</p> | | | | | | | | | | | | | | | | | | | | | | |
| IAS 32:28 | <p>The net proceeds received from the issue of the convertible loan notes have been split between the financial liability element and an equity component, representing the fair value of the embedded option to convert the financial liability into equity of the Company, as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="width: 20%; text-align: right;">CU</td> </tr> <tr> <td>Proceeds of issue of convertible loan notes</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Transaction costs</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Net proceeds from issue of convertible loan notes</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Equity component</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Transaction costs relating to equity component</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Amount classified as equity</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Liability component at date of issue (net of transaction costs)</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Interest charged (using effective interest rate)</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Interest paid</td> <td style="text-align: right;">_____ ()</td> </tr> <tr> <td>Carrying amount of liability component at 31 December 2021</td> <td style="text-align: right;">_____</td> </tr> </table> <p>The equity component of CU__ million has been credited to the option premium on convertible notes reserve (see note 44).</p> <p>The interest expensed for the year is calculated by applying an effective interest rate of __ per cent to the liability component for the __ months period since the loan notes were issued. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the reporting at 31 December 2021 represents the effective interest rate less interest paid to that date.</p> | | CU | Proceeds of issue of convertible loan notes | _____ | Transaction costs | _____ | Net proceeds from issue of convertible loan notes | _____ | Equity component | _____ | Transaction costs relating to equity component | _____ | Amount classified as equity | _____ | Liability component at date of issue (net of transaction costs) | _____ | Interest charged (using effective interest rate) | _____ | Interest paid | _____ () | Carrying amount of liability component at 31 December 2021 | _____ |
| | CU | | | | | | | | | | | | | | | | | | | | | | |
| Proceeds of issue of convertible loan notes | _____ | | | | | | | | | | | | | | | | | | | | | | |
| Transaction costs | _____ | | | | | | | | | | | | | | | | | | | | | | |
| Net proceeds from issue of convertible loan notes | _____ | | | | | | | | | | | | | | | | | | | | | | |
| Equity component | _____ | | | | | | | | | | | | | | | | | | | | | | |
| Transaction costs relating to equity component | _____ | | | | | | | | | | | | | | | | | | | | | | |
| Amount classified as equity | _____ | | | | | | | | | | | | | | | | | | | | | | |
| Liability component at date of issue (net of transaction costs) | _____ | | | | | | | | | | | | | | | | | | | | | | |
| Interest charged (using effective interest rate) | _____ | | | | | | | | | | | | | | | | | | | | | | |
| Interest paid | _____ () | | | | | | | | | | | | | | | | | | | | | | |
| Carrying amount of liability component at 31 December 2021 | _____ | | | | | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | |
|--------------------------|--|------------|------------|
| | 34. Derivative financial instruments | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| | Derivative financial assets | | |
| IFRS 7:8(a) | Derivatives that are designated and effective as hedging instruments carried at fair value: | | |
| | Foreign currency forward contracts | | |
| | Interest rate swaps | | |
| | Commodity options | | |
| | | | |
| | | | |
| | Derivative financial liabilities | | |
| IFRS 7:8(e) | Derivatives that are designated and effective as hedging instruments carried at fair value: | | |
| | Foreign currency forward contracts | | |
| | Interest rate swaps | | |
| IFRS 7:8(e) | Held for trading derivatives that are not designated in hedge accounting relationships: | | |
| | Interest rate swap | | |
| | | | |
| | | | |
| IFRS 7:13B IFRS 7:13C | The Group has entered into master netting agreements with the following counterparties: <i>[state the name]</i> . Derivatives subject to offsetting, master netting agreements and any collateral pledged or received are presented below. | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| | Counterparty A: | | |
| | Derivative assets | | |
| | Derivative liabilities | | |
| | Net amount of financial assets/(liabilities) presented in the statement of financial position | | |
| | Cash collateral (received)/paid | | |
| | Net amount | | |
| | | | |
| | Counterparty B: | | |
| | Derivative assets | | |
| | Derivative liabilities | | |
| | Net amount | | |
| | | | |

| Source | International GAAP Holdings Limited |
|--------|--|
| | <p>The derivative asset and liability with Counterparty A meet the offsetting criteria in IAS 32. Consequently, the gross derivative liability is offset against the gross derivative asset, resulting in the presentation of a net derivative asset of CU__ million in the Group's statement of financial position.</p> <p>Cash collateral has also been received from Counterparty A for a portion of the net derivative asset (CU__ million). The cash collateral of CU__ million does not meet the offsetting criteria in IAS 32, but it can be offset against the net amount of the derivative asset and derivative liability in the case of default and insolvency or bankruptcy, in accordance with associated collateral arrangements.</p> <p>The derivative asset and liability with Counterparty B do not meet the offsetting criteria in IAS 32. Consequently, the gross amount of the derivative asset (CU__ million) and gross amount of derivative liability (CU__ million) are presented separately in the Group's statement of financial position.</p> <p>The Group did not enter into any other enforceable netting arrangements than discussed above.</p> <p>Further details of derivative financial instruments are provided in note 62(c).</p> |

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Source

International GAAP Holdings Limited

**35. Deferred tax**

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

| | Accelerated tax depreciation | Deferred development costs | Revaluation of building |
|--------------------------------------|---------------------------------|-------------------------------|----------------------------|
| | CU | CU | CU |
| At 1 January 2020 | | | |
| Charge to profit or loss | | | |
| Charge to other comprehensive income | | | |
| Charge direct to equity | | | |
| Exchange differences | | | |
| | | | |
| At 1 January 2021 | | | |
| Charge/(credit) to profit or loss | | | |
| Charge to other comprehensive income | | | |
| Charge direct to equity | | | |
| Acquisition of subsidiary | | | |
| Disposal of subsidiary | | | |
| Exchange differences | | | |
| Effect of change in tax rate: | | | |
| profit or loss | | | |
| other comprehensive income | | | |
| direct to equity | | | |
| | | | |
| At 31 December 2021 | | | |

| Revaluation of financial assets | Convertible loan note – equity component | Retirement benefit obligations | Share-based payments | Tax losses | Total |
|------------------------------------|--|-----------------------------------|-------------------------|------------|-------|
| CU | CU | CU | CU | CU | CU |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | |
|--------------------------|--|------------|------------|------------|--|----|----|--------------------------|--|--|---------------------|--|--|
| IAS 12:74 | <p>Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:</p> <table style="width: 100%; margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/2021</th> <th style="text-align: right; border-bottom: 1px solid black;">31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: right;">CU</th> <th style="text-align: right;">CU</th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">Deferred tax liabilities</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Deferred tax assets</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> </tr> </tbody> </table> | | 31/12/2021 | 31/12/2020 | | CU | CU | Deferred tax liabilities | | | Deferred tax assets | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | |
| Deferred tax liabilities | | | | | | | | | | | | | |
| Deferred tax assets | | | | | | | | | | | | | |
| IAS 12:81(e) | <p>At the reporting date, the Group has unused tax losses of CU__ million (2020: CU__ million) available for offset against future profits. A deferred tax asset has been recognised in respect of CU__ million (2020: CU__ million) of such losses. No deferred tax asset has been recognised in respect of the remaining CU__ million (2020: CU__ million) as it is not considered probable that there will be future taxable profits available. Included in unrecognised tax losses are losses of CU__ million (2020: CU__ million) that will expire in [year]. Other losses may be carried forward indefinitely.</p> | | | | | | | | | | | | |
| IAS 12:81(f) | <p>No deferred tax liability is recognised on temporary differences of CU__ million (2020: CU__ million) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. Temporary differences arising in connection with interests in associates are insignificant.</p> | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | |
|--|--|------------|------------|
| | 36. Lease liabilities | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| | Maturity analysis: | | |
| | Year 1 | | |
| | Year 2 | | |
| | Year 3 | | |
| | Year 4 | | |
| | Year 5 | | |
| | Onwards | | |
| | Less: unearned interest | () | () |
| | Analysed as: | | |
| | Non-current | | |
| | Current | | |
| | | | |
| IFRS 16:58 IFRS 7:39(a) IFRS 16:BC221 | | | |
| IFRS 7:39(c) | The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function. | | |
| | As discussed in note 2, the Group has derecognised CU__ of the lease liability that has been extinguished by the forgiveness of lease payments on buildings in [<i>A Land</i>]. | | |
|  | Additionally, the Group has benefited from a __ month lease payment holiday on buildings in [<i>B Land</i>]. The payment holiday reduces payments in the period to [<i>date</i>] by CU__, and increases in payments in the period to [<i>date</i>] by CU__. The Group has remeasured the lease liability using the revised lease payments and the discount rate originally applied to the lease, resulting in a decrease in the lease liability of CU__, which has been recognised as a negative variable lease payment in profit or loss. | | |

| Source | International GAAP Holdings Limited | |
|---------------|--|------------|
| | 37. Trade and other payables | |
| | 31/12/2021 | 31/12/2020 |
| | CU | CU |
| | Trade payables | |
| | Of which reverse factoring | |
| | Other taxation and social security | |
| | Other payables | |
| | Accruals | |
| | | |
| | | |
| IFRS 7:7 | Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is __ days (excluding the reverse factoring arrangements) and __ days (including reverse factoring arrangements). For most suppliers no interest is charged on the trade payables for the first __ days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. | |
| | Furthermore, in order to ensure easy access to credit for its suppliers and facilitate early settlement, the Group has entered into reverse factoring arrangements. The contractual arrangements in place permit the supplier to obtain the amounts billed less 0.5 per cent discount with the amounts paid by Bank A. The discount represents less than the trade discount for early repayment commonly used in the market. The Group will repay Bank A the full invoice amount on the scheduled payment date as required by the invoice. As the arrangements do not permit the Group to extend finance from Bank A by paying Bank A later than the Group would have paid its supplier, the Group considers amounts payable to Bank A should be classified as trade payables. The reverse factoring arrangements permit Bank A to early settle invoices equal to CU__ per month, the maximum amount used in a month during the year was CU__. At the year-end __ per cent of trade payables were amounts owed under these arrangements. | |
| IFRS 7:29 (a) | The directors consider that the carrying amount of trade payables approximates to their fair value. | |
| | 38. Other financial liabilities | |
| | 31/12/2021 | 31/12/2020 |
| | CU | CU |
| | Contingent consideration | |
| | Financial guarantee contracts | |
| | | |
| | | |
| | The Group's major supplier, Entity A, borrowed CU__ million from Bank Z on 30 June 2020. The bank loan has a maturity of 3 years. The Group guaranteed this bank loan and in the event of default of Entity A will have to pay Bank Z. The maximum Group exposure is CU__ million and the given guarantee covers the time until maturity of underlying bank loan. The Group received a premium of CU__. The carrying amount of the guarantee is established as the higher of: | |
| | <ul style="list-style-type: none"> • Amount of loss allowance calculated in accordance with IFRS 9 • Premium received less cumulative amortisation of the premium to date (according to Group's policy amortisation is calculated on straight-line basis until maturity of the contract) | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|-----------------------|-------------------------|-----------------------|-------|-------|----|--------------------|----|----|-------------------------|--------------------------|--|-----------------------|--|--|--------------|----------------------------------|--|--|--|--------------|--------------------------|--|--|-------------|--------------|------------------------------|--|--|--|--------------|---|--------------------|-------------------------|-----------------------|--------------|--|----|----|----|----|---------------------|--------------------------|--|--|--------------|----------------------------|--------------|----------------------------------|--|--|--|--------------|--------------------------|--|--|--|--------------|------------------------------|--|--|--|--------------|-----------------------|--|--|--|--------------|--|--|--|--|--|---------------------|--|--|--|--------------|----------------------------|--|--|--|--|--|--|--|--|
| IFRS 7:35G(a)-(b) | At the end of the reporting period, the directors of the Company have assessed the past due status of the debts under guarantee, the financial position of the debtors as well as the economic outlook of the industries in which the debtors operate, and concluded that there has not been a significant increase in the credit risk since initial recognition of the financial guarantee contract. Accordingly, the loss allowance for financial guarantee contract issued by the Group is measured at an amount equal to 12-month ECL. Note 62(d)(ii) contains the credit risk rating grades for this financial guarantee contract. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:35G(c) | There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets. In both years the amount of loss allowance is lower than the premium less cumulative amortisation, therefore no loss allowance was recognised in profit or loss for the financial guarantee contract. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|   | 39. Provisions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Warranty provision | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Restructuring provision | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Restoration provision | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Current | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Warranty provision | Restructuring provision | Restoration provision | Other | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| At 1 January 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 37:84(a) | Additional provision in the year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 37:84(b) | Utilisation of provision | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 37:84(c) | On acquisition of subsidiary | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 37:84(e) | Unwinding of discount | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 37:84(e) | Adjustment for change in discount rate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Exchange difference | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 37:84(a) | At 31 December 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Source | International GAAP Holdings Limited |
|---|--|
| IAS 37:85(a)-(b) | The warranty provision represents management's best estimate of the Group's liability under 12-month warranties granted on electrical products, based on past experience and industry averages for defective products. |
| IAS 37:85(a)-(b) | The restructuring provision relates to redundancy costs incurred on the disposal of [<i>name of subsidiary</i>] (see note 52). As at 31 December 2021, approximately 50 per cent of the affected employees had left the Group's employment, with the remainder departing in January 2021. |
| IAS 37:85(a)-(b) | <p>The restoration provision has been created upon the enactment of new environmental legislation in [<i>A Land</i>] on 15 December 2021 which requires companies in [<i>A Land</i>] to clean up contaminated land by 30 June 2022 and bear the associated costs thereof. Management is in the process of clarifying certain aspects of the legislation and therefore the final assessment of costs that the Company will need to incur may change materially based on the outcome of this process. Based on the current interpretation of the legislation, the directors have estimated a liability of CU__ million. In estimating the liability, the directors have made assumptions regarding the following: local site volume of contamination, proximity to approved landfill sites, technology available to decontaminate and costs required to dispose of specialised raw materials.</p> <p>[<i>Describe other provisions.</i>]</p> |
| <p>Commentary:</p> <p><i>Notes 41 to 52 below set out detailed descriptions and reconciliations for each class of share capital and each component of equity, as required by IAS 1:79, IAS 1:106 and IAS 1:106A. IAS 1 permits some flexibility regarding the level of detail presented in the statement of changes in equity and these supporting notes. IAS 1 allows an analysis of other comprehensive income by item for each component of equity to be presented either in the statement of changes in equity or in the notes. For the purposes of the preparation of these model financial statements, the Group has elected to present the analysis of other comprehensive income in the notes.</i></p> <p><i>IAS 1 also allows that some of the details regarding items of other comprehensive income (income tax and reclassification adjustments) may be disclosed in the notes rather than in the statement of profit or loss and other comprehensive income. Entities will determine the most appropriate presentation for their circumstances – electing to present much of the detail in the notes (as we have done in these model financial statements) ensures that the primary financial statements are not cluttered by unnecessary detail, but it does result in very detailed supporting notes.</i></p> <p><i>Whichever presentation is selected, entities will need to ensure that the following requirements are met:</i></p> <ul style="list-style-type: none"> • <i>Detailed reconciliations are required for each class of share capital (in the statement of changes in equity or in the notes)</i> • <i>Detailed reconciliations are required for each component of equity – separately disclosing the impact on each such component of (i) profit or loss, (ii) each item of other comprehensive income, and (iii) transactions with owners in their capacity as owners (in the statement of changes in equity or in the notes)</i> • <i>The amount of income tax relating to each item of other comprehensive income should be disclosed (in the statement of profit or loss and other comprehensive income or in the notes)</i> • <i>Reclassification adjustments should be presented separately from the related item of other comprehensive income (in the statement of profit or loss and other comprehensive income or in the notes)</i> | |

| Source | International GAAP Holdings Limited | | |
|--------------|--|------------|-------|
| | 40. Share capital | | |
| | | 31/12/2021 | |
| | | Number | |
| | | 31/12/2020 | |
| | | Number | |
| IAS 1:79(a) | Authorised: __ million ordinary shares of CU__ each | _____ | _____ |
| IAS 1:79(a) | Issued and fully paid: At 1 January __ million ordinary shares of CU__ each Issued during the year Own shares acquired in the year At 31 December __ million ordinary shares of CU__ each | _____ | _____ |
| IAS 1:79(a) | [Give details of changes in share capital during the year.] The Company has one class of ordinary shares which carry no right to fixed income. Additionally the Company has authorised, issued and fully paid __ million redeemable cumulative preference shares of CU__ each classified as liabilities. These shares do not carry voting rights. Further details are provided in note 32. | | |
| IAS 1:79(b) | 41. Share premium account | 2021 | 2020 |
| | | CU | CU |
| | Balance at 1 January Premium arising on issue of equity shares Share issue costs | _____ | _____ |
| | Balance at 31 December | _____ | _____ |
| IAS 1:106(d) |  Under the Corporations Act 2001, Australian entities generally do not have a par value for issued shares and accordingly, Note 41 above may not be relevant. | | |
| | 42. Own shares | 2021 | 2020 |
| | Balance at 1 January Acquired in the year Disposed of on exercise of options [Other movement] | _____ | _____ |
| | Balance at 31 December | _____ | _____ |
| IAS 1:79(b) | The own shares reserve represents the cost of shares in International GAAP Holdings Limited purchased in the market and held by the International GAAP Holdings Limited Employee Benefit Trust to satisfy options under the Group's share options plans (see note 57). The number of ordinary shares held by the employee benefit trust at 31 December 2021 was __ (2020: __). | | |

| Source | International GAAP Holdings Limited |
|--------------|--|
| | <p>43. Revaluation reserves</p> <p><i>Properties revaluation reserve</i></p> <p>The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the properties revaluation reserve will not be reclassified subsequently to profit or loss.</p> <p>Distributions from the properties revaluation reserve can be made where they are in accordance with the requirements of the Company's constitution and company law. Amounts may also be effectively distributed out of the properties revaluation reserve as part of a share buy-back. Generally, there is no restriction on the payment of 'bonus shares' out of the properties revaluation reserve. However, the payment of cash distributions out of the reserve is restricted by the terms of the Company's constitution. These restrictions do not apply to any amounts transferred to retained profits. The directors do not currently intend to make any distribution from the properties revaluation reserve.</p> |
| IAS 1:90 | Properties |
| IAS 1:106(d) | revaluation |
| IAS 1:106A | reserve |
| IAS 1:79(b) | <hr/> |
| IAS 16:77(f) | CU |
| | <p>Balance at 1 January 2020</p> <p>Revaluation decrease on land and buildings</p> <p>Reversal of deferred tax liability on revaluation of land and buildings</p> |
| | <hr/> |
| | <p>Balance at 1 January 2021</p> <p>Revaluation increase on land and buildings</p> <p>Deferred tax liability arising on revaluation of land and buildings</p> <p>Effect of change in tax rate</p> |
| | <hr/> |
| | <hr/> |
| | <p>Balance at 31 December 2021</p> |
| | <hr/> |
| | <p><i>Investments revaluation reserve</i></p> <p>The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of:</p> <ul style="list-style-type: none"> • Investments in equity instruments designated as at FVTOCI, net of cumulative gain/loss transferred to retained earnings upon disposal • Investments in debt instruments classified as at FVTOCI, net of cumulative loss allowance recognised on these investments and cumulative gain/loss reclassified to profit or loss upon disposal or reclassification of these investments |

| Source | International GAAP Holdings Limited | | | |
|---|---|--|--|--------------------------------------|
| | The reconciliation of movements in the investment revaluation reserve for years 2021 and 2020 is presented below: | | | |
| IAS 1:90 IAS 1:106(d) IAS 1:106A IAS 1:79(b) | | Investment in equity instruments designated as at FVTOCI | Investment in debt instruments classified as at FVTOCI | Investment revaluation reserve |
| | | CU | CU | CU |
| | Balance at 1 January 2020 | | | |
| IFRS 7:20(a)(vii) | Fair value gain/(loss) arising during the period | | | |
| IFRS 7:20(a)(viii) | Income tax relating to fair value gain/(loss) arising during the period | | | |
| IFRS 7:20(a)(viii) IFRS 9:B5.7.1 | Cumulative (gain)/loss on investments in equity instruments designated as at FVTOCI transferred to retained earnings upon disposal | | | |
| IFRS 7:20(a)(viii) | Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal | | | |
| IAS 1:82(cb) | Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL | | | |
| | Balance at 1 January 2021 | | | |
| IFRS 7:20(a)(vii) | Fair value gain/(loss) arising during the period | | | |
| IFRS 7:20(a)(viii) | Income tax relating to fair value gain/(loss) arising during the period | | | |
| IFRS 7:20(a)(viii) IFRS 9:B5.7.1 | Cumulative (gain)/loss on investments in equity instruments designated as at FVTOCI transferred to retained earnings upon disposal | | | |
| IFRS 7:20(a)(viii) IAS 1:106A | Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal | | | |
| IAS 1:82(cb) IAS 1:106A | Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL | | | |
| | Balance at 31 December 2021 | | | |
| IFRS 7:35H | The following table shows the movement in 12-month ECL that has been recognised for corporate bonds classified as at FVTOCI: | | | |
| | | 2021 | 2020 | |
| | | CU | CU | |
| | Balance as at 1 January | | | |
| | Net movement for the year | | | |
| | Balance as at 31 December | | | |
| | Investments in equity instruments designated as at FVTOCI are not subject to impairment. | | | |

| Source | International GAAP Holdings Limited | | |
|-----------------------------|--|------|------|
| IAS 1:106(d) | 44. Option premium on convertible notes reserve | | |
| | | 2021 | 2020 |
| | | CU | CU |
| | Balance at 1 January | | |
| | Recognition of equity component of convertible loan notes (see note 33) | | |
| | Deferred tax liability arising on recognition of equity component of convertible loan notes | | |
| | Balance at 31 December | | |
| IAS 1:79(b) | This reserve represents the equity component of convertible debt instruments (see note 33). | | |
| IAS 1:106(d)) IAS 1:106A | 45. Financial liabilities at FVTPL credit risk reserve | | |
| | | 2021 | 2020 |
| | | CU | CU |
| | Balance at 1 January | | |
| IFRS 7:20(a)(i) | Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk | | |
| | Income tax relating to fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk | | |
| | Transfer of credit risk reserve to retained earnings upon derecognition of related financial liabilities | | |
| | Balance at 31 December | | |

| Source | | International GAAP Holdings Limited | | | | | | | |
|------------------------------------|---|-------------------------------------|------|--------------------|------|----------------|------|-------|------|
| | | 46. Cash flow hedge reserve | | | | | | | |
| | | Foreign exchange risk | | Interest rate risk | | Commodity risk | | Total | |
| | | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | | CU | CU | CU | CU | CU | CU | CU | CU |
| | | Balance at 1 January | | | | | | | |
| IFRS 7:24C(b)(i) IFRS 7:24E(a) | Gain/(loss) arising on changes in fair value of hedging instruments during the period | | | | | | | | |
| | Income tax related to gains/ (losses) recognised in other comprehensive income during the period | | | | | | | | |
| IFRS 7:24C(b)(iv) IFRS 7:24E(a) | (Gain)/loss reclassified to profit or loss – hedged item has affected profit or loss | | | | | | | | |
| IFRS 7:24C(b)(iv) IFRS 7:24E(a) | (Gain)/loss reclassified to profit or loss – forecast transaction no longer expected to occur | | | | | | | | |
| | Income tax related to amounts reclassified to profit or loss | | | | | | | | |
| IFRS 7:24E(a) | Cumulative (gain)/loss transferred to initial carrying amount of hedged items | | | | | | | | |
| | Income tax related to amounts transferred to initial carrying amount of hedged item | | | | | | | | |
| | | Balance at 31 December | | | | | | | |
| | | | | | | | | | |
| | | Of which: | | | | | | | |
| IFRS 7:24B(b)(ii) | Balance related to continuing cash flow hedges | | | | | | | | |
| IFRS 7:24B(b)(ii) | Balance related to discontinued cash flow hedges | | | | | | | | |
| IAS 1:79(b) IAS 1:82A | The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction affects the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items (basis adjustment). | | | | | | | | |
| IAS 1:106(d) | 47. Cost of hedging reserve | | | | | | | | |
| IAS 1:79(b) IAS 1:82A | The cost of hedging reserve includes the effects of the following: <ul style="list-style-type: none"> • Changes in fair value of the time value of option when only the intrinsic value of the option is designated as the hedging instrument • Changes in fair value of the forward element of a forward contract when only the change in the value of the spot element of the forward contract is designated as the hedging instrument (consistent with the Group's accounting policy to recognise non-designated component of forward contracts in equity) • Changes in fair value of the foreign currency basis spread of a financial instrument when the foreign currency basis spread of a financial instrument is excluded from the designation of that financial instrument as the hedging instrument (consistent with the Group's accounting policy to recognise non-designated component of foreign currency derivative in equity) | | | | | | | | |
| | The changes in fair value of the time value of an option, forward element of a forward contract and foreign currency basis spread of a financial instrument, in relation to a transaction-related hedged item accumulated in the cost of hedging reserve, are reclassified to profit or loss only when the hedged transaction affects profit or loss, or included as a basis adjustment to the non-financial hedged item. The changes in fair value of the time value of an option, forward element of a forward contract and foreign currency basis spread of a financial instrument, in relation to a time-period related hedged item accumulated in the cash flow hedging reserve, are amortised to profit or loss on a rational basis over the term of the hedging relationship. | | | | | | | | |

Source International GAAP Holdings Limited

IFRS 7:24F

The changes in fair value of the [time value of an option/forward element of a forward contract/foreign currency basis spread of a financial instrument] and their related reclassification adjustments and amortisation per risk category is presented below:

| | Foreign exchange risk | | Interest rate risk | | Commodity risk | | Total | |
|---|-----------------------|------|--------------------|------|----------------|------|-------|------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | CU | CU | CU | CU | CU | CU | CU | CU |
| Balance at 1 January | | | | | | | | |
| Changes in fair value of the [time value of an option/forward element/foreign currency basis spread] in relation to transaction-related hedged items during the period | | | | | | | | |
| Changes in fair value of the [time value of an option/forward element/foreign currency basis spread] in relation to time-period related hedged items during the period | | | | | | | | |
| Income tax related to changes in fair value of [the time value of an option/forward element/foreign currency basis spread] | | | | | | | | |
| (Gain)/loss arising on changes in fair value of [the time value of an option/forward element/foreign currency basis spread] in relation to transaction-related hedged items reclassified to profit or loss – hedged item has affected profit or loss | | | | | | | | |
| (Gain)/loss arising on changes in fair value of [the time value of an option/forward element/foreign currency basis spread] in relation to transaction-related hedged items reclassified to profit or loss – forecast transaction no longer expected to occur | | | | | | | | |
| Income tax related to amounts reclassified to profit or loss | | | | | | | | |
| (Gain)/loss arising on changes in fair value of [the time value of an option/forward element/foreign currency basis spread] in relation to transaction-related hedged items transferred to initial carrying amount of hedged items | | | | | | | | |
| Income tax related to amounts transferred to initial carrying amount of hedged item | | | | | | | | |
| Amortisation to profit or loss of changes in fair value of [the time value of an option/forward element/foreign currency basis spread] in relation to time-period related hedged items | | | | | | | | |
| (Gain)/loss arising on changes in fair value of [the time value of an option/forward element/foreign currency basis spread] in relation to reclassified to profit or loss – forecast transaction no longer expected to occur | | | | | | | | |
| Income tax related to time-period related hedged items amortised/reclassified to profit or loss | | | | | | | | |
| Balance at 31 December | | | | | | | | |

| Source | International GAAP Holdings Limited | | |
|------------------------------------|---|------|------|
| IAS 1:106(d)) IAS 1:106A | 48. Foreign exchange translation reserve | | |
| | | 2021 | 2020 |
| | | CU | CU |
| | Balance at 1 January | | |
| IFRS 7:24C(b)(i) IFRS 7:24E(a) | Gain/loss arising on changes in fair value of hedging instruments designated in net investment hedges | | |
| | Income tax relating to gains/losses on hedges of net assets in foreign operations | | |
| | Exchange differences on translating the net assets of foreign operations | | |
| | Income tax relating to gains/losses arising on translating the net assets of foreign operations | | |
| IFRS 7:24C(b)(iv) IFRS 7:24E(a) | Gain/loss on hedging instruments reclassified to profit or loss on disposal of foreign operations | | |
| | Income tax related to gain/loss on hedging instruments reclassified to profit or loss on disposal of foreign operations | | |
| | Gain/loss reclassified to profit or loss on disposal of foreign operations | | |
| | Income tax related to gain/loss reclassified on disposal of foreign operations | | |
| | Balance at 31 December | | |
| | Of which: | | |
| IFRS 7:24B(b)(ii) | Balance related to continuing net investment hedges | | |
| IFRS 7:24B(b)(iii) | Balance related to discontinued net investment hedges | | |
| | Balance related to retranslation of net assets in foreign operation | | |
| IAS 1:106(d) | 49. Share-based payments reserve | | |
| | | | CU |
| | Balance at 1 January 2020 | | |
| | Credit to equity for equity-settled share-based payments | | |
| | Deferred tax on share-based payments | | |
| | Balance at 1 January 2021 | | |
| | Credit to equity for equity-settled share-based payments | | |
| | Deferred tax on share-based payments | | |
| | Balance at 31 December 2021 | | |

| Source | International GAAP Holdings Limited |
|--------------|--|
| IAS 1:106(d) | <p>50. Retained earnings</p> <p>Balance at 1 January 2020 – As restated CU</p> <p>Dividends paid</p> <p>Net profit for the year</p> <p>Other comprehensive income arising from measurement of defined benefit obligation net of income tax</p> <p>Adjustment arising from change in non-controlling interest (see note 51)</p> <hr/> <p>Balance at 1 January 2021</p> <p>Dividends paid</p> <hr/> <p>Net profit for the year</p> <p>Other comprehensive income arising from measurement of defined benefit obligation net of income tax</p> <p>Adjustment arising from change in non-controlling interest (see note 51)</p> <hr/> <p>Balance at 31 December 2021</p> <hr/> <p>Included within retained earnings is an amount of CU__ million (2020: CU__ million) that represents unrealised profits arising on remeasurement of the Group's investment properties.</p> |

| Source | International GAAP Holdings Limited | | |
|----------------------------------|---|------------|------------|
| IFRS 12:12(g) IFRS 12:B10-B11 | 51. Non-controlling interests | | |
| | Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations. | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| | Subsidiary A Limited | | |
| | Current assets | | |
| | Non-current assets | | |
| | Current liabilities | | |
| | Non-current liabilities | | |
| | Equity attributable to owners of the Company | | |
| | Non-controlling interests | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| | Revenue | | |
| | Expenses | | |
| | Profit (loss) for the year | | |
| | Profit (loss) attributable to owners of the Company | | |
| | Profit (loss) attributable to the non-controlling interests | | |
| | Profit (loss) for the year | | |
| | Other comprehensive income attributable to owners of the Company | | |
| | Other comprehensive income attributable to the non-controlling interests | | |
| | Other comprehensive income for the year | | |
| | Total comprehensive income attributable to owners of the Company | | |
| | Total comprehensive income attributable to the non-controlling interests | | |
| | Total comprehensive income for the year | | |
| | Dividends paid to non-controlling interests | | |
| | Net cash inflow (outflow) from operating activities | | |
| | Net cash inflow (outflow) from investing activities | | |
| | Net cash inflow (outflow) from financing activities | | |
| | Net cash inflow (outflow) | | |
| | <i>[Include a similar table for each subsidiary that has a material non-controlling interest.]</i> | | |
| | Further information about non-controlling interests is given in note 20. | | |

| Source | International GAAP Holdings Limited | CU |
|--------------|---|-------|
| IAS 1:106(b) | Balance at 1 January 2020 | |
| IAS 1:106(d) | Share of profit for the year | |
| IAS 1:106A | Payment of dividends | _____ |
| | Balance at 1 January 2021 | |
| | Share of profit for the year | |
| | Payment of dividends | |
| | Non-controlling interests arising on the acquisition of [<i>Acquisition B Limited</i>] (see note 53) | |
| | Additional non-controlling interests arising on disposal of interest in [<i>Name of Subsidiary</i>] (see note 20) | |
| | Non-controlling interest relating to outstanding vested share options held by the employees of [<i>Acquisition B Limited</i>] (i) | _____ |
| | Balance at 31 December 2021 | _____ |
| | <p>(i) As at 31 December 2021, executives and senior employees of [<i>Acquisition B Limited</i>] held options over __ ordinary shares of [<i>Acquisition B Limited</i>], of which __ will expire on 12 March 2023 and __ will expire on 17 September 2023. These share options were issued by [<i>Acquisition B Limited</i>] before it was acquired by the Group in the current year. All of the outstanding share options had vested by the acquisition date of [<i>Acquisition B Limited</i>]. CU__ represents the market-based measure of these share options measured in accordance with IFRS 2 at the acquisition date. Further details of the employee share option plan are provided in note 57.</p> | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|----|------------------|--|-----------|--|-------------------------------|--|--------------------------------|--|-----------------------|--|-----------------------------------|--|----------------------|--|--|--|----------|--|----------------------------|--|---------------|--|------|--|---|--|--------------------------------------|--|--|--|
|  IFRS 3:B64(a)-(d) | <p>53. Acquisition of subsidiaries [Acquisition A Limited]</p> <p>On [date], the Group acquired 100 per cent of the issued share capital of [Acquisition A Limited], obtaining control of [Acquisition A Limited]. [Acquisition A Limited] is a [describe operations of entity acquired] and qualifies as a business as defined in IFRS 3. [Acquisition A Limited] was acquired [provide primary reasons for acquisition of the entity].</p> <p style="background-color: #92d050; padding: 5px;">Commentary: The disclosures illustrated are also required for business combinations after the end of the reporting period but before the financial statements are authorised for issue unless the initial accounting for the acquisition is incomplete at the time the financial statements are authorised for issue. In such circumstances, the entity is required to describe which disclosures could not be made and the reasons why they could not be made.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 3:B64(i) IAS 7:40(d) | <p>The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; vertical-align: bottom;">CU</td> </tr> <tr> <td>Financial assets</td> <td></td> </tr> <tr> <td>Inventory</td> <td></td> </tr> <tr> <td>Property, plant and equipment</td> <td></td> </tr> <tr> <td>Identifiable intangible assets</td> <td></td> </tr> <tr> <td>Financial liabilities</td> <td></td> </tr> <tr> <td>Deferred tax assets/(liabilities)</td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Contingent liability</td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Total identifiable assets acquired and liabilities assumed</td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Goodwill</td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Total consideration</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> </tr> <tr> <td>Satisfied by:</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Cash</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Equity instruments (___ ordinary shares of the Company)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Contingent consideration arrangement</td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td style="padding-left: 20px;">Total consideration transferred</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> </tr> </table> | | CU | Financial assets | | Inventory | | Property, plant and equipment | | Identifiable intangible assets | | Financial liabilities | | Deferred tax assets/(liabilities) | | Contingent liability | | Total identifiable assets acquired and liabilities assumed | | Goodwill | | Total consideration | | Satisfied by: | | Cash | | Equity instruments (___ ordinary shares of the Company) | | Contingent consideration arrangement | | Total consideration transferred | |
| | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property, plant and equipment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Identifiable intangible assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Deferred tax assets/(liabilities) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Contingent liability | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total identifiable assets acquired and liabilities assumed | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Goodwill | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total consideration | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Satisfied by: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equity instruments (___ ordinary shares of the Company) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Contingent consideration arrangement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total consideration transferred | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 3:B64(f) IAS 7:40(a) | <p>Net cash outflow arising on acquisition:</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 7:40(b) | Cash consideration | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 7:40(c) | Less: cash and cash equivalent balances acquired | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 3:B64(h) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 3:B64(j) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>The fair value of the financial assets includes receivables [describe type of receivables] with a fair value of CU__ million and a gross contractual value of CU__ million. The best estimate at acquisition date of the contractual cash flows not to be collected is CU__ million.</p> <p>A contingent liability of CU__ million has been recognised in respect of [provide description of nature of obligation]. We expect that the majority of this expenditure will be incurred in 2022 and that all will be incurred by the end of 2023. The potential undiscounted amount of all future payments that the Group could be required to make in respect of this contingent liability is estimated to be between CU__ million and CU__ million.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|----|------------------|--|-----------|--|-------------------------------|--|--------------------------------|--|-----------------------|--|--|--|----------|--|---|--|--|--|----------------------------|--|---------------|--|------|--|--|--|--|--|
| IFRS 3:B64(e) & (k) | The goodwill of CU__ million arising from the acquisition consists of <i>[describe factors that make up goodwill recognised]</i> . None of the goodwill is expected to be deductible for income tax purposes. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>Commentary:</p> <p><i>If the initial allocation of goodwill acquired in a business combination during the period cannot be completed before the end of the reporting period, the amount of the unallocated goodwill should be disclosed together with the reasons why that amount remains unallocated.</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | The fair value of the __ ordinary shares issued as part of the consideration paid for <i>[Acquisition A Limited]</i> (CU__ million) was determined on the basis of <i>[describe method for determining fair value]</i> . | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 3:B64(g) | The contingent consideration arrangement requires <i>[describe conditions of the contingent consideration arrangement]</i> . The potential undiscounted amount of all future payments that International GAAP Holdings Limited could be required to make under the contingent consideration arrangement is between CU__ million and CU__ million. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 3:B64(g) | The fair value of the contingent consideration arrangement of CU__ million was estimated by applying <i>[describe method for estimating fair value]</i> . | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 3:B64(m) | Acquisition-related costs (included in administrative expenses) amount to CU__ million. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 3:B64(q) | <i>[Name of entity acquired]</i> contributed CU__ million revenue and CU__ million to the Group's profit for the period between the date of acquisition and the reporting date. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 3:B64(q) | If the acquisition of <i>[name of entity acquired]</i> had been completed on the first day of the financial year, Group revenues for the year would have been CU__ million and Group profit would have been CU__ million. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 3:B64(a)-(d) | <p><i>[Acquisition B Limited]</i></p> <p>On <i>[date]</i>, the Group acquired 80 per cent of the issued share capital of <i>[Acquisition B Limited]</i>, thereby obtaining control of <i>[Acquisition B Limited]</i>. <i>[Acquisition B Limited]</i> is a <i>[describe operations of entity acquired]</i> and qualifies as a business as defined in IFRS 3. <i>[Acquisition B Limited]</i> was acquired <i>[provide primary reasons for acquisition of the entity]</i>.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 3:B64(i) IAS 7:40(d) | The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; vertical-align: bottom;">CU</td> </tr> <tr> <td>Financial assets</td> <td></td> </tr> <tr> <td>Inventory</td> <td></td> </tr> <tr> <td>Property, plant and equipment</td> <td></td> </tr> <tr> <td>Identifiable intangible assets</td> <td></td> </tr> <tr> <td>Financial liabilities</td> <td></td> </tr> <tr> <td>Total identifiable assets acquired and liabilities assumed</td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Goodwill</td> <td></td> </tr> <tr> <td>Non-controlling interest in 20 per cent of <i>[Acquisition B Limited]</i></td> <td></td> </tr> <tr> <td>Non-controlling interest – outstanding share options granted by <i>[Acquisition B Limited]</i></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Total consideration</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Satisfied by:</td> <td></td> </tr> <tr> <td> Cash</td> <td></td> </tr> <tr> <td> Equity instruments (__ ordinary shares of the Company)</td> <td></td> </tr> <tr> <td>Total consideration transferred</td> <td style="border-top: 1px solid black;"></td> </tr> </table> | | CU | Financial assets | | Inventory | | Property, plant and equipment | | Identifiable intangible assets | | Financial liabilities | | Total identifiable assets acquired and liabilities assumed | | Goodwill | | Non-controlling interest in 20 per cent of <i>[Acquisition B Limited]</i> | | Non-controlling interest – outstanding share options granted by <i>[Acquisition B Limited]</i> | | Total consideration | | Satisfied by: | | Cash | | Equity instruments (__ ordinary shares of the Company) | | Total consideration transferred | |
| | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property, plant and equipment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Identifiable intangible assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total identifiable assets acquired and liabilities assumed | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Goodwill | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-controlling interest in 20 per cent of <i>[Acquisition B Limited]</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-controlling interest – outstanding share options granted by <i>[Acquisition B Limited]</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total consideration | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Satisfied by: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equity instruments (__ ordinary shares of the Company) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total consideration transferred | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 3:B64(f) IAS 7:40(a) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 7:40(b) | Net cash outflow arising on acquisition: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 7:40(c) | Cash consideration | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Less: cash and cash equivalent balances acquired | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited |
|-------------------|---|
| IFRS 3:B67(a) | The initial accounting for the acquisition of <i>[Acquisition B Limited]</i> has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of <i>[Acquisition B Limited]</i> 's assets are required to be reset based on market values of the assets. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely tax values. |
| IFRS 3:B64(h) | The fair value of the financial assets includes receivables <i>[describe type of receivables]</i> with a fair value of CU__ million and a gross contractual value of CU__ million. The best estimate at acquisition date of the contractual cash flows not to be collected are CU__ million. |
| IFRS 3:B64(e)&(k) | <p>The goodwill of CU__ million arising from the acquisition consists of <i>[describe factors that make up goodwill recognised]</i>. None of the goodwill is expected to be deductible for income tax purposes.</p> <p>The fair value of the __ ordinary shares issued as part of the consideration paid for <i>[Acquisition B Limited]</i> (CU__ million) was determined on the basis of <i>[describe method for determining fair value]</i>.</p> |
| IFRS 3:B64(o) | <p>The non-controlling interest (20 per cent ownership interest in <i>[Acquisition B Limited]</i>) recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to CU__. This fair value was estimated by applying an income approach. The following were the key model inputs used in determining the fair value:</p> <ul style="list-style-type: none"> • Assumed discount rate of __ per cent • Assumed long-term sustainable growth rates of __ per cent to __ per cent • Assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interests in <i>[Acquisition B Limited]</i> <p>All outstanding share options granted by <i>[Acquisition B Limited]</i> to its employees had vested by the acquisition date. These share options were measured in accordance with IFRS 2 at their market-based measure of CU__ and were included in the non-controlling interest in <i>[Acquisition B Limited]</i>. Methods and significant assumptions used in determining the market-based measure at the acquisition date are set out in note 57.</p> |
| IFRS 3:B64(m) | Acquisition-related costs (included in administrative expenses) amount to CU__ million. |
| IFRS 3:B64(q) | <i>[Name of entity acquired]</i> contributed CU__ million revenue and CU__ million to the Group's profit for the period between the date of acquisition and the reporting date. |
| IFRS 3:B64(q) | If the acquisition of <i>[name of entity acquired]</i> had been completed on the first day of the financial year, Group revenues for the year would have been CU__ million and Group profit would have been CU__ million. |
| | Commentary: |
| IFRS 3:B65 | <i>The disclosures illustrated should be given separately for each business combination except that certain disclosures may be disclosed in aggregate for business combinations that are individually immaterial.</i> |
| IFRS 3:B66 | <i>The Standard also imposes identical disclosure requirements for business combinations that are effected after the reporting date but before the financial statements are authorised for issue.</i> |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | |
|---|--|--|------------|------------|----|----|------------------------|--|-------------------------------|--|---|--|-------|-------|-------|-------|
| IAS 7:45 | 54. Notes to the cash flow statement | | | | | | | | | | | | | | | |
|  | Cash and cash equivalents | | | | | | | | | | | | | | | |
| | | <table border="1"> <thead> <tr> <th data-bbox="1129 365 1332 409">31/12/2021</th> <th data-bbox="1332 365 1500 409">31/12/2020</th> </tr> <tr> <th data-bbox="1129 409 1332 454">CU</th> <th data-bbox="1332 409 1500 454">CU</th> </tr> </thead> <tbody> <tr> <td data-bbox="1129 454 1332 499">Cash and bank balances</td> <td data-bbox="1332 454 1500 499"></td> </tr> <tr> <td data-bbox="1129 499 1332 544">Bank overdrafts (see note 32)</td> <td data-bbox="1332 499 1500 544"></td> </tr> <tr> <td data-bbox="1129 544 1332 589">Cash and bank balances included in disposal group held for sale (see note 13)</td> <td data-bbox="1332 544 1500 589"></td> </tr> <tr> <td data-bbox="1129 589 1332 633"><hr/></td> <td data-bbox="1332 589 1500 633"><hr/></td> </tr> <tr> <td data-bbox="1129 633 1332 678"><hr/></td> <td data-bbox="1332 633 1500 678"><hr/></td> </tr> </tbody> </table> | 31/12/2021 | 31/12/2020 | CU | CU | Cash and bank balances | | Bank overdrafts (see note 32) | | Cash and bank balances included in disposal group held for sale (see note 13) | | <hr/> | <hr/> | <hr/> | <hr/> |
| 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | |
| CU | CU | | | | | | | | | | | | | | | |
| Cash and bank balances | | | | | | | | | | | | | | | | |
| Bank overdrafts (see note 32) | | | | | | | | | | | | | | | | |
| Cash and bank balances included in disposal group held for sale (see note 13) | | | | | | | | | | | | | | | | |
| <hr/> | <hr/> | | | | | | | | | | | | | | | |
| <hr/> | <hr/> | | | | | | | | | | | | | | | |
| IAS 7:43 | <p data-bbox="292 790 1500 824">Non-cash transactions</p> <p data-bbox="292 824 1500 936">Additions to buildings and equipment during the year amounting to CU__ million were financed by new leases. Additions of CU__ million in 2021 (2020: CU__ million) were acquired on deferred payment terms, the settlement of which are still outstanding at year end.</p> | | | | | | | | | | | | | | | |
| IAS 7:44A-44E | <p data-bbox="292 936 1500 969">Changes in liabilities arising from financing activities</p> <p data-bbox="292 969 1500 1104">The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.</p> | | | | | | | | | | | | | | | |
| | <div data-bbox="319 1104 1476 1276" style="border: 1px solid green; padding: 10px;">  <p data-bbox="451 1126 1460 1261">Australian entities commonly adopt the direct method of presentation of the statement of cash flows and in this case are additionally required to provide a reconciliation of the net cash flows from operating activities to profit or loss. An illustrative disclosure is included in Note 54 in Appendix 2.</p> </div> | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | | | | | | | |
|---|-------------------------------------|--------------------------------|--|---|--|---|------------|-----------------------|------------------------|
| | Non-cash changes (Restated) | | | | | | | | |
| | 1 January 2021 | Financing cash flows (i) | Equity component of convertible loan notes | Acquisition of subsidiary (note 53) | Disposal of subsidiary (note 52) | Fair value adjustments (notes 11, 12 and 62) | New leases | Other changes (ii) | 31 December 2021 |
| | CU | CU | CU | CU | CU | CU | CU | CU | CU |
| Convertible loan notes (note 33) | | | | | | | | | |
| Perpetual notes (note 32) | | | | | | | | | |
| Bank loans (note 32) | | | | | | | | | |
| Loans from related parties (note 32) | | | | | | | | | |
| Lease liabilities (note 36) | | | | | | | | | |
| Bills of exchange (note 32) | | | | | | | | | |
| Redeemable preference shares (note 33) | | | | | | | | | |
| Interest rate swaps fair value hedging, cash flow hedging or economically hedging financing liabilities (note 34) | | | | | | | | | |
| Contingent consideration (note 38) (iii) | | | | | | | | | |
| Total liabilities from financing activities | | | | | | | | | |
| (i) The cash flows from bank loans, loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement. | | | | | | | | | |
| (ii) Other changes include interest accruals and payments. | | | | | | | | | |
| (iii) The contingent consideration arises on the acquisition of Acquisition A Limited (see note 53). The payment of contingent consideration will be presented as a financing cash flow of the Group. | | | | | | | | | |

Source International GAAP Holdings Limited

| | Non-cash changes | | | | | | | | 31 December 2020 |
|---|-------------------|--------------------------------|--|---|--|---|------------|-----------------------|------------------------|
| | 1 January 2020 | Financing cash flows (i) | Equity component of convertible loan notes | Acquisition of subsidiary (note 53) | Disposal of subsidiary (note 52) | Fair value adjustments (notes 11, 12 and 62) | New leases | Other changes (ii) | |
| | CU | CU | CU | CU | CU | CU | CU | CU | |
| Convertible loan notes (note 33) | | | | | | | | | |
| Perpetual notes (note 32) | | | | | | | | | |
| Bank loans (note 32) | | | | | | | | | |
| Loans from related parties (note 32) | | | | | | | | | |
| Lease liabilities (note 36) | | | | | | | | | |
| Bills of exchange (note 32) | | | | | | | | | |
| Redeemable preference shares (note 33) | | | | | | | | | |
| Interest rate swaps fair value hedging, cash flow hedging or economically hedging financing liabilities (note 34) | | | | | | | | | |
| Total liabilities from financing activities | | | | | | | | | |

(i) The cash flows from bank loans, loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

(ii) Other changes include interest accruals and payments.

(iii) The contingent consideration arises on the acquisition of Acquisition A Limited (see note 53). The payment of contingent consideration will be presented as a financing cash flow of the Group.

| Source | International GAAP Holdings Limited | | |
|------------------------------|---|------------|------------|
| | 55. Contingent liabilities | | |
| IAS 37:86(a) IAS 37:86(b) | <p>During the reporting period, a customer of the Group instigated proceedings against it for alleged defects in an electronic product which, it is claimed, were the cause of a major fire in the customer's premises on [date]. Total losses to the customer have been estimated at CU__ million and this amount is being claimed from the Group.</p> <p>The Group's lawyers have advised that they do not consider that the claim has merit, and they have recommended that it be contested. No provision has been made in these financial statements as the Group's management does not consider that there is any probable loss.</p> | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| IFRS 12:23(b) | <p>Contingent liabilities incurred by the Group arising from its interest in associates [disclose details]</p> <p>Group's share of associates' contingent liabilities</p> | _____ | _____ |
| | | _____ | _____ |
| | <p>The amount disclosed represents the Group's share of contingent liabilities of associates. The extent to which an outflow of funds will be required is dependent on the future operations of the associates being more or less favourable than currently expected.</p> | | |
| | 56. Operating lease arrangements | | |
| IFRS 16:89 | <p>Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms of between __ to __ years, with a __ year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.</p> | | |
| IFRS 16:92(b) | <p>The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the last __ years. The Group did not identify any indications that this situation will change.</p> | | |
| IFRS 16:97 | <p>Maturity analysis of operating lease payments:</p> | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| | Year 1 | | |
| | Year 2 | | |
| | Year 3 | | |
| | Year 4 | | |
| | Year 5 | | |
| | Year 6 and onwards | _____ | _____ |
| | Total | _____ | _____ |
| IFRS 16:91 | <p>The following table presents the amounts reported in profit or loss:</p> | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| | | | (Restated) |
| IFRS 16:90(b) | Lease income on operating leases | | |
| IFRS 16:90(b) | Therein lease income relating to variable lease payments that do not depend on an index or rate | | |

Source

International GAAP Holdings Limited

IFRS 2:44

IFRS 2:45(a)

**57. Share-based payments*****Equity-settled share option plan***

The Company has a share option plan for all employees of the Group. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, employees with more than __ years' service with the Group may be granted options to purchase ordinary shares.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is calculated in accordance with the performance-based formula approved by shareholders at the previous annual general meeting and is subject to approval by the remuneration committee. The formula rewards employees to the extent of the Group's and the individual's achievement judged against both qualitative and quantitative criteria from the following financial and customer service measures:

- Improvement in share price
- Improvement in net profit
- Improvement in return to shareholders
- Reduction in warranty claims
- Results of client satisfaction surveys
- Reduction in rate of staff turnover

Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period is three years. If the options remain unexercised after a period of five years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

IFRS 2:45(b)

Details of the share options outstanding during the year are as follows:

| | 31/12/2021 | | 31/12/2020 | |
|---|----------------------------|--|----------------------------|--|
| | Number of share options | Weighted average exercise price (in CU) | Number of share options | Weighted average exercise price (in CU) |
| Outstanding at beginning of year | | | | |
| Granted during the year | | | | |
| Forfeited during the year | | | | |
| Exercised during the year | | | | |
| Expired during the year | | | | |
| Outstanding at the end of the year | | | | |
| Exercisable at the end of the year | | | | |

IFRS 2:45(c)-(d)

IFRS 2:46

IFRS 2:47(a)

The weighted average share price at the date of exercise for share options exercised during the period was __. The options outstanding at 31 December 2021 had a weighted average exercise price of __, and a weighted average remaining contractual life of __ years. In 2021, options were granted on [dates]. The aggregate of the estimated fair values of the options granted on those dates is CU__ million. In 2020, options were granted on [dates]. The aggregate of the estimated fair values of the options granted on those dates is CU__ million. The inputs into the [specify model] model are as follows:

| Source | International GAAP Holdings Limited | | | |
|--------------|--|------------|-------------------|--|
| | | 31/12/2021 | 31/12/2020 | |
| | Weighted average share price | CU__ | CU__ | |
| | Weighted average exercise price | CU__ | CU__ | |
| | Expected volatility | | | |
| | Expected life | __ years | __ years | |
| | Risk-free rate | __ % | __ % | |
| | Expected dividend yields | __ % | __ % | |
| | Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous __ years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. | | | |
| IFRS 2:47(c) | During 2021, the Group re-priced certain of its outstanding options. The strike price was reduced from CU__ to the then current market price of CU__. The incremental fair value of CU__ will be expensed over the remaining vesting period (two years). The Group used the inputs noted above to measure the fair value of the old and new options. | | | |
| IFRS 2:51(a) | The Group recognised total expenses of CU__ and CU__ related to equity-settled share-based payment transactions in 2021 and 2020 respectively. | | | |
| | <i>[The disclosure requirements for an LTIP plan are the same as a share option plan and should be inserted here if relevant.]</i> | | | |
| IFRS 2:51(b) | Cash-settled share-based payments | | | |
| | The Group issues to certain employees share appreciation rights (SARs) that require the Group to pay the intrinsic value of the SAR to the employee at the date of exercise. The Group has recorded liabilities of CU__ and CU__ in 2021 and 2020. Fair value of the SARs is determined by using the <i>[specify model]</i> model using the assumptions noted in the above table. The Group recorded total expenses of CU__ and CU__ in 2021 and 2020, respectively. The total intrinsic value at 31 December 2021 and 2020 was CU__ and CU__, respectively. | | | |
| | Employee share option plan of a subsidiary acquired in the current year | | | |
| IFRS 2:45(a) | <i>[Acquisition B Limited]</i> has a share option plan for its executives and senior employees. The outstanding share options were not replaced and were still in existence at the date of acquisition of <i>[Acquisition B Limited]</i> . | | | |
| | Each employee share option of <i>[Acquisition B Limited]</i> converts into one ordinary share of <i>[Acquisition B Limited]</i> on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. All outstanding share options granted by <i>[Acquisition B Limited]</i> had been vested by the date when the Group acquired <i>[Acquisition B Limited]</i> . | | | |
| | The following share-based payment arrangements were in existence during the current year: | | | |
| | Options series | Number | Expiry date | Market-based measure at the acquisition date of <i>[Acquisition B Limited]</i> |
| | | | Exercise price | |
| | | | CU | CU |
| | (1) Granted on 13 March 2020 | | | |
| | (2) Granted on 18 September 2020 | | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------|---|----------|---------------|--|----------|----------|------------------------------|------|------|---------------------------------|------|------|---------------------|--|--|---------------|----------|----------|----------------|------|------|--------------------------|------|------|
| IFRS 2:46 IFRS 2:47(a) | <p>All outstanding vested share options were measured in accordance with IFRS 2 at their market-based measure at the acquisition date. The weighted average market-based measure of the share options determined at the acquisition date of [Acquisition B Limited] is CU___. Options were priced using a [Specify Model] option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years. To allow for the effects of early exercise, it was assumed that executives and senior employees would exercise the options after vesting date when the share price reaches three and a half times the exercise price.</p> <table border="1" data-bbox="1090 544 1505 913"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Option series</th> </tr> <tr> <th>Series 1</th> <th>Series 2</th> </tr> </thead> <tbody> <tr> <td>Acquisition date share price</td> <td>CU__</td> <td>CU__</td> </tr> <tr> <td>Weighted average exercise price</td> <td>CU__</td> <td>CU__</td> </tr> <tr> <td>Expected volatility</td> <td></td> <td></td> </tr> <tr> <td>Expected life</td> <td>__ years</td> <td>__ years</td> </tr> <tr> <td>Risk-free rate</td> <td>__ %</td> <td>__ %</td> </tr> <tr> <td>Expected dividend yields</td> <td>__ %</td> <td>__ %</td> </tr> </tbody> </table> | | Option series | | Series 1 | Series 2 | Acquisition date share price | CU__ | CU__ | Weighted average exercise price | CU__ | CU__ | Expected volatility | | | Expected life | __ years | __ years | Risk-free rate | __ % | __ % | Expected dividend yields | __ % | __ % |
| | Option series | | | | | | | | | | | | | | | | | | | | | | | |
| | Series 1 | Series 2 | | | | | | | | | | | | | | | | | | | | | | |
| Acquisition date share price | CU__ | CU__ | | | | | | | | | | | | | | | | | | | | | | |
| Weighted average exercise price | CU__ | CU__ | | | | | | | | | | | | | | | | | | | | | | |
| Expected volatility | | | | | | | | | | | | | | | | | | | | | | | | |
| Expected life | __ years | __ years | | | | | | | | | | | | | | | | | | | | | | |
| Risk-free rate | __ % | __ % | | | | | | | | | | | | | | | | | | | | | | |
| Expected dividend yields | __ % | __ % | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 2:45(d) | <p>No share options were granted or exercised after the Group obtained control over [Acquisition B Limited]. The share options outstanding at 31 December 2021 had an exercise price of CU__ and a weighted average remaining contractual life of __ days.</p> <p>Other share-based payment plans</p> <p>The employee share purchase plans are open to almost all employees and provide for a purchase price equal to the daily average market price on the date of grant, less __ per cent. The shares can be purchased during a two-week period each year. The shares so purchased are generally placed in the employee share savings plan for a five-year period. Pursuant to these plans, the Group issued __ ordinary shares in 2021, at weighted average share prices of __. The discount of CU__ million will be expensed over the vesting period of __ years.</p> | | | | | | | | | | | | | | | | | | | | | | | |

Source International GAAP Holdings Limited



58. Retirement benefit plans

Defined contribution plans

The Group operates defined contribution retirement benefit plans for all qualifying employees of its construction and leasing divisions in [A Land]. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

IAS 19:43

The employees of the Group's subsidiary in [B Land] are members of a state-managed retirement benefit plan operated by the government of [B Land]. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

IAS 19:53

The total expense recognised in profit or loss of CU__ million (2020: CU__ million) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2021, contributions of CU__ million (2020: CU__ million) due in respect of the current reporting period had not been paid over to the plans.

Defined benefit plans

IAS 19:139(a)

The Group sponsors defined benefit plans for qualifying employees of its subsidiaries in [D Land] and previously for the employees of [name of entity]. The defined benefit plans are administered by a separate fund that is legally separated from the Company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the plan. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund.

Under the plans, the employees are entitled to post-retirement yearly instalments amounting to __ per cent of final salary on attainment of a retirement age of __. The pensionable salary is limited to CU__. The pensionable salary is the difference between the current salary of the employee and the state retirement benefit. In addition, the service period is limited to __ years resulting in a maximum yearly entitlement (life-long annuity) of __ per cent of final salary.

The defined benefit plans require contributions from employees. Contributions are in the following two forms; one is based on the number of years of service and the other one is based on a fixed percentage of salary of the employees. Employees can also make discretionary contributions to the plans.

IAS 19:139(b)

The plans in [D Land] typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to benefits to be paid to the dependents of plan members is re-insured by an external insurance company.

| | |
|-----------------|---|
| Investment risk | The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the plan liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund. |
| Interest risk | A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments. |
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|----------------------------|------------|----------------------------|------------------------------|----|----|------------------|------|------|-------------------------------------|------|------|---|--|--|----------------------|----------|----------|---|----------|----------|--|--|--|------|----------|----------|--------|----------|----------|-------------------|--|--|
| IAS 19:144 | <p>No other post-retirement benefits are provided to these employees.</p> <p>The most recent actuarial valuations of the plan assets and the present value of the defined benefit liability were carried out at 31 December 2021 by [name], Fellow of the Institute of Actuaries. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.</p> <p>The principal assumptions used for the purposes of the actuarial valuations were as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2021</th> <th style="text-align: center; border-bottom: 1px solid black;">Valuation at 31/12/2020</th> </tr> </thead> <tbody> <tr> <td colspan="3">Key assumptions used:</td> </tr> <tr> <td>Discount rate(s)</td> <td style="text-align: center;">__ %</td> <td style="text-align: center;">__ %</td> </tr> <tr> <td>Expected rate(s) of salary increase</td> <td style="text-align: center;">__ %</td> <td style="text-align: center;">__ %</td> </tr> <tr> <td>Average longevity at retirement age for current pensioners*</td> <td></td> <td></td> </tr> <tr> <td> Male</td> <td style="text-align: center;">__ years</td> <td style="text-align: center;">__ years</td> </tr> <tr> <td> Female</td> <td style="text-align: center;">__ years</td> <td style="text-align: center;">__ years</td> </tr> <tr> <td>Average longevity at retirement age for current employees (future pensioners)*</td> <td></td> <td></td> </tr> <tr> <td> Male</td> <td style="text-align: center;">__ years</td> <td style="text-align: center;">__ years</td> </tr> <tr> <td> Female</td> <td style="text-align: center;">__ years</td> <td style="text-align: center;">__ years</td> </tr> <tr> <td>Others [describe]</td> <td></td> <td></td> </tr> </tbody> </table> <p>*Based on [D Land]'s standard mortality table with modifications to reflect expected changes in mortality/others [describe].</p> | | 31/12/2021 | Valuation at 31/12/2020 | Key assumptions used: | | | Discount rate(s) | __ % | __ % | Expected rate(s) of salary increase | __ % | __ % | Average longevity at retirement age for current pensioners* | | | Male | __ years | __ years | Female | __ years | __ years | Average longevity at retirement age for current employees (future pensioners)* | | | Male | __ years | __ years | Female | __ years | __ years | Others [describe] | | |
| | 31/12/2021 | Valuation at 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Key assumptions used: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Discount rate(s) | __ % | __ % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Expected rate(s) of salary increase | __ % | __ % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Average longevity at retirement age for current pensioners* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Male | __ years | __ years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Female | __ years | __ years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Average longevity at retirement age for current employees (future pensioners)* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Male | __ years | __ years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Female | __ years | __ years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Others [describe] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 19:135 IAS 19:120 | <p>Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2021</th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2020</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">CU</td> <td style="text-align: center;">CU</td> </tr> <tr> <td>Service cost:</td> <td></td> <td></td> </tr> <tr> <td> Current service cost</td> <td></td> <td></td> </tr> <tr> <td> Past service cost and (gain)/loss from settlements</td> <td></td> <td></td> </tr> <tr> <td>Net interest expense</td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Components of defined benefit costs recognised in profit or loss</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> </tr> </tbody> </table> <p>Of the expense (service cost) for the year, CU__ million (2020: CU__ million) has been included in profit or loss as cost of sales and CU__ million (2020: CU__ million) has been included in administrative expenses. The net interest expense has been included within finance costs (see note 11). The remeasurement of the net defined benefit liability is included in other comprehensive income.</p> | | 31/12/2021 | 31/12/2020 | | CU | CU | Service cost: | | | Current service cost | | | Past service cost and (gain)/loss from settlements | | | Net interest expense | | | Components of defined benefit costs recognised in profit or loss | | | | | | | | | | | | | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Service cost: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current service cost | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Past service cost and (gain)/loss from settlements | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net interest expense | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Components of defined benefit costs recognised in profit or loss | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | |
|------------|---|------------|
| | Amounts recognised in other comprehensive income are as follows: | |
| | 31/12/2021 | 31/12/2020 |
| | CU | CU |
| | The return on plan assets (excluding amounts included in net interest expense) | |
| | Actuarial gains and losses arising from changes in demographic assumptions | |
| | Actuarial gains and losses arising from changes in financial assumptions | |
| | Actuarial gains and losses arising from experience adjustments | |
| | Others [<i>describe</i>] | |
| | Adjustments for restrictions on the defined benefit asset | |
| | Remeasurement of the net defined benefit liability (asset) | |
| IAS 19:141 | The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit retirement benefit plans is as follows: | |
| | 31/12/2021 | 31/12/2020 |
| | CU | CU |
| | Present value of defined benefit obligations | |
| | Fair value of plan assets | |
| | Funded status | |
| | Restrictions on asset recognised | |
| | Others [<i>describe</i>] | |
| | Net liability arising from defined benefit obligation | |

| Source | International GAAP Holdings Limited | | |
|------------|--|------------|------------|
| IAS 19:141 | Movements in the present value of defined benefit obligations in the year were as follows: | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| | Opening defined benefit obligation | | |
| | Current service cost | | |
| | Interest cost | | |
| | Remeasurement (gains)/losses: | | |
| | Actuarial gains and losses arising from changes in demographic assumptions | | |
| | Actuarial gains and losses arising from changes in financial assumptions | | |
| | Actuarial gains and losses arising from experience adjustments | | |
| | Others [<i>describe</i>] | | |
| | Contributions from plan participants | | |
| | Past service cost | | |
| | Losses/(gains) on curtailments | | |
| | Liabilities extinguished on settlements | | |
| | Liabilities assumed in a business combination | | |
| | Exchange differences on foreign plans | | |
| | Benefits paid | | |
| | Others [<i>describe</i>] | | |
| | Closing defined benefit obligation | | |
| IAS 19:141 | Movements in the fair value of plan assets in the year were as follows: | | |
| | | 31/12/2021 | 31/12/2020 |
| | | CU | CU |
| | Opening fair value of plan assets | | |
| | Interest income | | |
| | Remeasurement gain/(loss): | | |
| | The return on plan assets (excluding amounts included in net interest expense) | | |
| | Others [<i>describe</i>] | | |
| | Exchange differences on foreign plans | | |
| | Contributions from the employer | | |
| | Contributions from plan participants | | |
| | Benefits paid | | |
| | Assets acquired in a business combination | | |
| | Assets distributed on settlements | | |
| | Others [<i>describe</i>] | | |
| | Closing fair value of plan assets | | |

Source International GAAP Holdings Limited

IAS 19:142

The major categories and fair values of plan assets at the end of the reporting period for each category are as follows:

| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
|------------------------------------|------------|------------|------------|------------|------------|------------|
| | Quoted | Quoted | Unquoted | Unquoted | Total | Total |
| | CU | CU | CU | CU | CU | CU |
| Cash and cash equivalents | | | | | | |
| Equity instruments | | | | | | |
| Consumer industry | | | | | | |
| Manufacturing industry | | | | | | |
| Energy and utilities | | | | | | |
| Financial institutions | | | | | | |
| Health and care | | | | | | |
| ICT and telecom | | | | | | |
| Equity instrument funds | | | | | | |
| Subtotal equity | | | | | | |
| Debt instruments | | | | | | |
| AAA | | | | | | |
| AA | | | | | | |
| A | | | | | | |
| BBB and lower | | | | | | |
| not rated | | | | | | |
| Subtotal debt instruments | | | | | | |
| Property | | | | | | |
| Retail | | | | | | |
| Offices | | | | | | |
| Residential | | | | | | |
| Subtotal property | | | | | | |
| Derivatives | | | | | | |
| Interest rate swaps | | | | | | |
| Forward foreign exchange contracts | | | | | | |
| Subtotal derivatives | | | | | | |
| Others <i>[describe]</i> | | | | | | |

Derivatives are classified as Level 2 instruments and property as Level 3 instruments. It is the policy of the fund to use interest rate swaps to hedge its exposure to interest rate risk. It is the policy of the fund to cover __ per cent of the exposure to interest rate risk of the defined benefit obligation by the use of debt instruments in combination with interest rate swaps. This policy has been realised during the reporting and preceding period. Foreign currency exposures are fully hedged by the use of the forward foreign exchange contracts.

IAS 19:143

The plan assets include ordinary shares of International GAAP Holdings Limited with a fair value of CU__ million (2020: CU__ million) and property occupied by a subsidiary of International GAAP Holdings Limited with a fair value of CU__ million (2020: CU__ million).

| Source | International GAAP Holdings Limited |
|---------------------|--|
| IAS 19:145(a) – (b) | <p>Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.</p> <p>If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease (increase) by CU__ million (2020: CU__ million).</p> <p>If the expected salary growth increases (decreases) by 1 per cent, the defined benefit obligation would increase (decrease) by CU__ million (2020: CU__ million).</p> <p>If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase (decrease) by CU__ million (2020: CU__ million).</p> <p>The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.</p> |
| IAS 19:145(c) | <p>In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.</p> <p>There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.</p> |
| IAS 19:146 | <p>Each year an asset-liability matching (ALM) study is performed in which the consequences of the strategic investment policies are analysed in terms of risk-and-return profiles. Investment and contribution policies are integrated within this study.</p> <p>The main strategic choices that are formulated in the actuarial and technical policy document of the fund are:</p> <ul style="list-style-type: none"> • Asset mix based on __ per cent equity instruments, __ per cent debt instruments and __ per cent investment property • Interest rate sensitivity caused by the duration of the defined benefit obligation should be reduced by __ per cent using debt instruments in combination with interest rate swaps • Maintaining an equity buffer that gives a __ per cent assurance that assets are sufficient within the next 12 months <p>There has been no change in the processes used by the Group to manage its risks from prior periods.</p> |
| IAS 19:147 | <p>The Group's subsidiaries should fund the cost of the entitlements expected to be earned on a yearly basis. Employees pay a fixed __ per cent of pensionable salary. The residual contribution (including back service payments) is paid by the entities of the Group. The funding requirements are based on a local actuarial measurement framework. In this framework the discount rate is set on a risk free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases (back-service liabilities) should be paid immediately to the plan. Apart from paying the costs of the entitlements the Group's subsidiaries are not liable to pay additional contributions in case the plan does not hold sufficient assets. In that case the plan should take other measures to restore its solvency such as a reduction of the entitlements of the plan members.</p> <p>The average duration of the benefit obligation at the end of the reporting period is __ years (2020: __ years). This number can be subdivided into the duration related to:</p> <ul style="list-style-type: none"> • Active members: __ years (2020: __ years) • Deferred members: __ years (2020: __ years) • Retired members: __ years (2020: __ years) <p>The Group expects to make a contribution of CU__ million (2020: CU__ million) to the defined benefit plans during the next financial year. The Group is committed to paying into the plan for [X] future years, CU__ per annum in line with the agreed Schedule of Contributions.</p> |

| Source | International GAAP Holdings Limited | | | |
|--|---|--|------------|------------|
| IAS 20:39(b) | 59. Deferred income – government grant | | 31/12/2021 | 31/12/2020 |
|  | | | CU | CU |
| | Staff training costs | | | |
| | Purchase of equipment | | | |
| | Current | | | |
| | Non-current | | | |
| | The staff training costs deferred income arises as a result of the benefit received from an interest-free government loan received on [date] (see note 32). The income will be offset against training costs to be incurred in 2022 (CU__) and 2023 (CU__). | | | |
| | The purchase of equipment deferred income arises as a result of a grant received on [date] to install energy efficient machinery for the production of [product X]. The income will be recognised in profit or loss on a straight line basis over the useful life of the related asset. There are no unfulfilled conditions or other contingencies attaching to this grant. | | | |
|  | 60. Contract liabilities | | 31/12/2021 | 31/12/2020 |
| | | | CU | CU |
| | Arising from customer loyalty programme (i) | | | 1/1/2020 |
| | Amounts received in advance of delivery for internet sales (ii) | | | CU |
| | Maintenance services (iii) | | | |
| | Amounts related to construction contracts (iv) | | | |
| | Current | | | |
| | Non-current | | | |
| IFRS 15:116(a) | | | | |
| IFRS 15:117 | (i) A contract liability arises in respect of the Group's Maxi-Points Scheme as these points provide a benefit to customers that they would not receive without entering into a purchase contract and the promise to provide loyalty points to the customer is therefore a separate performance obligation. A contract liability is recognised for revenue relating to the loyalty points at the time of the initial sales transaction. | | | |
| IFRS 15:117 | (ii) For internet sales, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. When the customer initially purchases the goods online, the transaction price received at that point by the Group is recognised as contract liability until the goods have been delivered to the customer. | | | |
| IFRS 15:117 | (iii) Revenue relating to maintenance services is recognised over time although the customer pays up-front in full for these services. A contract liability is recognised for revenue relating to the maintenance services at the time of the initial sales transaction and is released over the service period. | | | |
| IFRS 15:117 | (iv) Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method. | | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|------------|------------|------------|--|----|----|---|--|--|--|--|--|----------------------|--|--|---|--|--|--|------------|------------|--|----|----|------------------|--|--|
| IFRS 15:118 | There were no significant changes in the contract liability balances during the reporting period. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 15:116(b) IFRS 15:116(c) | <p>The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2021</th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> </tr> </thead> <tbody> <tr> <td>Arising from customer loyalty programme</td> <td></td> <td></td> </tr> <tr> <td>Amounts received in advance of delivery for internet sales</td> <td></td> <td></td> </tr> <tr> <td>Maintenance services</td> <td></td> <td></td> </tr> <tr> <td>Amounts related to construction contracts</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> </tr> </tbody> </table> <p>61. Refund liability</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2021</th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> </tr> </thead> <tbody> <tr> <td>Refund liability</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> </tr> </tbody> </table> | | 31/12/2021 | 31/12/2020 | | CU | CU | Arising from customer loyalty programme | | | Amounts received in advance of delivery for internet sales | | | Maintenance services | | | Amounts related to construction contracts | | | | 31/12/2021 | 31/12/2020 | | CU | CU | Refund liability | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Arising from customer loyalty programme | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amounts received in advance of delivery for internet sales | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Maintenance services | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amounts related to construction contracts | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Refund liability | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 15:119(d) IFRS 15:126(a) | <p>The refund liability relates to customers' right to return products within 30 days of purchase. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.</p> <p>62. Financial Instruments</p> <div style="background-color: #92d050; padding: 10px; margin-top: 10px;"> <p>Commentary:</p> <p><i>The following are examples of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual entity, by the significance of judgements and estimates made to the results and financial position, and the information provided to key management personnel.</i></p> </div> <p>(a) Classes and categories of financial instruments and their fair values</p> <p>The following table combines information about:</p> <ul style="list-style-type: none"> • Classes of financial instruments based on their nature and characteristics • The carrying amounts of financial instruments • Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value) • Fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed <p>Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:</p> <ul style="list-style-type: none"> • Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities • Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) • Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs) | | | | | | | | | | | | | | | | | | | | | | | | | | | |



IFRS 9:4.1.1
IFRS 9:4.2.1
IFRS 7:6
IFRS 7:7
IFRS 7:8
IFRS 7:25
IFRS 7:29(a)
IFRS 13:97
IFRS 13:93(c)
IFRS 13:97

| Source | International GAAP Holdings Limited | | |
|--|---|------------------------------------|--------|
| | 31 December 2021 | | |
| | Financial assets | | |
| | FVTPL – derivatives designated in hedge relationships | FVTPL – mandatorily measured | FVTOCI |
| | CU | CU | CU |
| Cash and bank balances (note 54) | | | |
| Investments (note 24) | | | |
| Finance lease receivables (note 29) | | | |
| Trade and other receivables (note 31) | | | |
| Borrowings (note 32) | | | |
| Convertible loan notes (note 33) | | | |
| Derivative financial instruments (note 34) | | | |
| Trade and other payables (note 37) | | | |
| Contingent consideration in business combination (note 38) | | | |
| | 31 December 2020 (Restated) | | |
| | Financial assets | | |
| | FVTPL – derivatives designated in hedge relationships | FVTPL – mandatorily measured | FVTOCI |
| | CU | CU | CU |
| Cash and bank balances (note 54) | | | |
| Investments (note 24) | | | |
| Finance lease receivables (note 29) | | | |
| Trade and other receivables (note 31) | | | |
| Borrowings (note 32) | | | |
| Convertible loan notes (note 33) | | | |
| Derivative financial instruments (note 34) | | | |
| Trade and other payables (note 37) | | | |
| Contingent consideration in business combination (note 38) | | | |

| Carrying value | | | | | | Fair value | | | |
|---------------------|----------------|-----------------------|------------------------------|----------------|-------|------------|----|----|-------|
| Financial assets | | Financial liabilities | | | | Level | | | |
| FVTOCI – designated | Amortised cost | FVTPL – designated | FVTPL – mandatorily measured | Amortised cost | Total | 1 | 2 | 3 | Total |
| CU | CU | CU | CU | CU | CU | CU | CU | CU | CU |

| Carrying value | | | | | | Fair value | | | |
|---------------------|----------------|-----------------------|------------------------------|----------------|-------|------------|----|----|-------|
| Financial assets | | Financial liabilities | | | | Level | | | |
| FVTOCI – designated | Amortised cost | FVTPL – designated | FVTPL – mandatorily measured | Amortised cost | Total | 1 | 2 | 3 | Total |
| CU | CU | CU | CU | CU | CU | CU | CU | CU | CU |

Source International GAAP Holdings Limited

IFRS 13:91



IFRS 13:93(d),
(g)&(h)(i)
IFRS 13:IE65(e)

(a)(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

| Financial assets/ financial liabilities | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship and sensitivity of unobservable inputs to fair value |
|---|--|---|---|
| 1) Foreign currency forward contracts and interest rate swaps (note 34) | Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. | N/A | N/A |
| 2) Commodity options (note 34) | Black-Scholes model. The following variables were taken into consideration: current underlying price of the commodity, options strike price, time until expiration (expressed as a per cent of a year), implied volatility of the commodity and LIBOR. | N/A | N/A |
| 3) Held-for-trading shares (note 24) | Quoted bid prices in an active market. | N/A | N/A |
| 4) Investments in unlisted shares (note 24) | Income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. | Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from __ to __ per cent (2020: __ to __ per cent). | The higher the revenue growth rate, the higher the fair value. If the revenue growth was __ per cent higher/lower while all other variables were held constant, the carrying amount would increase/decrease by CU__ million (2020: increase/decrease by CU__ million). |
| | | Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from __ to __ per cent (2020: __ to __ per cent). | The higher the pre-tax operating margin, the higher the fair value. If the pre-tax operating margin was __ per cent higher/lower while all other variables were held constant, the carrying amount would increase/decrease by CU__ million (2020: increase/decrease by CU__ million). |
| | | Weighted average cost of capital, determined using a Capital Asset Pricing Model, ranging from __ to __ per cent (2020: __ to __ per cent). | The higher the weighted average cost of capital, the lower the fair value. If the weighted average cost of capital was __ per cent higher/lower while all other variables were held constant, the carrying amount would decrease/increase by CU__ million (2020: decrease/increase by CU__ million). |
| | | Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from __ to __ per cent (2020: __ to __ per cent). | The higher the discount, the lower the fair value. If the discount was __ per cent higher/lower while all other variables were held constant, the carrying amount would decrease/increase by CU__ million (2020: decrease/increase by CU__ million). |
| 5) Listed corporate bond (note 24) | Quoted bid prices in an active market. | N/A | N/A |
| 6) Redeemable cumulative preference shares (note 32) | Discounted cash flow at a discount rate of __ per cent (2020: __ per cent) that reflects the Group's current borrowing rate at the end of the reporting period. | N/A | N/A |

| Source | International GAAP Holdings Limited | | |
|-------------------|---|---|--|
| | 7) Contingent consideration in a business combination (note 38) | Discounted cash flow method was used to capture the present value of the Group arising from the contingent consideration. | <p>Discount rate of ___ per cent determined using a Capital Asset Pricing Model.</p> <p>The higher the discount rate, the lower the fair value. If the discount rate was ___ per cent higher/lower while all other variables were held constant, the carrying amount would decrease/increase by CU__ million (2020: decrease/increase by CU__ million).</p> <hr/> <p>Probability-adjusted revenues and profits, with a range from CU__ to CU__ and a range from CU__ to CU__ respectively.</p> <p>The higher the amounts of revenue and profit, the higher the fair value. If the revenue was ___ per cent higher/lower while all other variables were held constant, the carrying amount would increase/decrease by CU__ million (2020: increase/decrease by CU__ million).</p> |
| IFRS 13:93(c) | There were no transfers between Level 1 and 2 during the current or prior year. | | |
| | <p>Commentary:</p> <p><i>For financial assets and financial liabilities that are categorised within the Level 3 fair value hierarchy, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would significantly change the fair value determined, an entity should state that fact and disclose the effect of those changes. The entity should also disclose how the effect of a change to reflect a reasonably possible alternative assumption was calculated.</i></p> | | |
| IFRS 13:93(e) | <p>(a)(ii) Reconciliation of Level 3 fair value measurements of financial instruments</p> | | |
| | <p>The following table only includes financial assets. The only financial liabilities measured subsequently at fair value on Level 3 fair value measurement represent contingent consideration relating to a business combination. No gain or loss for the year relating to this contingent consideration has been recognised in profit or loss.</p> | | |
| | <p>Balance at 1 January 2020</p> <p>Total gains or losses:</p> <p style="padding-left: 20px;">in profit or loss</p> <p style="padding-left: 20px;">in other comprehensive income</p> <p>Purchases</p> <p>Issues</p> <p>Settlements</p> <p>Transfers out of Level 3</p> <p>Transfers into Level 3</p> <p>Balance at 1 January 2021</p> <p>Total gains or losses:</p> <p style="padding-left: 20px;">in profit or loss</p> <p style="padding-left: 20px;">in other comprehensive income</p> <p>Purchases</p> <p>Issues</p> <p>Settlements</p> <p>Transfers out of Level 3</p> <p>Transfers into Level 3</p> <p>Balance at 31 December 2021</p> | <p>Equity investments – unlisted shares</p> <hr/> <p>CU</p> | |
| IFRS 13:93(e)(ii) | <p>All gains and losses for 2021 included in other comprehensive income relate to listed corporate bond and unquoted equities held at the reporting date and are reported as changes of 'Investment revaluation reserve' (see note 43).</p> | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|------------|------------|------------|--|----|----|--|--|--|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|------------------------------|--|--|--|--|--|
| | <p>Commentary:</p> <p><i>For recurring level 3 fair value measurements, an entity should disclose the amount of total unrealised gains or losses for the period included in profit or loss relating to those assets and liabilities held at the end of the reporting period, and the line item(s) in profit or loss in which those unrealised gains or losses are recognised.</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 13:97 | <p>(a)(iii) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 13:97 IFRS 13:93(d) | <p>The fair value of the instruments classified as Level 1 (see above) was derived from quoted prices for that financial instrument. The fair value of the instruments classified as Level 2 (see above) was calculated using the discounted cash flow method. 6-month LIBOR rate adjusted by credit risk was used for discounting future cash flows. There were no financial instruments that are measured at amortised cost but for which fair value was disclosed classified as Level 3 either in current year or in prior year.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>(a)(iv) Financial liabilities designated as at FVTPL (with changes attributable to the change in credit risk being recognised in other comprehensive income)</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; border-bottom: 1px solid black; text-align: center;">31/12/2021</th> <th style="width: 20%; border-bottom: 1px solid black; text-align: center;">31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> </tr> </thead> <tbody> <tr> <td>Total cumulative gain/(loss) on changes in fair value:</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">– Cumulative gain/(loss) on changes in fair value attributable to changes in credit risk recognised in other comprehensive income (i)</td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Cumulative gain/(loss) on changes in fair value recognised in profit or loss</td> <td></td> <td></td> </tr> <tr> <td>Cumulative gain/(loss) on changes in fair value attributable to changes in credit risk recognised in other comprehensive income:</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">– Relating to financial liabilities derecognised during the year</td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td>Difference between carrying amount and contractual amount at maturity:</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">– Cumulative preference shares at fair value (note 32)</td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td style="padding-left: 20px;">– Amount payable at maturity</td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> </tr> </tbody> </table> | | 31/12/2021 | 31/12/2020 | | CU | CU | Total cumulative gain/(loss) on changes in fair value: | | | – Cumulative gain/(loss) on changes in fair value attributable to changes in credit risk recognised in other comprehensive income (i) | | | Cumulative gain/(loss) on changes in fair value recognised in profit or loss | | | Cumulative gain/(loss) on changes in fair value attributable to changes in credit risk recognised in other comprehensive income: | | | – Relating to financial liabilities derecognised during the year | | | Difference between carrying amount and contractual amount at maturity: | | | – Cumulative preference shares at fair value (note 32) | | | – Amount payable at maturity | | | | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total cumulative gain/(loss) on changes in fair value: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| – Cumulative gain/(loss) on changes in fair value attributable to changes in credit risk recognised in other comprehensive income (i) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cumulative gain/(loss) on changes in fair value recognised in profit or loss | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cumulative gain/(loss) on changes in fair value attributable to changes in credit risk recognised in other comprehensive income: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| – Relating to financial liabilities derecognised during the year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Difference between carrying amount and contractual amount at maturity: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| – Cumulative preference shares at fair value (note 32) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| – Amount payable at maturity | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:10(a) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:10(d) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:10(b) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>(i) The change in fair value attributable to change in credit risk is calculated as the difference between the total change in fair value of cumulative preference shares (CU_) and the change in fair value of cumulative redeemable preference shares due to change in market risk factors alone (CU_). The change in fair value due to market risk factors was calculated using benchmark interest yield curves as at the end of the reporting period holding credit risk margin constant. The fair value of cumulative redeemable preference shares was estimated by discounting future cash flows using quoted benchmark interest yield curves as at the end of the reporting period and by obtaining lender quotes for borrowings of similar maturity to estimate credit risk margin.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:11(c) | <p>A qualitative assessment of the terms of the cumulative preference shares and the matching interest rate swap (see note 34) indicates that the effects of changes in the cumulative preference shares' credit risk are not expected to be offset by changes in the fair value of the interest rate swap. Accordingly, management determines that presenting the effects of changes in the cumulative preference shares' credit risk in other comprehensive income would not create or enlarge an accounting mismatch in profit or loss.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited |
|----------------------------|---|
| IFRS 7:10A IFRS 7:10(c) | <p>Commentary:</p> <p><i>If an entity has designated a financial liability as at FVTPL and is required to present all changes in the fair value of that liability (including the effects of changes in the credit risk of the liability) in profit or loss (because recognising changes in the credit risk of the liability in other comprehensive income would enlarge an accounting mismatch in profit or loss), it shall disclose:</i></p> <ul style="list-style-type: none"> • <i>The amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability (see above)</i> • <i>The difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation (see above)</i> • <i>A detailed description of the methodology(ies) used to determine whether presenting the effects of changes in a liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, and a detailed description of the economic relationship between the characteristics of the liability and the characteristics of the other financial instrument, when the effects of changes in the liability's credit risk are recognised in profit or loss</i> |
| IFRS 7:31 | <p>(b) Financial risk management objectives</p> <p>The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.</p> <p>The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.</p> <p>The Corporate Treasury function reports quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.</p> |
| IFRS 7:33 | <p>(c) Market risk</p> <p>The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:</p> <ul style="list-style-type: none"> • Forward foreign exchange contracts to hedge the exchange rate risk arising on the export of goods to [B Land] and [C Land] • Interest rate swaps to mitigate the risk of rising interest rates • Commodity option to mitigate the price risk of purchased inventory • Forward foreign exchange contracts to hedge the exchange rate risk arising on translation of the Group's investment in foreign operation [name], which has the [currency] as its functional currency <p>Market risk exposures are measured using value-at-risk (VaR) analysis supplemented by sensitivity analysis.</p> |
| IFRS 7:33(c) | <p>There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.</p> |
| IFRS 7:41 | <p>Value-at-risk (VaR) analysis</p> <p>The VaR measure estimates the potential loss in pre-taxation profit over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day 95 per cent VaR number used by the Group reflects the 95 per cent probability that the daily loss will not exceed the reported VaR.</p> |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------|--|-------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|----|----|--------------|----|----|----|----|----|------------------|--|--|--|--|--|-------|--|---------------|--|--|--|--|--|--|--|-----------------|--|--|--|--|--|--|--|---------------------------|--|--|--|--|--|--|--|
| | <p>VaR methodologies employed to calculate daily risk numbers include the historical and variance-covariance approaches. In addition to these two methodologies, Monte Carlo simulations are applied to the various portfolios on a monthly basis to determine potential future exposure.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>Historical VaR (95%, one-day) by risk type</p> <table border="1"> <thead> <tr> <th colspan="2">Average</th> <th colspan="2">Minimum</th> <th colspan="2">Maximum</th> <th colspan="2">Year end</th> </tr> <tr> <th>31/12/2021</th> <th>31/12/2020</th> <th>31/12/2021</th> <th>31/12/2020</th> <th>31/12/2021</th> <th>31/12/2020</th> <th>31/12/2021</th> <th>31/12/2020</th> </tr> <tr> <th>CU</th> <th>CU</th> <th>CU</th> <th>CU</th> <th>CU</th> <th>CU</th> <th>CU</th> <th>CU</th> </tr> </thead> <tbody> <tr> <td colspan="8">Foreign exchange</td> </tr> <tr> <td colspan="8">Interest rate</td> </tr> <tr> <td colspan="8">Diversification</td> </tr> <tr> <td colspan="8">Total VaR exposure</td> </tr> </tbody> </table> | Average | | Minimum | | Maximum | | Year end | | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | CU | CU | CU | CU | CU | CU | CU | CU | Foreign exchange | | | | | | | | Interest rate | | | | | | | | Diversification | | | | | | | | Total VaR exposure | | | | | | | |
| Average | | Minimum | | Maximum | | Year end | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CU | CU | CU | CU | CU | CU | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Foreign exchange | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest rate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diversification | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total VaR exposure | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>The Group's VaR should be interpreted in light of the limitations of the methodologies used. These limitations include the following:</p> <ul style="list-style-type: none"> Historical data may not provide the best estimate of the joint distribution of risk factor changes in the future and may fail to capture the risk of possible extreme adverse market movements which have not occurred in the historical window used in the calculations VaR using a one-day time horizon does not fully capture the market risk of positions that cannot be liquidated or hedged within one day VaR using a 95 per cent confidence level does not reflect the extent of potential losses beyond that percentile <p>These limitations and the nature of the VaR measure mean that the Group can neither guarantee that losses will not exceed the VaR amounts indicated nor that losses in excess of the VaR amounts will not occur more frequently than once in 20 business days.</p> <p>While VaR captures the Group's daily exposure to currency and interest rate risk, sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. The longer time frame of sensitivity analysis complements VaR and helps the Group to assess its market risk exposures. Details of sensitivity analysis for foreign currency risk and for interest rate risk are set below.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:33-34 | <p>(c)(i) Foreign currency risk management</p> <p>The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.</p> <p>The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:</p> <table border="1"> <thead> <tr> <th colspan="2"></th> <th colspan="2">Liabilities</th> <th colspan="2">Assets</th> </tr> <tr> <th>31/12/2021</th> <th>31/12/2020</th> <th>31/12/2021</th> <th>31/12/2020</th> <th>31/12/2021</th> <th>31/12/2020</th> </tr> <tr> <th>CU</th> <th>CU</th> <th>CU</th> <th>CU</th> <th>CU</th> <th>CU</th> </tr> </thead> <tbody> <tr> <td colspan="6">[Currency B]</td> </tr> <tr> <td colspan="6">[Currency C]</td> </tr> <tr> <td colspan="6">Other</td> </tr> </tbody> </table> | | | Liabilities | | Assets | | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | CU | CU | CU | CU | CU | CU | [Currency B] | | | | | | [Currency C] | | | | | | Other | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Liabilities | | Assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CU | CU | CU | CU | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Currency B] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Currency C] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>Foreign currency sensitivity analysis</p> <p>The Group is mainly exposed to the currency of [B Land] ([Currency B]) and the currency of [C Land] ([Currency C]).</p> <p>The following table details the Group's sensitivity to a __ per cent increase and decrease in currency units against the relevant foreign currencies. __ per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a __ per cent change in foreign currency rates.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:34(a) IFRS 7:40(b) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|------------|---------------------|------------|---------------------|--|--|------------|------------|------------|------------|--|----|----|----|----|--------------|----------------|-----|--|-------|--------------|--------------|------|--|------|
| IFRS 7:40(c) | <p>The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where currency units strengthens __ per cent against the relevant currency. For a __ per cent weakening of currency units against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.</p> <p>[Where the assumptions used have changed from previous years, include detail of and reasons for those changes.]</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">[Currency B] impact</th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">[Currency C] impact</th> </tr> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2021</th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2020</th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2021</th> <th style="text-align: center; border-bottom: 1px solid black;">31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> </tr> </thead> <tbody> <tr> <td>IFRS 7:40(a)</td> <td>Profit or loss</td> <td style="text-align: center;">(i)</td> <td></td> <td style="text-align: center;">(iii)</td> </tr> <tr> <td>IFRS 7:40(a)</td> <td>Other equity</td> <td style="text-align: center;">(ii)</td> <td></td> <td style="text-align: center;">(iv)</td> </tr> </tbody> </table> <p>(i) This is mainly attributable to the exposure outstanding on [Currency B] receivables and payables in the Group at the reporting date.</p> <p>(ii) This is the result of the changes in fair value of derivative instruments designated as cash flow hedges and net investment hedges.</p> <p>(iii) This is mainly attributable to the exposure to outstanding [Currency C] payables at the reporting date.</p> <p>(iv) This is mainly as a result of the changes in fair value of derivative instruments designated as cash flow hedges.</p> | | [Currency B] impact | | [Currency C] impact | | | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | | CU | CU | CU | CU | IFRS 7:40(a) | Profit or loss | (i) | | (iii) | IFRS 7:40(a) | Other equity | (ii) | | (iv) |
| | [Currency B] impact | | [Currency C] impact | | | | | | | | | | | | | | | | | | | | | | | |
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | CU | CU | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:40(a) | Profit or loss | (i) | | (iii) | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:40(a) | Other equity | (ii) | | (iv) | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:33(c) | <p>The Group's sensitivity to foreign currency has decreased during the current year mainly due to the disposal of [Currency B] denominated investments and the reduction in [Currency B] sales in the last quarter of the financial year which has resulted in lower [Currency B] denominated trade receivables.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:42 | <p>In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.</p> <p>[Currency B] denominated sales are seasonal with lower sales volumes in the last quarter of the financial year, which results in a reduction in [Currency B] receivables at year end.</p> <p>In addition, the change in equity due to a __ per cent change in the currency units against all exchange rates for the translation of net investment hedging instruments would be a decrease of CU__ million (2020: CU__ million). However, there would be no net effect on equity because there would be an offset in the currency translation of the foreign operation.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:22A IFRS 7:22B IFRS 7:33-34 | <p>Foreign exchange forward contracts</p> <p>It is the policy of the Group to enter into foreign exchange forward contracts to manage the foreign currency risk associated with anticipated sales and purchase transactions out to 6 months within __ per cent to __ per cent of the exposure generated. Basis adjustments are made to the initial carrying amounts of inventories when the anticipated purchases take place.</p> <p>In the current year, the Group has designated certain forward contracts as a hedge of its net investment in [name of foreign operation], which has [Currency B] as its functional currency. The Group's policy has been reviewed and, due to the increased volatility in [Currency B], it was decided to hedge up to 50 per cent of the net assets of the [name of foreign operation] for foreign currency forward risk arising on translation of the foreign operation. The Group utilises a rollover hedging strategy, using contracts with terms of up to 6 months. Upon the maturity of a forward contract, the Group enters into a new contract designated as a separate hedging relationship.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:22B | <p>For hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying) of the foreign exchange forward contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates. The Group uses the hypothetical derivative method for the hedge effectiveness assessment and measurement of hedge ineffectiveness. As for the hedge of the net investment in [name of foreign operation], the Group assesses effectiveness by comparing the nominal amount of the net assets designated in the hedge relationship with the nominal amount of the hedging instruments. This is a simplified approach because the currency of the exposure and hedging instruments perfectly match and the Group excludes from the designation the foreign currency basis spread.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |

Source International GAAP Holdings Limited

IFRS 7:23C
IFRS 7:23E

The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness emerged from these hedging relationships.

IFRS 7:24A(a)
IFRS 7:24A(c)-(d)

The following tables detail the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items. Foreign currency forward contract assets and liabilities are presented in the line 'Derivative financial instruments' (either as assets or as liabilities) within the statement of financial position (see note 34 for further details):

| Hedging instruments - Outstanding contracts | Average exchange rate | | Notional value: Foreign currency | | Notional value: Local currency | | Change in fair value for recognising hedge ineffectiveness | | Carrying amount of the hedging instruments assets/(liabilities) | |
|---|-----------------------|------------|-------------------------------------|------------|-----------------------------------|------------|--|------------|---|------------|
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | [rate] | [rate] | [FC] | [FC] | CU | CU | CU | CU | CU | CU |

Cash flow hedges

Buy [Currency B]

Less than 3 months

3 to 6 months

Sell [Currency B]

Less than 3 months

Buy [Currency C]

Less than 3 months

**Net investment
hedges**

Sell [Currency B]

3 to 6 months

| Source | International GAAP Holdings Limited | | | | | | |
|---------------|---|--|------------|--|------------|--|------------|
| IFRS 7:24B(b) | Hedged items | Change in value used for calculating hedge ineffectiveness | | Balance in cash flow hedge reserve/foreign currency translation reserve for continuing hedges | | Balance in cash flow hedge reserve/foreign currency translation reserve arising from hedging relationships for which hedge accounting is no longer applied | |
| | | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | | CU | CU | CU | CU | CU | CU |
| | Cash flow hedges | | | | | | |
| | Forecast sales (i) | | | | | | |
| | Forecast purchases (ii) | | | | | | |
| | Net investment hedges | | | | | | |
| | Investment in [name of foreign operation] (iii) | | | | | | |
| | Investment in [name of foreign operation] (iii) | | | | | | |
| | (i) The Group expects to supply goods to customers in [B Land]. The expected sales are highly probable. The Group has entered into foreign exchange forward contracts (for terms not exceeding three months) to hedge the exchange rate risk arising from these anticipated future transactions. It is anticipated that the sales will take place during the first three months of the next financial year, at which time the amount deferred in equity will be reclassified to profit or loss. | | | | | | |
| | (ii) The Group expects to purchase raw materials from suppliers in [B Land] and [C Land]. The expected purchases are highly probable. The Group has entered into foreign exchange forward contracts (for terms not exceeding six months) to hedge the exchange rate risk arising from these anticipated future purchases. As at 31 December 2021, the aggregate amount of gains under foreign exchange forward contracts deferred in the cash flow hedge reserve relating to these anticipated future purchase transactions is CU__ million (2020: gains of CU__ million). It is anticipated that the purchases will take place during the first six months of the next financial year at which time the amount deferred in equity will be removed from equity and included in the carrying amount of the raw materials. It is anticipated that the raw materials will be converted into inventory and sold within 12 months after purchase. | | | | | | |
| | (iii) The Group had, in previous years, hedged its investment in [name of foreign operation] against the foreign currency risk arising from the translation of [name of foreign operation]'s net assets from [Currency A] into the Group's functional currency. However, the Group ceased to hedge this investment in 2017 based on management's expectation of the continued strength of [Currency A]. The investment in [name of foreign operation] was fully disposed of in the current year and the cumulative amount arising from the previous hedging relationships which was deferred in equity was reclassified to profit or loss on disposal. | | | | | | |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|----|----|--|-------------------------|--|--|--|----------------|--|--|------------------------|--------------------|--|--|------------------------|-------|--|--|--|------------------------------|--|--|--|--|--|--|-----|--|--|--|-----|--|--|--|--|--|----|----|--|-------------------------|--|--|--|----------------|--|--|------------------------|--------------------|--|--|------------------------|-------|--|--|--|------------------------------|--|--|--|--|--|--|-----|--|--|--|-----|
| IFRS 7:24C(b) | <p>The following table details the effectiveness of the hedging relationships and the amounts reclassified from hedging reserve to profit or loss.</p> <p>31/12/2021</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Change in the fair value of hedging instrument recognised in OCI</th> <th style="text-align: center;">Hedge ineffectiveness recognised in profit or loss</th> <th style="text-align: center;">Line item in profit or loss in which hedge ineffectiveness is included</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> <th></th> </tr> </thead> <tbody> <tr> <td colspan="4">Cash flow hedges</td> </tr> <tr> <td>Forecast sales</td> <td></td> <td></td> <td>Other gains and losses</td> </tr> <tr> <td>Forecast purchases</td> <td></td> <td></td> <td>Other gains and losses</td> </tr> <tr> <td colspan="4"><hr/></td> </tr> <tr> <td colspan="4">Net investment hedges</td> </tr> <tr> <td>Investment in <i>[name of foreign operation]</i></td> <td></td> <td></td> <td>N/A</td> </tr> <tr> <td>Investment in <i>[name of foreign operation]</i></td> <td></td> <td></td> <td>N/A</td> </tr> </tbody> </table> <p>31/12/2020</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Change in the fair value of hedging instrument recognised in OCI</th> <th style="text-align: center;">Hedge ineffectiveness recognised in profit or loss</th> <th style="text-align: center;">Line item in profit or loss in which hedge ineffectiveness is included</th> </tr> <tr> <th></th> <th style="text-align: center;">CU</th> <th style="text-align: center;">CU</th> <th></th> </tr> </thead> <tbody> <tr> <td colspan="4">Cash flow hedges</td> </tr> <tr> <td>Forecast sales</td> <td></td> <td></td> <td>Other gains and losses</td> </tr> <tr> <td>Forecast purchases</td> <td></td> <td></td> <td>Other gains and losses</td> </tr> <tr> <td colspan="4"><hr/></td> </tr> <tr> <td colspan="4">Net investment hedges</td> </tr> <tr> <td>Investment in <i>[name of foreign operation]</i></td> <td></td> <td></td> <td>N/A</td> </tr> <tr> <td>Investment in <i>[name of foreign operation]</i></td> <td></td> <td></td> <td>N/A</td> </tr> </tbody> </table> | | Change in the fair value of hedging instrument recognised in OCI | Hedge ineffectiveness recognised in profit or loss | Line item in profit or loss in which hedge ineffectiveness is included | | CU | CU | | Cash flow hedges | | | | Forecast sales | | | Other gains and losses | Forecast purchases | | | Other gains and losses | <hr/> | | | | Net investment hedges | | | | Investment in <i>[name of foreign operation]</i> | | | N/A | Investment in <i>[name of foreign operation]</i> | | | N/A | | Change in the fair value of hedging instrument recognised in OCI | Hedge ineffectiveness recognised in profit or loss | Line item in profit or loss in which hedge ineffectiveness is included | | CU | CU | | Cash flow hedges | | | | Forecast sales | | | Other gains and losses | Forecast purchases | | | Other gains and losses | <hr/> | | | | Net investment hedges | | | | Investment in <i>[name of foreign operation]</i> | | | N/A | Investment in <i>[name of foreign operation]</i> | | | N/A |
| | | Change in the fair value of hedging instrument recognised in OCI | Hedge ineffectiveness recognised in profit or loss | Line item in profit or loss in which hedge ineffectiveness is included | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Cash flow hedges | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Forecast sales | | | Other gains and losses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Forecast purchases | | | Other gains and losses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <hr/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Net investment hedges | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Investment in <i>[name of foreign operation]</i> | | | N/A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Investment in <i>[name of foreign operation]</i> | | | N/A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Change in the fair value of hedging instrument recognised in OCI | Hedge ineffectiveness recognised in profit or loss | Line item in profit or loss in which hedge ineffectiveness is included | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash flow hedges | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Forecast sales | | | Other gains and losses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Forecast purchases | | | Other gains and losses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <hr/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net investment hedges | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment in <i>[name of foreign operation]</i> | | | N/A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment in <i>[name of foreign operation]</i> | | | N/A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:23F | <p>(i) At the start of the third quarter of 2021, the Group reduced its forecasts on sales of electronic equipment to <i>[B Land]</i> due to increased local competition and higher shipping costs. The Group had previously hedged CU__ million of future sales of which CU__ are no longer expected to occur, and CU__ remain highly probable. Accordingly, the Group has reclassified CU__ of gains on foreign currency forward contracts relating to forecast transactions that are no longer expected to occur from the cash flow hedging reserve to profit or loss.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Cost of hedging recognised in OCI | Amount from cash flow hedge reserve transferred to inventory | Amount from cost of hedging reserve transferred to inventory | Amount reclassified from cash flow hedge reserve due to hedged item affecting profit or loss | Amount reclassified from cash flow hedge reserve due to hedged future cash flows being no longer expected to occur (i) | Amount reclassified from cost of hedging reserve to profit or loss | Line item in profit or loss affected by the reclassification |
|-----------------------------------|--|--|--|--|--|--|
| CU | CU | CU | CU | CU | CU | |
| | | | | | | Revenue |
| | | | | | | N/A |
| | | | | | | Profit for the year from discontinued operations |

| Cost of hedging recognised in OCI | Amount from cash flow hedge reserve transferred to inventory | Amount from cost of hedging reserve transferred to inventory | Amount reclassified from cash flow hedge reserve due to hedged item affecting profit or loss | Amount reclassified from cash flow hedge reserve due to hedged future cash flows being no longer expected to occur (i) | Amount reclassified from cost of hedging reserve to profit or loss | Line item in profit or loss affected by the reclassification |
|-----------------------------------|--|--|--|--|--|--|
| CU | CU | CU | CU | CU | CU | |
| | | | | | | Revenue |
| | | | | | | N/A |
| | | | | | | Profit for the year from discontinued operations |

Source International GAAP Holdings Limited

Commentary:

The tables above provide an example of summary quantitative data about exposure to foreign exchange risks at the end of the reporting period that an entity may provide internally to key management personnel. Other presentations may also be appropriate.

IFRS 7:33-34

(c)(ii) Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The Group is exposed to CU LIBOR. The exposures arise on derivatives and non-derivative financial assets and liabilities (e.g. bills of exchange, debt and leases).

As listed in note 2, the Group has cash flow and fair value hedge relationships affected by the interest rate benchmark reform. Hedged items in these hedges include issued CU-denominated fixed rate debt. The debt that was originally issued as CU LIBOR floating rate debt was transitioned to SONIA (see note 32). Hedging instruments include LIBOR based interest rate swaps. The Group also has bills of exchange and lease liabilities linked to CU LIBOR, which are not designated in hedging relationships.

The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators. The FCA has confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- Immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings
- Immediately after 30 June 2023, in the case of the remaining US dollar settings

In response to the announcements, the Group has set up an IBOR transition programme comprised of the following work streams: risk management, tax, treasury, legal, accounting and systems. The programme is under the governance of the Chief Financial Officer who reports to the Board.

Risks arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition.

1. Interest rate basis risk: There are two elements to this risk as outlined below.
 - If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into and is not captured by our interest rate risk management strategy
 - Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times. The Group will monitor this risk against its risk management policy which has been updated to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required
2. Liquidity risk: There are fundamental differences between LIBORs and the various alternative benchmark rates which the Group will be adopting. LIBORs are forward-looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments which will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates

Source

International GAAP Holdings Limited

3. Accounting: If transition to alternative benchmark rates for certain contracts is finalised in a manner that does not permit the application of the reliefs introduced in the Phase 2 amendments, this could lead to discontinuation of hedge accounting relationships, increased volatility in profit or loss if re-designated hedges are not fully effective and volatility in the profit or loss if non-derivative financial instruments are modified or derecognised. The Group is aiming to agree changes to contracts that would allow IFRS 9 reliefs to apply. In particular, the Group is not seeking to novate derivatives or close out derivatives and enter into new on-market derivatives where derivatives have been designated in hedging relationships
4. Litigation risk: If no agreement is reached to implement the interest rate benchmark reform on existing contracts, (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring
5. Operational risk: Our current treasury management system is undergoing upgrades to fully manage the transition to alternative benchmark rates and there is a risk that such upgrades are not fully functional in time, resulting in additional manual procedures which give rise to operational risks. The Group is working closely with its system provider to ensure the relevant updates are made in good time and the Group has plans in place for alternative manual procedures with relevant controls to address any potential delay

Progress towards implementation of alternative benchmark interest rates

All newly transacted floating rate financial assets and liabilities are linked to an alternative benchmark rate, such as SONIA or SOFR or if, linked to LIBOR, include detailed fallback clauses clearly referencing the alternative benchmark rate and the trigger event on which the clause is activated.

The Group has a risk management policy of maintaining an appropriate mix between fixed and floating rate borrowings. However, due to the lack of liquidity in the SONIA and SOFR markets, the Group is temporarily increasing the amount of fixed rate debt it carries by either issuing fixed rate debt or entering into interest rate swap contracts.

The Group is planning to transition the majority of its LIBOR-linked contracts to risk-free rates through introduction of, or amendments to, fallback clauses into the contracts which will change the basis for determining the interest cash flows from LIBOR to RFR at an agreed point in time. Some of these fallback provisions have been incorporated into contracts in the first quarter of 2020 but the majority are expected to be implemented before 2021.

Interest rate benchmark transition for non-derivative financial instruments

As discussed in note 32, the Group transitioned CU__ million of the 3-months CU LIBOR bank borrowings to SONIA.

For the Group's CU__ million bills of exchange linked to CU LIBOR, the fallback clauses were incorporated in H1 2021.

The Group has not yet agreed changes with the landlords to its leases but these are expected in H1 2022.

Source International GAAP Holdings Limited

| Non-derivative financial instrument prior to transition | Maturing in | Nominal currency (FCm) | Total nominal (CUm) | Hedge accounting | Transition progress for non-derivative financial instruments |
|---|-------------|------------------------|---------------------|---|--|
| Bank borrowings linked to CU LIBOR | 2024/2025 | | | Designated in cash flow hedge (see below) | Transitioned to SONIA |
| Bills of exchange linked to CU LIBOR | 2026 | | | N/A | Fallback clauses were incorporated |
| Lease liabilities linked to CU LIBOR | 2025 | | | N/A | Expected to transition in H1 2022 |

| | |
|--|--|
| Total floating rate non-derivative liabilities | |
| Amounts subject to the interest rate benchmark reform | |

The Group has not yet agreed changes to its CU__ million of CU LIBOR investments in bills of exchange maturing between ____ and ____ but these are expected in H1 2022.

Interest rate benchmark transition for derivatives and hedge relationships

The Group has in issue CU__ million of CU-denominated fixed rate bank borrowings maturing in 2026 which were in a fair value hedge of CU LIBOR using a fixed to CU LIBOR interest rate swap contract. The Group have not yet transitioned the interest rate swaps to alternative risk-free rate; however, the Phase 1 amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate is no longer considered to be separately identifiable. The Group has also determined that the hedged LIBOR interest rate risk component of the designated fixed rate bank loans continue to be reliably measurable.

As it was discussed earlier, the Group has transitioned CU__ million of its bank borrowings to SONIA. These bank borrowings are hedged in a cash flow hedge using a 3-month LIBOR to fixed interest rate swap contract. During the first quarter of 2021 the Group entered into an equal but offsetting derivative against the original derivative and a new off-market derivative based on SONIA plus fixed spread on the same terms as the original derivative (i.e. the fair value on day one of the new SONIA derivative was the same as the original LIBOR derivative). This change was done as a direct consequence of the reform and on an economically equivalent basis. The Group changed the hedge documentation to include the new derivatives and amended the designated hedged risk to "variability in the cash flows of the bank borrowings resulting from changes in SONIA". The hedge relationship was not discontinued and the accumulated gain in the cash flow hedge reserve is deemed to be based on SONIA.

For Group's derivatives with nominal amount CU__ million that reference to 6-month LIBOR maturing in 2024 but were not designated in hedge relationships, the International Swaps and Derivatives Association's (ISDA) fallback clauses were made available in the first quarter of 2021 and the Group has signed up to the protocol, along with each of the Group's counterparties. This ensures all legacy trades will, on cessation of IBOR, follow the fallback clause provided in the protocol.

The Group will continue to apply the amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark reforms with respect to the timing and the amount of the underlying cash flows that the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference LIBORs are amended to specify the date on which the interest rate benchmark will be replaced, the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread.

| Source | International GAAP Holdings Limited |
|--|---|
| IFRS 7:34(a) IFRS 7:40(b) | <p>Interest rate sensitivity analysis</p> <p>The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A __ per cent increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.</p> |
| IFRS 7:40(c) | <p><i>[Where the assumptions used have changed from previous years, include detail of and reasons for those changes.]</i></p> |
| IFRS 7:40(a) | <p>If interest rates had been __ per cent higher/lower and all other variables were held constant, the Group's:</p> <ul style="list-style-type: none"> • Profit for the year ended 31 December 2021 would decrease/increase by CU__ million (2020: decrease/increase by CU__ million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings • Other comprehensive income would decrease/increase by CU__ million (2020: decrease/increase by CU__ million) mainly as a result of the changes in the fair value of investment in corporate bonds classified as at FVTOCI |
| IFRS 7:33(c) | <p>The Group's sensitivity to interest rates has decreased during the current year mainly due to the reduction in variable rate debt instruments and the increase in interest rate swaps to swap floating rate debt to fixed rate debt.</p> |
| IFRS 7:22A IFRS 7:22B IFRS 7:33-34 | <p>Interest rate swap contracts</p> <p>Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.</p> |
|  | |
| IFRS 7:22B IFRS 7:23D IFRS 7:23E | <p>As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.</p> |
| IFRS 7:23B IFRS 7:24A(b) | <p>The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items. Interest rate swap contract assets and liabilities are included in note 34.</p> |

Source International GAAP Holdings Limited

IFRS 7:24A(a)
IFRS 7:24A(c)-(d)

Cash flow hedges

Hedging instruments

| – outstanding receive floating, pay fixed contracts | Average contracted fixed interest rate | | Notional principal value | | Carrying amount of the hedging instrument assets/(liabilities) | | Change in fair value used for calculating hedge ineffectiveness | |
|---|--|------------|--------------------------|------------|--|------------|---|------------|
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | % | % | CU | CU | CU | CU | CU | CU |
| Less than 1 year | | | | | | | | |
| 1 to 2 years | | | | | | | | |
| 2 to 5 years | | | | | | | | |
| 5 years + | | | | | | | | |

IFRS 7:24B(b)

Hedged items

| Variable rate borrowings | Nominal amount of the hedged item assets/(liabilities) | | Change in value used for calculating hedge ineffectiveness | | Balance in cash flow hedge reserve for continuing hedges | | Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied | |
|--------------------------|--|------------|--|------------|--|------------|---|------------|
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | CU | CU | CU | CU | CU | CU | CU | CU |
| | | | | | | | | |

Commentary:

The tables above provide an example of summary quantitative data about exposure to foreign exchange risks at the end of the reporting period that an entity may provide internally to key management personnel. Other presentations may also be appropriate.

IFRS 7:23C
IFRS 7:23E

The following table details the effectiveness of the hedging relationship and the amounts reclassified from hedging reserve to profit or loss:

| Hedged items | Current period hedging gains (losses) recognised in OCI | | Amount of hedge ineffectiveness recognised in profit or loss (P/L) | | Line item in P/L in which hedge ineffectiveness is included | Amount reclassified to P/L | | | |
|--------------------------|---|------------|--|------------|---|---|------------|------------|---------------|
| | Due to hedged future cash flows being no longer expected to occur | | Due to hedged item affecting P/L | | | Line item in P/L in which reclassification adjustment is included | | | |
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | CU | CU | CU | CU | | CU | CU | CU | CU |
| Variable rate borrowings | | | | | Other gains and losses | | | | Finance costs |

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is 3-month LIBOR. The Group will settle the difference between the fixed and floating interest rate on a net basis.

IFRS 7:22A
IFRS 7:23A

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

| Source | International GAAP Holdings Limited |
|--------|-------------------------------------|
|--------|-------------------------------------|

IFRS 7:24A(a)
IFRS 7:24A(c)-(d)



Fair value hedges

Hedging instruments
– outstanding receive
fixed pay floating
contracts

| | Notional principal amount | | Carrying amount of the hedging instrument assets/(liabilities) | | Change in fair value used for recognising hedge ineffectiveness | |
|--|---------------------------|------------|---|------------|--|------------|
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | CU | CU | CU | CU | CU | CU |

Less than 1 year

[describe]

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | |
| | | | | | | |

IFRS 7:24B(a)

| Hedged item | Carrying amount of the hedged item assets/(liabilities) | | Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item: debit/(credit) | | Change in fair value used for recognising hedge ineffectiveness | | Accumulated amount of fair value hedge adjustments in SOPF for hedged items that have ceased to be adjusted for hedging gains and losses | |
|----------------|---|------------|--|------------|---|------------|--|------------|
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | CU | CU | CU | CU | CU | CU | CU | CU |

Fixed rate
borrowings

IFRS 7:24C(a)

The following table details the hedge ineffectiveness arising from the hedging relationship and the line item in profit or loss in which the hedge ineffectiveness is included:

| Hedged item | Amount of hedge ineffectiveness recognised in profit or loss (P/L) | | Line item in P/L in which hedge ineffectiveness is included |
|-------------|---|------------|--|
| | 31/12/2021 | 31/12/2020 | |
| | CU | CU | |

Fixed rate borrowings

Other gains and losses

Commentary:

The tables above provide an example of summary quantitative data about exposure to foreign exchange risks at the end of the reporting period that an entity may provide internally to key management personnel. Other presentations may also be appropriate.

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|----------------------|------------|------------|------------|--|------------|--|--|------------|------------|------------|------------|------------|------------|------------|------------|--------|--------|------|------|----|----|----|----|--------------------|--|--|--|--|--|--|--|--|--------------|--|--|--|--|--|--|--|--|---------------|--|--|--|--|--|--|--|--|-------------|--|--|--|--|--|--|--|--|
| IFRS 7:33-34 | <p>(c)(iii) Commodity price risk</p> <p>Commodity price risk in the Group primarily arises from price fluctuations and the availability of [type of commodity]. The Group may enter into derivative transactions to limit these risks. Hedging activities are evaluated regularly to align with Group expectations about the price changes and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:40 | <p>Commodity price sensitivity analysis</p> <p>If the commodity prices of the hedged commodity had been __ per cent higher (lower) as of December 2021, profit after tax would have been CU__ million (2020: CU__ million) higher (lower).</p> <p>If the commodity prices of the hedging transactions accounted for using cash flow hedge accounting had been __ per cent higher (lower) as of December 2021, equity would have been CU__ million (2020: CU__ million) higher (lower).</p> <p>Commodity options</p> <p>It is the policy of the Group to enter into commodity options to manage the commodity price risk associated with anticipated purchase transactions out to 24 months. The Group policy is to hedge up to 80 per cent of exposure generated within 3 months, about 60 per cent of exposure with maturity between 3 months and 12 months and no more than 40 per cent of exposure generated in 2 years. Basis adjustments are made to the initial carrying amounts of inventories when the anticipated purchases take place. The Group always designates the intrinsic value of the options.</p> <p>In the current year, the Group has designated certain commodity options as a cash flow hedge of highly probable purchases. Because the critical terms (i.e. the quantity, maturity and underlying) of the commodity option and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the intrinsic value of the commodity option and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the price of underlying commodity if the price of the commodity increases above the strike price of the derivative.</p> <p>The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the option contracts, which is not reflected in the fair value of the hedged item and if the forecast transaction will happen earlier or later than originally expected.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:23C | <p>The following tables detail the commodity options outstanding at the end of the reporting period, as well as information regarding their related hedged items. Commodity options are presented in the line 'Derivative financial instruments' within the statement of financial position (see note 34 for further details):</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:23E | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:24A(a) | <p>Cash flow hedges</p> <table border="1"> <thead> <tr> <th rowspan="3">Hedging instruments—outstanding contracts</th> <th colspan="2">Average strike price</th> <th colspan="2">Quantity</th> <th colspan="2">Carrying amount of the hedging instruments</th> <th colspan="2">Change in fair value for recognising hedge ineffectiveness</th> </tr> <tr> <th>31/12/2021</th> <th>31/12/2020</th> <th>31/12/2021</th> <th>31/12/2020</th> <th>31/12/2021</th> <th>31/12/2020</th> <th>31/12/2021</th> <th>31/12/2020</th> </tr> <tr> <th>[rate]</th> <th>[rate]</th> <th>[..]</th> <th>[..]</th> <th>CU</th> <th>CU</th> <th>CU</th> <th>CU</th> </tr> </thead> <tbody> <tr> <td>Less than 3 months</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3 – 6 months</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>6 – 12 months</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1 – 2 years</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | Hedging instruments—outstanding contracts | Average strike price | | Quantity | | Carrying amount of the hedging instruments | | Change in fair value for recognising hedge ineffectiveness | | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | [rate] | [rate] | [..] | [..] | CU | CU | CU | CU | Less than 3 months | | | | | | | | | 3 – 6 months | | | | | | | | | 6 – 12 months | | | | | | | | | 1 – 2 years | | | | | | | | |
| Hedging instruments—outstanding contracts | | | Average strike price | | Quantity | | Carrying amount of the hedging instruments | | Change in fair value for recognising hedge ineffectiveness | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 31/12/2021 | | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | [rate] | [rate] | [..] | [..] | CU | CU | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less than 3 months | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 – 6 months | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 – 12 months | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 – 2 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFRS 7:24A(c)-(d) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | | | | | |
|--------------------|---|--|---|---|--|--|--|
| IFRS 7:24B(b) | | Change in value used for calculating hedge ineffectiveness | | Balance in cash flow hedge reserve for continuing hedges | | Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied | |
| | Hedged items | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | | CU | CU | CU | CU | CU | CU |
| | Forecast purchases | _____ | _____ | _____ | _____ | _____ | _____ |
| | | _____ | _____ | _____ | _____ | _____ | _____ |
| | 31/12/2021 | | | | | | |
| | | Change in the fair value of hedging instrument recognised in OCI | Hedge ineffective- ness recognised in profit or loss | Line item in profit or loss in which hedge ineffectiveness is included | Cost of hedging recognised in OCI | Amount from cash flow hedge reserve transferred to inventory | Amount from cost of hedging reserve transferred to inventory |
| | Hedging instrument | CU | CU | CU | CU | CU | CU |
| | Commodity options | | | Other gains and losses | | | |
| | 31/12/2020 | | | | | | |
| | Change in the fair value of hedging instrument recognised in OCI | Hedge ineffective- ness recognised in profit or loss | Line item in profit or loss in which hedge ineffectiveness is included | Cost of hedging recognised in OCI | Amount from cash flow hedge reserve transferred to inventory | Amount from cost of hedging reserve transferred to inventory | |
| Hedging instrument | CU | CU | CU | CU | CU | CU | |
| Commodity options | | | Other gains and losses | | | | |
| IFRS 7:33-34 | (c)(iv) Other price risks | | | | | | |
| | The Group is exposed to equity price risks arising from equity investments. | | | | | | |
| | Equity investments in unlisted entities (see note 24) are held for strategic rather than trading purposes. The Group does not actively trade these investments. | | | | | | |
| | The Group invested in a portfolio of listed shares which are held for trading (see note 24). This type of investment is approved by the Board [<i>or insert name of the relevant committee</i>] as the alternative to investment in money market funds in order to generate higher investment return on the spare funds. In accordance with the policy, the Group may invest only in the entities that form part of the following indexes: FTSE 100, DJIA, S&P 500, NASDAQ 100 etc. | | | | | | |
| | Equity price sensitivity analysis | | | | | | |
| IFRS 7:40(b) | The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. | | | | | | |
| IFRS 7:40(a) | If equity prices had been __ per cent higher/lower: | | | | | | |
| | <ul style="list-style-type: none"> • Net profit for the year ended 31 December 2021 and 2020 would increase/decrease by CU__ million (2020: increase/decrease by CU__ million) as a result of the changes in fair value of the investments in listed shares • Other comprehensive income would increase/decrease by CU__ million (2020: increase/decrease by CU__ million) as a result of the changes in fair value of the investments in equity instruments | | | | | | |
| | The methods and assumptions used in preparing the sensitivity analysis above have not changed significantly from the prior year. | | | | | | |
| IFRS 7:40(c) | [Where the assumptions used have changed from previous years, include detail of and reasons for those changes.] | | | | | | |

| Source | International GAAP Holdings Limited |
|---|--|
| IFRS 7:33 – 34 IFRS 7:35B  IFRS 7:35F(a)(i) | <p>(d) Credit risk management</p> <p>Note 62(d)(ii) details the Group's maximum exposure to credit risk and the measurement bases used to determine expected credit losses.</p> <p>In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade. Investments in instruments, including bills of exchange, debentures and redeemable notes as detailed in note 24, where the counterparties have a minimum BBB- credit rating, are considered to have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.</p> |
| IFRS 7:34(c) | <p>Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed and approved twice a year by the risk management committee. 80 per cent of the trade receivables have the best credit scoring attributable under the external credit scoring system used by the Group.</p> <p>Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.</p> |
| IFRS 7:B8 IFRS 7:34(c) IFRS 7:35B(c) | <p>Of the trade receivables balance at the end of the year, CU__ million (2020: CU__ million) is due from Company A, the Group's largest customer. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to Company A did not exceed 20 per cent of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5 per cent of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.</p> |
| IFRS 7:B10(b) | <p>The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.</p> |
| IFRS 7:B10(c) | <p>In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on (see below). As at 31 December 2021, an amount of CU__ (2020: CU__) has been estimated as a loss allowance in accordance with IFRS 9, however, no loss allowance was recognised in profit or loss because the premium received less cumulative amount recognised in profit or loss was higher than the expected amount of loss allowance (see note 37).</p> |

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | |
|--|---|--|-------------|--|------------|---|--------------|----------|---|------------------------------------|------------|--|--------------------------------|-----------|--|-----------------------|
| IFRS 7:35K(b) | <p>(d)(i) Collateral held as security and other credit enhancements</p> <p>The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with finance lease receivables is mitigated because they are secured over the leased store equipment. The carrying amount of finance lease receivables amounts to CU__ million (2020: CU__ million) and the fair value of the leased assets is estimated to be approximately CU__ million (2020: CU__ million). The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee. There have not been any significant changes in the quality of the collateral held for finance lease receivables. The Group has not recognised a loss allowance for the finance lease receivables as a result of these collaterals.</p> <p>Commentary:</p> <p><i>For all financial instruments to which the impairment requirements in IFRS 9 are applied, IFRS 7:35K(b) and (c) specify that entities should disclose the following:</i></p> <ul style="list-style-type: none"> • <i>A narrative description of collateral held as security and other credit enhancements, including:</i> <ul style="list-style-type: none"> – <i>A description of the nature and quality of the collateral held</i> – <i>An explanation of any significant changes in the quality of that collateral or credit enhancements as a result of deterioration or changes in the collateral policies of the entity during the reporting period</i> – <i>Information about financial instruments for which an entity has not recognised a loss allowance because of the collateral</i> • <i>Quantitative information about the collateral held as security and other credit enhancements (for example, quantification of the extent to which collateral and other credit enhancements mitigate credit risk) for financial assets that are credit-impaired at the reporting date. For all financial instruments within the scope of IFRS 7, but to which the impairment requirements in IFRS 9 are not applied, IFRS 7:36(b) specifies that entities should give a description of collateral held as security and of other credit enhancements, and their financial effect (e.g. a quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk</i> | | | | | | | | | | | | | | | |
| IFRS 7:7 IFRS 7:31 IFRS 7:35K(a) | <p>(d)(ii) Overview of the Group's exposure to credit risk</p> <p>Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:</p> <ul style="list-style-type: none"> • The carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position • The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised as disclosed in note 62(e)(i). The related loss allowance is disclosed in note 38 | | | | | | | | | | | | | | | |
| IFRS 7:35M IFRS 7:B10(c) | <p>The Group's current credit risk grading framework comprises the following categories:</p> <table border="1" data-bbox="308 1619 1493 2056"> <thead> <tr> <th>Category</th> <th>Description</th> <th>Basis for recognising expected credit losses</th> </tr> </thead> <tbody> <tr> <td>Performing</td> <td>The counterparty has a low risk of default and does not have any past-due amounts</td> <td>12-month ECL</td> </tr> <tr> <td>Doubtful</td> <td>Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition</td> <td>Lifetime ECL – not credit-impaired</td> </tr> <tr> <td>In default</td> <td>Amount is >90 days past due or there is evidence indicating the asset is credit-impaired</td> <td>Lifetime ECL – credit-impaired</td> </tr> <tr> <td>Write-off</td> <td>There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery</td> <td>Amount is written off</td> </tr> </tbody> </table> | Category | Description | Basis for recognising expected credit losses | Performing | The counterparty has a low risk of default and does not have any past-due amounts | 12-month ECL | Doubtful | Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition | Lifetime ECL – not credit-impaired | In default | Amount is >90 days past due or there is evidence indicating the asset is credit-impaired | Lifetime ECL – credit-impaired | Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery | Amount is written off |
| Category | Description | Basis for recognising expected credit losses | | | | | | | | | | | | | | |
| Performing | The counterparty has a low risk of default and does not have any past-due amounts | 12-month ECL | | | | | | | | | | | | | | |
| Doubtful | Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition | Lifetime ECL – not credit-impaired | | | | | | | | | | | | | | |
| In default | Amount is >90 days past due or there is evidence indicating the asset is credit-impaired | Lifetime ECL – credit-impaired | | | | | | | | | | | | | | |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery | Amount is written off | | | | | | | | | | | | | | |

| Source | International GAAP Holdings Limited | | | | | | | | |
|--|---|------|---------------------------|---------------------------------------|--|---------------------------------|-------------------|----------------------------|--|
| IFRS 7:35M IFRS 7:35N IFRS 7:36(a) | Commentary: | | | | | | | | |
| | <i>IFRS 7:35M requires the disclosure of information about an entity's credit risk exposure and significant concentrations of credit risk by credit risk grading at the reporting date. The number of credit risk rating grades used to disclose such information should be consistent with the number that the entity reports to key management personnel for credit risk management purposes. However, in some cases, delinquency and past due information may be the only borrower-specific information available without undue cost or effort, which is used to assess whether credit risk has increased significantly since initial recognition. In such cases, an entity should provide an analysis of those financial assets by past due status.</i> | | | | | | | | |
| | The tables below detail the credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades: | | | | | | | | |
| | 31/12/2021 | Note | External credit rating | Internal credit rating | 12-month or lifetime ECL? | Gross carrying amount (i) | Loss allowance | Net carrying amount (i) | |
| | | | | | | CU | CU | CU | |
| | Loans to associates | 24 | N/A | Doubtful | Lifetime ECL (not credit impaired) | | | | |
| | Loan to joint venture | 24 | N/A | Performing | 12-month ECL (low credit risk asset) | | | | |
| | Loans to other parties | 24 | N/A | Doubtful | Lifetime ECL (not credit impaired) | | | | |
| | Bills of exchange | 24 | A | Performing | 12-month ECL (low credit risk assets) | | | | |
| | Corporate bonds | 24 | BBB | Performing | 12-month ECL (low credit risk assets) | | | | |
| | Redeemable notes | 24 | AA | Performing | 12-month ECL (low credit risk assets) | | | | |
| | Debentures | 24 | BBB- | Performing | 12-month ECL (low credit risk assets) | | | | |
| | Trade and other receivables | 31 | N/A | (ii) | Lifetime ECL (simplified approach) | | | | |
| Finance lease receivables | 29 | N/A | (ii) | Lifetime ECL (simplified approach) | | | | | |
| Contract assets | 27 | N/A | (ii) | Lifetime ECL (simplified approach) | | | | | |
| Financial guarantee contracts | 38 | N/A | Performing | 12-month ECL | | | | | |

| Source | | International GAAP Holdings Limited | | | | | | |
|--|------|-------------------------------------|------------------------|---------------------------------------|---------------------------|----------------|-------------------------|--|
| 31/12/2020 | Note | External credit rating | Internal credit rating | 12-month or lifetime ECL? | Gross carrying amount (i) | Loss allowance | Net carrying amount (i) | |
| | | | | | CU | CU | CU (Restated) | |
| Loans to related parties | 24 | N/A | Doubtful | Lifetime ECL (not credit impaired) | | | | |
| Loan to joint venture | 24 | N/A | Performing | 12-month ECL (low credit risk assets) | | | | |
| Loans to other parties | 24 | N/A | Doubtful | Lifetime ECL (not credit impaired) | | | | |
| Bills of exchange | 24 | A | Performing | 12-month ECL (low credit risk assets) | | | | |
| Corporate bonds | 24 | BBB | Performing | 12-month ECL (low credit risk assets) | | | | |
| Redeemable notes | 24 | AA | Performing | 12-month ECL (low credit risk assets) | | | | |
| Debentures | 24 | BBB- | Performing | 12-month ECL (low credit risk assets) | | | | |
| Trade and other receivables | 31 | N/A | (ii) | Lifetime ECL (simplified approach) | | | | |
| Finance lease receivables | 29 | N/A | (ii) | Lifetime ECL (simplified approach) | | | | |
| Contract assets | 27 | N/A | (ii) | Lifetime ECL (simplified approach) | | | | |
| Financial guarantee contracts | 38 | N/A | Performing | 12-month ECL | | | | |
| | | | | | | | | |
| | | | | | | | | |
| <p>(i) For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts, and the net carrying amount represents the loss allowance recognised for the contracts.</p> <p>(ii) For trade receivables, finance lease receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 27, 29 and 31 include further details on the loss allowance for these assets respectively.</p> | | | | | | | | |

| Source | International GAAP Holdings Limited |
|---|--|
| IFRS 7:36(a)-(b) IFRS 7:B10(b) | <p>The loss allowance on corporate bonds measured at FVTOCI is recognised against other comprehensive income and accumulated in the investment revaluation reserve. See note 43.</p> <p>The carrying amount of the Group's financial assets at FVTPL as disclosed in note 24 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.</p> <p>Commentary:</p> <p><i>For all financial instruments within the scope of IFRS 7, but to which the impairment requirements in IFRS 9 are not applied, IFRS 7:36(a) requires an entity to disclose by class of financial instrument the amount that best represents the entity's maximum credit risk exposure at the end of the reporting period, excluding the effect of any collateral and other amounts that do not qualify for offset in accordance with IAS 32. Examples of financial instruments that are within the scope of IFRS 7 but that are not subject to the IFRS 9 impairment requirements include:</i></p> <ul style="list-style-type: none"> • <i>Financial assets and derivatives measured at FVTPL</i> • <i>Financial guarantee contracts issued measured at FVTPL</i> • <i>Loan commitments issued measured at FVTPL</i> <p><i>Equity investments, regardless of whether they are measured at FVTPL or FVTOCI, are also in the scope of IFRS 7 but not subject to the IFRS 9 impairment requirements; however, they do not give rise to an exposure to credit risk and therefore are not subject to the IFRS 7 credit risk disclosures.</i></p> |
| IFRS 7:33-34  | <p>(e) Liquidity risk management</p> <p>Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out below.</p> |
| IFRS 7:34-35 IFRS 7:39(c) | <p>(e)(i) Liquidity and interest risk tables</p> <p>The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest cash flows are floating rate, the undiscounted amount is derived from interest rate curves at the reporting date.</p> |
| IFRS 7:B10(c) | <p>The amounts included in the following table for financial guarantee contracts are the maximum amount the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee (see note 38). Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.</p> <p>The contractual maturity is based on the earliest date on which the Group may be required to pay.</p> <p>Commentary:</p> <p><i>The tables below include the weighted average effective interest rate and the carrying amount of the respective financial liabilities as reflected in the consolidated statement of financial position as an example of summary quantitative data about exposure to interest rates at the end of the reporting period that an entity may provide internally to key management personnel.</i></p> |

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| Source | International GAAP Holdings Limited | Weighted average effective interest rate | Less than 1 month | 1-3 months |
|--------------|---|--|-------------------|-----------------------|
| | | % | CU | CU |
| | 31 December 2021 | | | |
| | Trade and other payables | | | |
| | Accruals | | | |
| | Variable interest rate instruments (nominal) | | | |
| | Fixed interest rate instruments (nominal) | | | |
| | Interest on the interest bearing instruments | | | |
| | Financial guarantee contracts | | | |
| | Contingent consideration | | | |
| | 31 December 2020 | | | |
| | Trade and other payables | | | |
| | Accruals | | | |
| | Variable interest rate instruments (nominal) | | | |
| | Fixed interest rate instruments (nominal) | | | |
| | Interest on the interest bearing instruments | | | |
| | Financial guarantee contracts | | | |
| | Contingent consideration | | | |
| IFRS 7:39(b) | The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date. | | | |
| | | Less than 1 month | 1-3 months | 3 months to 1 year |
| | | CU | CU | CU |
| | 31 December 2021 | | | |
| | Net settled (derivative liabilities): | | | |
| | Interest rate swaps | | | |
| | Foreign exchange forward contracts | | | |
| | Commodity options | | | |
| | Gross settled: | | | |
| | Foreign exchange forward contracts – gross outflows | | | |
| | Currency swaps – gross outflows | | | |
| | 31 December 2020 | | | |
| | Net settled (derivative liabilities): | | | |
| | Interest rate swaps | | | |
| | Foreign exchange forward contracts | | | |
| | Commodity options | | | |
| | Gross settled: | | | |
| | Foreign exchange forward contracts – gross outflows | | | |
| | Currency swaps – gross outflows | | | |

| <u>3 months to 1 year</u> | <u>1-2 years</u> | <u>2-5 years</u> | <u>5+ years</u> | <u>Total</u> | <u>Carrying amount</u> |
|---------------------------|------------------|------------------|-----------------|--------------|------------------------|
| CU | CU | CU | CU | CU | CU |

| <u>1-2 years</u> | <u>2-5 years</u> | <u>5+ years</u> |
|------------------|------------------|-----------------|
| CU | CU | CU |

| Source | International GAAP Holdings Limited |
|--------|-------------------------------------|
|--------|-------------------------------------|

(e)(ii) Financing facilities

The Group is using combination of the cash inflows from the financial assets and the available bank facilities to manage the liquidity.

The table below presents the cash inflows from financial assets:

| | Less than 1 month | 1-3 months | 3 months to 1 year | 1-2 years | 2-5 years | 5+ years | Total |
|--|----------------------|------------|-----------------------|-----------|-----------|----------|-------|
| | CU | CU | CU | CU | CU | CU | CU |

31 December 2021

Trade and other receivables

Contract assets

Lease receivables

Investments in debt and equity
instruments

Derivative assets settled net

Gross inflow on derivatives
settled gross**31 December 2020**

Trade and other receivables

Contract assets

Lease receivables

Investments in debt and equity
instruments

Derivative assets settled net

Gross inflow on derivatives
settled gross

The Group has access to financing facilities as described below, of which CU__ million were unused at the reporting date (2020: CU__ million). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

| Source | International GAAP Holdings Limited | 31/12/2021 | 31/12/2020 |
|---------------|---|-------------|-------------|
| | | CU | CU |
| IAS 7:50(a) | <p>Unsecured bank overdraft facility, reviewed annually and payable at call:</p> <p>amount used</p> <p>amount unused</p> | <hr/> <hr/> | <hr/> <hr/> |
| | <p>Unsecured bill acceptance facility, reviewed annually:</p> <p>amount used</p> <p>amount unused</p> | <hr/> <hr/> | <hr/> <hr/> |
| | <p>Secured bank overdraft facility:</p> <p>amount used</p> <p>amount unused</p> | <hr/> <hr/> | <hr/> <hr/> |
| | <p>Secured bank loan facilities with various maturity dates through to 2021 and which may be extended by mutual agreement:</p> <p>amount used</p> <p>amount unused</p> | <hr/> <hr/> | <hr/> <hr/> |
| IAS 1:134-135 | <p>(f) Capital risk management</p> <p>The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2020.</p> <p>The capital structure of the Group consists of net debt (borrowings disclosed in notes 32 and 33 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as disclosed in notes 40 to 51).</p> <p>The Group is not subject to any externally imposed capital requirements.</p> <p>The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of __ per cent to __ per cent determined as the proportion of net debt to equity. The gearing ratio at 31 December 2021 of __ per cent (see below) was at below the target range, and has returned to a more typical level of __ per cent since the reporting date.</p> | | |

Source International GAAP Holdings Limited

Gearing ratio

The gearing ratio at the year-end is as follows:

| | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| | CU | CU |
| Debt | | |
| Cash and cash equivalents (including cash and bank balances in a disposal group held for sale) | | |
| Net debt | | |
| Equity | | |
| Net debt to equity ratio | % | % |

Debt is defined as long- and short-term borrowings and lease liabilities (excluding derivatives and financial guarantee contracts) as detailed in notes 32, 33 and 36.

Equity includes all capital and reserves of the Group that are managed as capital.

IAS 10:21



63. Events after the reporting period

On [date] the premises of [name of subsidiary] were seriously damaged by fire. Insurance claims have been put in hand but the cost of refurbishment is currently expected to exceed these by CU_.

IAS 24:13

64. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates/ joint ventures are disclosed below.

IAS 24:18-19

Trading transactions

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

| | Sale of goods | | Purchase of goods | |
|----------------|---------------|------------|-------------------|------------|
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | CU | CU | CU | CU |
| X Holdings | | | | |
| Associates | | | | |
| Joint ventures | | | | |

The following amounts were outstanding at the reporting date:

| | Amounts owed by related parties | | Amounts owed to related parties | |
|----------------|---------------------------------|------------|---------------------------------|------------|
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| | CU | CU | CU | CU |
| X Holdings | | | | |
| Associates | | | | |
| Joint ventures | | | | |



Additional related party disclosures are required in relation to parent entities and/or ultimate controlling parties incorporated or otherwise constituted outside Australia. Illustrative disclosures can be found in Note 64 in Appendix 2.

| Source | International GAAP Holdings Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------|--|------------|------------|------------|--|----|----|------------------------------|--|--|--------------------------|--|--|--------------------------|--|--|-----------------------|--|--|----------------------|--|--|---------------------------------|--|--|--------------------------------|--|--|
| IAS 24:23 | <p>X Holdings is a related party of the Group because <i>[give reasons]</i>.</p> <p>Sales of goods to related parties were made at the Group's usual list prices, less average discounts of __ per cent. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.</p> <p>The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.</p> <p>Amounts repayable to X Holdings carry interest of __ per cent to __ per cent (2020: __ per cent to __ per cent) per annum charged on the outstanding loan balances (see note 32).</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 24:17 | <p>Remuneration of key management personnel</p> <p>The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24.</p> <table border="1" data-bbox="1082 683 1505 1070"> <thead> <tr> <th></th> <th style="text-align: right;">31/12/2021</th> <th style="text-align: right;">31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: right;">CU</th> <th style="text-align: right;">CU</th> </tr> </thead> <tbody> <tr> <td>Short-term employee benefits</td> <td></td> <td></td> </tr> <tr> <td>Post-employment benefits</td> <td></td> <td></td> </tr> <tr> <td>Other long-term benefits</td> <td></td> <td></td> </tr> <tr> <td>Termination benefits</td> <td></td> <td></td> </tr> <tr> <td>Share-based payments</td> <td></td> <td></td> </tr> </tbody> </table> | | 31/12/2021 | 31/12/2020 | | CU | CU | Short-term employee benefits | | | Post-employment benefits | | | Other long-term benefits | | | Termination benefits | | | Share-based payments | | | | | | | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Short-term employee benefits | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Post-employment benefits | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other long-term benefits | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Termination benefits | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Share-based payments | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 24:18 | <p>Loans to related parties</p> <table border="1" data-bbox="1082 1160 1505 1675"> <thead> <tr> <th></th> <th style="text-align: right;">31/12/2021</th> <th style="text-align: right;">31/12/2020</th> </tr> <tr> <th></th> <th style="text-align: right;">CU</th> <th style="text-align: right;">CU</th> </tr> </thead> <tbody> <tr> <td>Loans to associates:</td> <td></td> <td></td> </tr> <tr> <td> Associate A Limited</td> <td></td> <td></td> </tr> <tr> <td> Associate B Limited</td> <td></td> <td></td> </tr> <tr> <td>Loan to joint venture</td> <td></td> <td></td> </tr> <tr> <td> JV A Limited</td> <td></td> <td></td> </tr> <tr> <td>Loans to other related parties:</td> <td></td> <td></td> </tr> <tr> <td> <i>[Name of related party]</i></td> <td></td> <td></td> </tr> </tbody> </table> <p>The Group has provided its associates with short-term loans at rates comparable to the average commercial rate of interest (see note 65).</p> | | 31/12/2021 | 31/12/2020 | | CU | CU | Loans to associates: | | | Associate A Limited | | | Associate B Limited | | | Loan to joint venture | | | JV A Limited | | | Loans to other related parties: | | | <i>[Name of related party]</i> | | |
| | 31/12/2021 | 31/12/2020 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | CU | CU | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loans to associates: | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Associate A Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Associate B Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loan to joint venture | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| JV A Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loans to other related parties: | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>[Name of related party]</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IAS 10:17 | <p>65. Approval of the financial statements</p> <p>The financial statements were approved by the board of directors and authorised for issue on <i>[date]</i>.</p> <div style="border: 1px solid green; padding: 10px; margin-top: 10px;"> <p> Additional information is required for Australian entities, in relation to remuneration of auditors and parent entity information. Example disclosures are included in Note 66 and Note 67 in Appendix 2.</p> </div> | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Appendix 1 – Areas affected by climate change and COVID-19



This appendix gives an overview of all disclosure areas impacted by climate change and/or COVID-19. These impacts are also highlighted in the core model financial statements with icons.

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Appendix 1—Areas of the model financial statements affected by climate change and COVID-19

Climate change

Risks and uncertainties arising from climate change could affect the following areas of the financial statements.

| Section | Area | Commentary |
|---|--|--|
| 3. Significant accounting policies | Going concern assessment | All entities are required to make an assessment of whether an entity is a going concern when preparing financial statements, considering all information available about the future. IAS 1 requires that the information should cover at least 12 months from the end of the reporting period but not be limited to that period. Management would consider information about the impacts of climate change as part of this assessment. |
| 4. Critical accounting judgements and key sources of estimation uncertainty 16. Goodwill 17. Other intangible assets 18. Property, plant and equipment 21. Associates 22. Joint ventures | Impairment of non-financial assets | The uncertainties in relation to climate change may result in changes to management's cash flow projections or to the level of risk associated with achieving those cash flows, in which case they form part of a value-in-use or fair value assessment. An entity should consider the long-term impacts of climate change and consider disclosing climate-related assumptions as key assumptions. |
| 3. Significant accounting policies 18. Property, plant and equipment | Useful lives of assets | Climate change-related factors may indicate that an asset could become physically unavailable or commercially obsolete earlier than previously expected. Furthermore, the expected timing of the replacement of existing assets may be accelerated. Such factors should be incorporated into a review of an asset's useful economic life or its residual value. |
| 39. Provisions 55. Contingent liabilities | Provisions, contingencies and onerous contracts | The pace and severity of climate change, as well as accompanying government policy and regulatory measures, may affect the recognition, measurement and disclosure of provisions, contingencies and onerous contracts. |
| 4. Critical accounting judgements and key sources of estimation uncertainty | Key judgements and estimates disclosures | If assumptions related to the impact of climate change have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, then disclosures about the nature of the assumptions should be provided. |
| 4. Critical accounting judgements and key sources of estimation uncertainty | Information that is relevant to understanding the financial statements | If users of the financial statements could reasonably expect that climate change-related risks will have significant impact on the Company and this would qualitatively influence their decisions, then management should clearly disclose information about the climate change assumptions that they have made (if not disclosed elsewhere), including disclosures around the sensitivity of those assumptions. This is to enable users to understand the basis of forecasts on which the financial statements are prepared. This may mean that disclosure is provided even if the effects of climate change on the Company may only be experienced in the medium to longer term. |

| Source International GAAP Holdings Limited | | |
|---|---------------------------------------|---|
| Section | Area | Commentary |
| 4. Critical accounting judgements and key sources of estimation uncertainty 24. Investments 27. Contract assets 29. Finance lease receivables 31. Trade and other receivables | Impairment of financial assets | Climate-related events, such as floods and hurricanes, can affect the creditworthiness of borrowers due to business interruption, impacts on economic strength, asset values and unemployment. In addition, borrowers' ability to pay debts might be diminished if they are in industries that have fallen out of favour and are therefore depressed. The impact on receivables in entities operating in non-financial industries is likely to be less severe because the economic conditions are less likely to change during the collection period of the debtors. However, where a significant climate-related event has occurred, the effect of this event on trade receivables at balance sheet date should be assessed. |
| 18. Property, plant and equipment 19. Investment property 62. Financial Instruments | Assets measured on a fair value basis | Climate change risk may affect the measurement of fair value in respect of assets measured at fair value or tested for impairment on a fair value less costs of disposal basis. |
| 58. Retirement benefit plans | Impact on pension risks from climate | Pension trustees are required to consider all material financial risks, including the exposure of pension assets to climate change risk. Demographic assumptions and investment performance can vary significantly under different climate change scenarios, affecting the measurement of pension asset and liability balances at the balance sheet date. |
| 35. Deferred tax | Recoverability of deferred tax assets | Assumptions underlying the forecast of future taxable profits that supports the recoverability of deferred tax assets should be consistent with assumptions underlying other profit forecasts used in the preparation of the financial statements or disclosed in the narrative reports. |
| 4. Critical accounting judgements and key sources of estimation uncertainty 12. Income Tax 39. Provisions 55. Contingent liabilities | New levies or taxes | New levies or taxes may be introduced to encourage decarbonisation. Any levy liabilities should be recognised as the obligation is triggered under law (per IFRIC 21) and any income tax effects should be incorporated into normal IAS 12 accounting. Care should be taken when distinguishing between a levy and income tax and the application of IFRIC 21 or IAS 12 as this has proven to be a challenging area as new taxes/levies have been introduced in the past. |
| 17. Other intangible assets | Carbon trading schemes | There are currently different acceptable approaches to account for carbon trading schemes. The accounting policy applied by the entity should be disclosed if this is relevant for users to understand the financial statements. |
| 57. Share-based payments | Incentive schemes | Entities may introduce incentive schemes to incentivise management to decarbonise. Such schemes may either fall in the scope of IAS 19 or IFRS 2 depending on the nature of the awards. Decarbonisation targets should be treated as any other uncertainties or actuarial assumptions for IAS 19 benefits and should be treated as performance conditions for share-based payments under IFRS 2. |

**COVID-19**

Financial statement disclosures will need to convey the material effects of the COVID-19 pandemic. Entities must carefully consider their unique circumstances and risk exposures when analysing how the ongoing effect of the COVID-19 pandemic may affect their financial statements. The significance of the individual issues discussed will vary by geography, by industry and, by entity. The areas mentioned below are discussed further in our [IFRS in Focus 'Accounting considerations related to the Coronavirus 2019 Disease'](#).

| Section | Area | Commentary |
|---|--|---|
| <ul style="list-style-type: none"> Consolidated statement of profit or loss Consolidated statement of profit or loss and other comprehensive income | Statement of profit or loss | Caution should be used when excluding COVID-19-related items from operating profit. Many impacts of COVID-19 are part of the entity's normal activities and therefore part of the underlying business performance. They should therefore not be excluded from 'underlying' results in the statement of profit or loss and other comprehensive income. |
| <ul style="list-style-type: none"> Consolidated statement of profit or loss Consolidated statement of profit or loss and other comprehensive income | Alternative performance measures (APMs) | <ul style="list-style-type: none"> The introduction of new APMs or the adjustment of existing APMs should be carefully evaluated Caution should be used when excluding COVID-19-related items from operating profit. Many impacts of COVID-19 are part of the entity's normal activities and therefore part of the underlying business performance. They should therefore not be excluded from 'underlying' results in the statement of profit or loss and other comprehensive income It is also important to consider local regulators' guidance on APMs as it might contain explicit restrictions on COVID-19-related items |
| 3. Significant accounting policies | Going concern | Material uncertainties that cast a significant doubt on the entity's ability to continue as a going concern may arise from COVID-19-related events. IAS 1 requires that an entity discloses those material uncertainties in the financial statements. |
| 4. Critical accounting judgements and key sources of estimation uncertainty | Material judgements and estimates | Entities should provide as much context as possible as to how COVID-19 affects the assumptions and predictions they have used when estimating amounts recognised in the financial statements. |
| 4. Critical accounting judgements and key sources of estimation uncertainty 16. Goodwill 17. Other intangible assets 18. Property, plant and equipment 21. Associates 22. Joint ventures 25. Inventories 27. Contract assets 28. Contract costs | Impairment of non-financial assets <ul style="list-style-type: none"> Assets subject to the requirements of IAS 36 Valuation of inventories Costs to obtain or fulfil a revenue contract and up-front payments to customers | <ul style="list-style-type: none"> Entities will need to assess whether any impairment triggers have arisen from the ongoing impact of COVID-19 for assets that are covered by IAS 36. For assets other than goodwill which have been impaired in a prior period, entities will need to assess whether there has been a change in the estimates used to determine the recoverable amount of the assets since the last impairment loss was recognised which could lead to a reversal of impairment. The recoverable amount of assets will also likely be affected given the estimation uncertainty associated with COVID-19 Entities will need to consider the ongoing impact of the COVID-19 pandemic on the recoverability of inventory balances |

| Source International GAAP Holdings Limited | | |
|--|--|--|
| Section | Area | Commentary |
| 3. Significant accounting policies 4. Critical accounting judgements and key sources of estimation uncertainty 18. Property, plant and equipment 19. Investment property | Non-financial assets measured on a fair value basis | The COVID-19 pandemic may continue to affect fair value measurements. The fair value should reflect market participant views and market data at the measurement date under current market conditions. |
| 3. Significant accounting policies 4. Critical accounting judgements and key sources of estimation uncertainty 24. Investments 27. Contract assets 29. Finance lease receivables 31. Trade and other receivables 32. Borrowings 62. Financial Instruments | Financial Instruments <ul style="list-style-type: none"> • Allowance for expected credit losses (ECL) • Fair value measurements • Liquidity risk management • Classification of financial assets • Debt modifications • Changes in estimated cash flows • Hedge accounting • Financial vs non-financial assets and liabilities | <ul style="list-style-type: none"> • The COVID-19 pandemic may continue to affect fair value measurements. The fair value should reflect market participant views and market data at the measurement date under current market conditions • COVID-19 can continue to affect the ability of debtors to meet their obligations under trade receivables and loan relationships • Disruptions in production and reduced sales can have on-going implications on an entity's working capital and could lead to a breach of a debt covenant resulting in a liability becoming current • For classification of financial assets, an increase in frequency and value of sales of financial assets may result in the need to consider whether there has been a change in the entity's business model or whether a new business model has been initiated • Modifications of financial assets and liabilities may be more common due to the COVID-19 pandemic and can have an accounting impact. When a transaction has been designated as the hedged item in a cash flow hedge relationship the entity will need to consider whether the transaction is still a "highly probable forecasted transaction" • The significant disruption to supply and demand may result in net cash settlement of contracts to buy or sell commodities or other non-financial assets, which will bring those contracts in scope of IFRS 9 and may result in classification of the contracts as financial assets or liabilities • With regard to contract assets, COVID-19 may require an entity to update its amortisation approach to reflect any significant changes in the expected timing of the transfer of the related goods or services. It could also give rise to impairment loss on those items |

| Source International GAAP Holdings Limited | | |
|--|--|--|
| Section | Area | Commentary |
| 3. Significant accounting policies 4. Critical accounting judgements and key sources of estimation uncertainty 5. Revenue 27. Contract assets 28. Contract costs 60. Contract liabilities | Revenue from contracts with customers <ul style="list-style-type: none"> • Contract enforceability • Collectability • Contract modification • Variable consideration • Material right • Significant financing component • Implied performance obligations • Recognition of revenue | Entities should carefully assess whether their revenue recognition policies are affected by situations that are associated with the COVID-19 pandemic. |
| 13. Discontinued operations 39. Provisions | Restructuring plans | <ul style="list-style-type: none"> • In a difficult economic environment and facing difficulties in obtaining financing, an entity may be considering or implementing restructuring plans such as the sale or closure of part of its businesses or the downsizing (temporarily or permanently) of operations • If an entity disposes of or classifies as held for sale a component that meets the definition of a discontinued operation, the presentation and disclosure requirements of IFRS 5 apply • Entities may reduce their workforce through temporary employee layoffs or may be forced to consider subsequent restructuring actions as information becomes available on the long-term effects of the pandemic on an entity's operations |
| 39. Provisions | Onerous contracts provisions | Because of the continuing impacts of COVID-19, unavoidable costs of meeting the obligations under a contract may exceed the benefits expected to be received, resulting in an onerous contract. |
| 4. Critical accounting judgements and key sources of estimation uncertainty | Insurance recoveries | Entities that incur losses stemming from the COVID-19 pandemic may be entitled to insurance recoveries. |
| 3. Significant accounting policies 4. Critical accounting judgements and key sources of estimation uncertainty 30. Leases (Group as a lessee) 36. Lease liabilities | <ul style="list-style-type: none"> • Lease contracts • Impairments | Impairments to right-of use (ROU) assets could occur as a result of business closures, supply chain disruption, or other consequences of the pandemic that negatively affect the future cash flows expected to be derived from the use of the underlying asset. |

| Source International GAAP Holdings Limited | | |
|--|---|--|
| Section | Area | Commentary |
| 2. Adoption of new and revised Standards 3. Significant accounting policies 4. Critical accounting judgements and key sources of estimation uncertainty 30. Leases (Group as a lessee) 36. Lease liabilities | Amendment to IFRS 16 Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021 | With regard to rent concessions, the Board published amendments to IFRS 16 adding a practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. Entities applying the amendments are required to state that fact and whether or not they have used the expedient. |
| 3. Significant accounting policies 4. Critical accounting judgements and key sources of estimation uncertainty 20. Subsidiaries 21. Associates 22. Joint ventures | Consolidation | The continuing impacts of the COVID-19 pandemic may give rise to specific transactions or events that could change a reporting entity's governance rights over other legal entities and thereby affect accounting conclusions for consolidation. |
| 13. Discontinued operations 52. Disposal of subsidiary 53. Acquisition of subsidiaries | Acquisitions and disposals <ul style="list-style-type: none"> • Business combinations • Disposals | In the current circumstances, entities may seek to dispose of certain assets or group of assets as a means to raise funds. In those cases IFRS 5 may apply. |
| 58. Retirement benefit plans | Defined benefit plans | The significant economic uncertainty associated with the COVID-19 pandemic may continue to affect specific assumptions in the measurement of defined benefit obligations and plan assets. |
| 57. Share-based payments | Share-based payments | <ul style="list-style-type: none"> • Some businesses may cease operations or operate at reduced capacity as a result of the impacts of COVID-19, which could affect the probability that vesting conditions for share-based payments with performance conditions will be met • In addition, entities may decide to modify the terms or conditions of an equity-settled award, for example a change in the fair value-based measure, vesting conditions, or classification of the award |
| 3. Significant accounting policies 7. Profit for the year 59. Deferred income - government grant | Government assistance | In response to the COVID-19 pandemic, governments in many jurisdictions implemented legislation to help entities that are experiencing financial difficulty stemming from the pandemic. An entity should carefully assess whether the benefit received is a government grant or government assistance as this affects the accounting for or disclosure for the benefit. |

| Source | International GAAP Holdings Limited | |
|--------|-------------------------------------|--|
|--------|-------------------------------------|--|

| Section | Area | Commentary |
|--|--|---|
| <p>4. Critical accounting judgements and key sources of estimation uncertainty</p> <p>12. Income Tax</p> | Income tax | <ul style="list-style-type: none"> • Entities should consider how profitability, liquidity and impairment concerns that could result from the on-going impact of COVID-19 might affect their income tax accounting under IAS 12 • For deferred tax assets, when assessing whether sufficient probable future taxable profits will be available against which a deductible temporary difference can be utilised, entities should ensure the reasonableness of their business plan and its impact on future taxable profits and the consistency of assumptions compared to projections used in other financial statements estimates for elements that should be comparable (e.g. goodwill impairment) |
| <p>3. Significant accounting policies</p> <p>32. Borrowings</p> <p>62. Financial Instruments</p> | Breach of covenants | Economic downturn may increase the risk that entities breach financial covenants. This can affect the classification of a liability as current or non-current. In addition, the impending liquidity shortfall might affect an entity's ability to continue as a going concern. |
| <p>3. Significant accounting policies</p> <p>54. Notes to the cash flow statement</p> | Cash and cash equivalents | Entities may need to consider whether investments classified as cash equivalents continue to meet the requirement for such a classification as previously highly liquid investments might no longer meet that condition. Also, for an investment to qualify as a cash equivalent its value must not change significantly, which might no longer be the case given the uncertainties associated with the pandemic. |
| <p>3. Significant accounting policies</p> <p>32. Borrowings</p> | Capitalisation of borrowing costs | If the entity suspends activities related to the construction or production of a qualifying asset for an extended period, capitalisation of borrowing costs should also cease until such time as activities are resumed. |
| <p>3. Significant accounting policies</p> | Exchange rates | For practical reasons, it is common for entities that engage in a large number of foreign currency transactions to use a monthly or quarterly rate of exchange to measure those transactions in their accounting records and to disregard day-to-day fluctuations in exchange rates. Entities will need to evaluate if foreign currency transactions should be analysed into shorter periods (e.g. quarterly periods, months or weeks) with an average rate determined for each, or even a date-specific exchange rate. |
| <p>63. Events after the reporting period</p> | Events after the end of the reporting period | It may be challenging for an entity to determine if an event after the end of the reporting period is adjusting or non-adjusting in a global marketplace that is extremely volatile and in which major developments occur daily. |

Appendix 2 – Australian-specific disclosures



This appendix includes the various reports required under the Corporations Act, additional Australian Accounting Standards disclosures, ASX Listing Rules requirements and ACNC requirements.

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About these disclosures

We have designed these Australian specific illustrative disclosures to be used as a guide, in conjunction with the core model financial statements, to assist most for-profit and not-for-profit Tier 1 entities meet their general financial reporting requirements.

This section contains illustrative disclosures that are suitable for use as a **guide** only and will not be appropriate for use by all entities. Each entity should consider its respective circumstances and amend the disclosures as necessary.



The illustrative disclosures in this appendix only illustrate additional Australian specific disclosures and requirements that are in addition to, or instead of, the disclosures included in the core model financial statements.



Section A2 and in particular *Using the core model financial statements for Tier 1 entities in the introduction to the Core model financial statements* illustrates how a complete financial report can be constructed using the information in this appendix and the core model financial statements.

Not-for-profit and public sector entities

Illustrative disclosures and guidance specific to not-for-profit and public sector entities have been highlighted in this document by being shaded using teal colouring as illustrated here.

Appendix 4E

Source

Appendix 4E, Item 1

Appendix 4E, Item 1

Current reporting period

Year ended 31 December 2021

Prior corresponding period

Year ended 31 December 2020

Results for announcement to the market

Appendix 4E, Item 2,
Footnote

The information below required by Appendix 4E, Items 2.1-2.6 must be placed at the beginning of the report. The other information required by Appendix 4E may be presented in whatever way is the most clear and helpful to users, e.g. combined with the body of the report, combined with notes to the accounts, or set out separately.

Key information

| | | <u>% Change</u> | | <u>\$'000</u> |
|-----------------------|--|-----------------|-------|---------------|
| Appendix 4E, Item 2.1 | Total revenue from ordinary activities | [Up/down] | ___ % | to [Amount] |
| Appendix 4E, Item 2.2 | Profit (loss) from ordinary activities after tax attributable to members | [Up/down] | ___ % | to [Amount] |
| Appendix 4E, Item 2.3 | Net profit (loss) for the period attributable to members | [Up/down] | ___ % | to [Amount] |

Appendix 4E, Item 7

Details relating to dividends

| | | <u>Amount per share</u> | <u>Franking⁽¹⁾</u> | <u>Total amount \$'000</u> |
|-----------------------|--|-------------------------|-------------------------------|----------------------------|
| Appendix 4E, Item 2.4 | Final dividend paid on 8 April 2021 (prior year) | ___ cents | ___ % | [Amount] |
| Appendix 4E, Item 2.4 | Interim dividend paid on 6 October 2021 | ___ cents | ___ % | [Amount] |
| Appendix 4E, Item 2.4 | Final dividend declared on 21 February 2022 ⁽²⁾ | ___ cents | ___ % | [Amount] |

Appendix 4E, Item 2.5 Record date for determining entitlements to dividends 17 March 2022

Appendix 4E, Item 2.6 (1) All dividends are fully franked at a 30% tax rate.

Appendix 4E, Item 7 (2) The final dividend is payable on 7 April 2022 and is not recognised as a liability as at 31 December 2021.

Appendix 4E, Item 2.4 If no dividends have been paid or proposed, the entity is required to make a statement that it is not proposed to pay dividends.

Additional information

Appendix 4E, Item 2.6

An entity is required to provide a brief explanation of any figures provided in relation to Items 2.1 to 2.4 necessary to enable the figures to be understood.

For example, and entity may include information including:

- Abnormal items of income and expense during the period or corresponding period
- Details of discontinued operations
- Additional line items or subtotals explaining the composition of amounts.

Source

Results for announcement to the market (continued)**Additional requirements for dividends and distributions**

Appendix 4E, Item 7

Item 7 of Appendix 4E requires the disclosure of details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution.

Dividend or distribution reinvestment plans

Appendix 4E, Item 8

The entity is required to provide details of any dividend or distribution reinvestment plans in operation and the last date for receipt of an election notice for participation in any dividend or distribution reinvestment plan.

Commentary on results for the period

Appendix 4E, Item 14

The preliminary final report must contain a commentary on results for the period that is sufficient for the user to be able to compare the information presented with equivalent information for previous periods. The commentary must include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which would include but not be limited to discussion of:

- The earnings per security and the nature of any dilution aspects
- Returns to shareholders including distributions and buy-backs
- Significant features of operating performance
- The results of segments that are significant to an understanding of the business as a whole
- A discussion of trends in performance
- Any other factors which have affected the results in the period or which are likely to affect the results in the future including those where the effect could not be quantified.

Net tangible assets per share

Appendix 4E, Item 9

| | <u>31/12/2021</u> | <u>31/12/2020*</u> |
|-------------------------------|-------------------|--------------------|
| Net tangible assets per share | ___ cents | ___ cents |

* The information for 31 December 2021 has been restated for the *[describe the change in accounting policy or error]* as explained in Note 2 to the attached financial statements.

Calculation of net tangible assets per share

Appendix 4E does not provide explicit guidance on how net tangible assets are calculated, although that term is used in many places in the ASX Listing Rules in addition to Appendix 4E. The following information may be used as guidance:

- [Chapter 19](#) of the ASX Listing Rules provides a definition of 'net tangible asset backing' for the purposes of disclosure by listed investment entities under ASX Listing Rules 4.10.2 and 4.12
- The [ASX Clearance \(Futures\) Operating Rules](#) provides a definition of net tangible assets (in Part 1) for the purposes of those rules. This definition explains that both intangible assets (within the meaning of AASB 138 *Intangible Assets*, including goodwill) and deferred tax assets should be excluded from net tangible assets for the purposes of those rules
- The ASX [Introduction to Investment Products](#) publication explains that net tangible assets of listed investment companies and trusts is the assets of the entity less any liabilities and intangible assets.

It is understood that the ASX will accept a lease right-of-use asset being classified as tangible or intangible following the character of the underlying asset. So, for example, a lease right-of-use asset associated with a lease of plant and equipment would be classified as tangible for the purposes of the net tangible assets per share calculation.

Where judgement is applied in determining the net tangible assets per share, additional explanation may be required.

Source

Financial statements

The preliminary financial report must contain:

- Appendix 4E, Item 3 • A statement of comprehensive income together with notes to the statement, prepared in compliance with AASB 101 *Presentation of Financial Statements*, or the equivalent foreign accounting standard
- Appendix 4E, Item 4 • A statement of financial position together with notes to the statement. The statement may be condensed but must report as line items each significant class of asset, liabilities and equity element with appropriate subtotals
- Appendix 4E, Item 5 • A statement of cash flows together with notes to the statement. The statement may be condensed but must report as line items each significant form of cash flow and comply with the disclosure requirements of AASB 107 *Statement of Cash Flows*, or equivalent foreign accounting standard
- Appendix 4E, Item 6 • A statement of retained earnings, or a statement of changes in equity, showing movements.

Appendix 4E, Item 12 The preliminary financial report must also contain any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.

Appendix 4E, Item 2, Footnote With the exception of the information required by Appendix 4E, Item 2, the information required by Appendix 4E may be presented in whatever way is the most clear and helpful to users, e.g. combined with the body of the report, combined with notes to the accounts, or set out separately. Accordingly, where the financial report is included with the preliminary final report, the above information is not required to be duplicated in the report. If the entity does not include an attached financial report, then the financial statements should be included in the preliminary financial report.

Entities over which control has been gained or lost during the period

Appendix 4E, Item 10 Details provided must include the following:

- Name of the entity
- The date of the gain or loss of control
- Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.

Details of associates and joint ventures

Appendix 4E, Item 11 Details to be provided include:

- Name of the associate or joint venture
- Details of the reporting entity's percentage holding in each of these entities
- Where material to an understanding of the report – aggregated share of profits (losses) of these entities, details of contributions to net profit for each of these entities
- Comparative figures for each of these disclosures for the previous corresponding period.

Foreign entities

Appendix 4E, Item 13 Foreign entities are required to disclose which set of accounting standards is used in compiling the report (e.g. International Financial Reporting Standards).

Source

Information about the audit

| | |
|----------------------|---|
| Appendix 4E, Item 15 | This preliminary final report is based on the attached financial report which has been audited by the Group’s auditors, Deloitte Touche Tohmatsu. A copy of Deloitte’s unqualified audit report can be found on page 245. |
| Appendix 4E, Item 15 | The Appendix 4E is required to include a statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed. |
| Appendix 4E, Item 16 | If the accounts have not been audited and are likely to contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph. |
| Appendix 4E, Item 17 | If the accounts have been audited and contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph. |

Directors' report

Source

s.298(1) A company, registered scheme or disclosing entity must prepare a directors' report for each financial year

s.1308(7) Where the directors' report contains information in addition to that required by the Corporations Act, the information will be regarded as part of the directors' report for the purposes of s.1308 'False or misleading statements'.

Transfer of information from the directors' report into another document forming part of the annual report

s.300(2) Information required by s.300 need not be included in the directors' report where such information is disclosed in the financial statements.

ASIC-CI 2016/188 Information required by s.298(1AA)(c), s.298(1AB)(b), s.299 to s.300 (other than s.300(11B) and (11C) and s.300B to the extent that those sections require certain information to be included in the directors' report or in the financial statements under s.300(2)) may be included in a document which accompanies the directors' report and financial statements where a prominent cross reference to the page/s containing the excluded information exists and certain conditions are satisfied. The information required by s.298(1)(c)1, s.298(1A), s.299 and s.299A may not be transferred into the financial statements.

Where information is transferred into the financial statements it will be subject to audit.

The directors of International GAAP Holdings Limited submit herewith the annual report of the company for the financial year ended 31 December 2021. To comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Information about the directors

s.300(1)(c), s.300(10)(a) The names and particulars of the directors of the company during or since the end of the financial year are:

| Name [all entities] | Particulars [public companies only] |
|----------------------------|---|
| Mr C.J. Chambers | Chairman, Chartered Accountant, joined the Board in 2015 in a non-executive capacity and is a non-executive director of the ultimate holding company, Y Holdings Limited. Mr C.J. Chambers is also a director of Eastwood Limited. He is a member of the audit committee and the risk management committee. |
| Mr P.H. Taylor | Chief Executive Officer, joined the Board in 2017. Mr P.H. Taylor was previously the CEO at a large manufacturing company. |
| Ms F.R. Ridley | Chartered Accountant, joined the Board in 2018 in a non-executive capacity. Ms F.R. Ridley is a member of the nomination and remuneration committee, and of the audit committee. |
| Mr A.K. Black | Industrial Engineer, joined the Board on 20 January 2021. He previously held various senior management positions in manufacturing and wholesale companies. |

Source

Name [all entities]**Particulars [public companies only]**

Mr B.M. Stavrinidis

Director of Merchant Bank Limited, joined the Board in 2016 in a non-executive capacity. Mr B.M. Stavrinidis is a member of the nomination and remuneration committee, the audit committee, and the risk management committee.

Mr W.K. Flinders

Practicing Solicitor, joined the Board in 2013 in a non-executive capacity and resigned during the year. Mr W.K. Flinders was a member of the nomination and remuneration committee until his resignation.

Ms S.M. Saunders

Practicing Solicitor, joined the Board on 3 February 2021 in a non-executive capacity and resigned after year end. Ms S.M. Saunders was a member of the nomination and remuneration committee and the risk management committee until her resignation.

s.300(1)(c)

The above named directors held office during the whole of the financial year and since the end of the financial year except for:

- Mr W.K. Flinders – resigned 20 January 2021
- Ms S.M. Saunders – appointed 3 February 2021, resigned 14 January 2022
- Mr A.K. Black – appointed 20 January 2021

s.300(10)(a)

Particulars include each director's qualifications, experience and special responsibilities.

s.300(10)

A public company that is a wholly-owned subsidiary of another company is not required to disclose each director's qualifications, experience and special responsibilities, the number of meetings of the board of directors and each board committee, or the qualifications and experience of each company secretary.

Directorships of other listed companies [listed companies only]

s.300(11)(e)

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

| Name | Company | Period of directorship |
|------------------|------------------|------------------------|
| Mr C.J. Chambers | Eastwood Limited | Since 2017 |
| | Yarwood Limited | 2018 – 2021 |

Former partners of the audit firm

s.300(1)(ca)

The directors' report must disclose the name of each person who:

- Is an officer of the company, registered scheme or disclosing entity at any time during the year
- Was a partner in an audit firm, or a director of an audit company, that is an auditor of the company, disclosing entity or registered scheme for the year
- Was such a partner or director at a time when the audit firm or the audit company undertook an audit of the company, disclosing entity or registered scheme.

Directors' shareholdings [listed companies only]

s.300(11)(a), (b), (c)

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report:

| Directors | International GAAP Holdings Limited | | |
|---------------|-------------------------------------|----------------------|--------------------------|
| | Fully paid ordinary shares Number | Share options Number | Convertible notes Number |
| C.J. Chambers | | | |
| P.H. Taylor | | | |
| A.K. Black | | | |

Source

| | |
|--------------|---|
| s.608 | Directors are considered to have a relevant interest where the director: <ul style="list-style-type: none"> • Is the holder of the securities • Has power to exercise, or control the exercise of, a right to vote attached to the securities, or • Has power to dispose of, or control the exercise of a power to dispose of, the securities. |
| s.608 | It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power. |
| s.608, s.609 | Refer s.608 and s.609 of the Corporations Act for more information about when a person has a relevant interest in a security. Although s.300(11)(a)-(c) only requires relevant interests in shares, debentures, and rights or options in shares or debentures to be disclosed, where considered necessary (i.e. to satisfy the information needs of the likely users of the annual report), directors may consider disclosing interests in other equity instruments. |
| s.300(11)(d) | For each director who is party to or entitled to a benefit under a contract that confers a right to call for or deliver shares in, or debentures of or interests in a registered scheme made available by the company or a related body corporate, disclosure should be made of such contracts. |

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report section of this directors' report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity (i.e. group), directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

Share options granted to directors and senior management

| | |
|---------------------------------|--|
| s.300(1)(d) | The directors' report should include details of options that are: <ul style="list-style-type: none"> • Granted over unissued shares or unissued interests during or since the end of the financial year • Granted to any of the directors or any of the 5 most highly remunerated officers of the company (other than the directors) • Granted to them as part of their remuneration. |
| s.300(3) | The disclosures required by s.300(1)(d) cover: <ul style="list-style-type: none"> • Options over unissued shares and interests of the company, registered scheme or disclosing entity • If consolidated financial statements are required – options over unissued shares and interests of any controlled entity that is a company, registered scheme or disclosing entity. |
| s.300(5) | The details of an option granted during or since the end of the financial year should include: <ul style="list-style-type: none"> • The identity of the company, registered scheme or disclosing entity granting the option • The name of the person to whom the option is granted • The number and class of shares or interests over which the option is granted. |
| s.300(1)(d), s.300(3), s.300(5) | During and since the end of the financial year, an aggregate 140,870 share options were granted to the following directors and to the five highest remunerated officers of the company and its controlled entities as part of their remuneration ²⁷ : |

²⁷ While s.300A(1)(a) has been amended to remove remuneration disclosures for the five highest remunerated officers in the remuneration report section of the directors' report, disclosure of options granted to such officers as part of their remuneration continues to be required in the general directors' report section in accordance with s.300(1)(d).

Source

| Directors and senior management | Number of options granted | Issuing entity | Number of ordinary shares under option |
|---------------------------------|---------------------------|-------------------------------------|--|
| P.H. Taylor | | International GAAP Holdings Limited | |
| T.L. Smith | | International GAAP Holdings Limited | |
| W.L. Lee | | International GAAP Holdings Limited | |
| L.J. Jackson | | International GAAP Holdings Limited | |
| C.P. Daniels | | International GAAP Holdings Limited | |
| N.W. Wright | | International GAAP Holdings Limited | |

Company secretary [public companies only]

s.300(10)(d) Mr A.B. Grey, Chartered Accountant, held the position of company secretary of International GAAP Holdings Limited at the end of the financial year. He joined International GAAP Holdings Limited in 2017 and previously held the company secretary position at a large manufacturing company. He is a member of the Chartered Institute of Company Secretaries in Australia.

s.300(10) Disclosure of the company secretary's qualifications and experience is not required for a public company which is a wholly-owned controlled entity of another company.

Principal activities

s.299(1)(c), AASB 101:138(b) The consolidated entity's principal activities in the course of the financial year were the manufacture of electronic equipment and leisure goods, and the construction and renovation of residential properties.

During the financial year the consolidated entity sold its *[describe]* business. Details of the sale are contained in note 13 and note 52 to the financial statements. During the year the board of directors decided to dispose of the *[describe]* business. Details of the planned disposal are contained in note 13 to the financial statements.

Review of operations

s.299(1)(a), ASX-LR 4.10.17 The directors' report must contain a review of the consolidated entity's operations during the financial year and the results of those operations. The Corporations Act contains additional general requirements for listed public companies.

Additional requirements for listed companies, listed registered schemes and listed disclosing entities

s.299A(1), (2) The directors' report for a company, registered scheme or disclosing entity that is listed must also contain information that members of the listed entity would reasonably require to make an informed assessment of:

- The operations of the consolidated entity
- The financial position of the consolidated entity
- The business strategies, and prospects for future financial years, of the consolidated entity.

s.299A(3) The directors' report may omit material that would otherwise be included under s.299A(1)(c) concerning the consolidated entity's business strategies and prospects for future financial years, if it is likely to result in unreasonable prejudice to the consolidated entity or any entity (including the company, registered scheme or disclosing entity) that is part of the consolidated entity. If material is omitted, the report must say so.

Source

ASIC-RG 247

ASIC Regulatory Guide 247 *Effective disclosure in an operating and financial review*

In preparing this disclosure, entities may wish to refer to ASIC Regulatory Guide 247 *Effective disclosure in an operating and financial review* (RG 247, available at www.asic.gov.au) as it is designed to provide guidance on preparing an operating and financial review (OFR) in the directors' report of a listed entity under s.299A of the Corporations Act.

Preparing an operating and financial review

An OFR should:

- Contain information about an entity's operations and financial position, discuss the impact of relevant events throughout the reporting period and provide an overview of business strategies and prospects
- Present a narrative and analysis about the entity's results and financial position
- Contain information that shareholders would reasonably require to make an informed assessment of the entity's operations, financial position and business strategies and prospects for future financial years.

Operations and financial position

Information about an entity's operations involves an explanation of the underlying drivers of its results, and of key developments in the reporting period. In this regard, RG 247 outlines that the OFR should:

- Explain the underlying drivers of its results and key developments in the reporting period, and discuss significant factors affecting the entity's results
- Explain the entity's business model and its effect on the entity's operations
- Discuss the results of the key operating segments and major components of the overall result
- Often involve a consideration of the underlying drivers of, and reasons for, the financial position of the entity, and include discussion of exposures not recognised in the financial statements
- Consider ASIC's guidance in RG 230 *Disclosing non-IFRS financial information* (see page 221).

Business strategies and prospects for future financial years

Information on business strategies and prospects for future financial years should focus on what may affect the future financial performance and position of the entity. RG 247 outlines that the OFR should describe:

- The overall business strategies relevant to the entity's future financial position and performance
- The entity's prospects in terms of future financial performance and financial outcomes
- The material business risks that could adversely affect the achievement of the financial performance or financial outcomes described.

If an entity intends to rely on the unreasonable prejudice exemption in s.299A(3) to omit information, the basis for relying on the exemption needs to be carefully evaluated and established.

Presenting the narrative and analysis

Directors and preparers of an OFR should present the narrative and analysis in a way that maximises its usefulness to shareholders. RG 247 notes that a matter of good practice, an OFR should present information in a single section and in a manner that is:

- Complimentary to and consistent with the annual financial report
- Balanced and unambiguous
- Clear, concise and effective.

Source

ASX-GN 10

ASX Guidance Note 10 *Review of Operations and Activities: Listing Rule 4.10.17* and G100's *Guide to Review of Operations and Financial Condition*

In addition, entities may wish to refer to ASX Guidance Note 10 *Review of Operations and Activities: Listing Rule 4.10.17* and to the G100's *Guide to Review of Operations and Financial Condition* reproduced as an attachment to Guidance Note 10 (available at www.asx.com.au), providing guidance on the form and content of the consolidated entity's review of operations and the results of those operations, including specific guidance on items which might be appropriately included in such a review.

It is recommended that the review should provide users, being shareholders, prospective investors and other interested stakeholders, an understanding of the consolidated entity by providing short and long-term analysis of the business as seen through the eyes of the directors. As such, the review should aim to meet the information needs of users of financial reports relating to the current reporting period and provide them with a basis for forming a view as to likely future performance in the context of the strategies of the consolidated entity for achieving long-term value creation and known trends in performance. This requires that the review contain a discussion of the operations of the period, including an explanation of unusual or infrequent events and transactions, and an analysis of the opportunities and risks facing the consolidated entity, together with the planned approach to managing those opportunities and risks. Given this context, preparers of annual reports are encouraged to provide:

- An overview of the consolidated entity and its strategy
- A review of operations, considering both short and longer-term value creation in the context of the consolidated entity's strategy
- Information on investments made to enhance future value creating potential
- A review of the consolidated entity's financial condition
- An overview of risk management and governance practices.

This is aimed at anchoring the review in a strategic context of how the consolidated entity is aiming to enhance shareholder value, both in the short and long-term. This includes discussion of both financial and non-financial elements of performance, including analysis using relevant financial and non-financial key performance indicators. The latter may include sustainability related indicators. The recommended contents of the review include:

- Consolidated entity overview and strategy:
 - Explaining the objectives of the consolidated entity and how they are to be achieved
 - Including a discussion and analysis of key financial and non-financial performance indicators used by management in their assessment of the consolidated entity and its performance (including relevant sustainability performance indicators)
 - Discussing the main factors and influences that may have a major effect on future results (including potential longer-term effects), whether or not they were significant in the period under review. This may include discussion of market opportunities and risks; competitive advantage; changes in market share or position; economic factors; key customer and other relationships; employee skills and training; environmental, occupational health and safety aspects; significant legal issues; and innovation and technological developments
- Review of operations:
 - Discussing the main activities of the consolidated entity, including significant features of operating performance for the period under review. It should cover all aspects of operations, focusing on the consolidated entity as a whole 'through the eyes of the directors'. It should not be boilerplate, and should cover significant aspects of the consolidated entity's performance in the period, financial and non-financial. Consideration should be given to unusual or infrequent events or transactions, including material acquisitions or disposals, major sources of revenues and expenses, and changes in factors which affect the results to enable users to assess the significance of the ongoing and core activities of the consolidated entity to identify the sustainability of performance over the longer-term

Source

- Providing the overall return attributable to shareholders in terms of dividends and increases in shareholders' funds, including a commentary on the comparison between the results of the financial year and dividends, both in total and in per share terms, and indicating the directors' overall distribution policy
- Providing information on investments made for future performance, including capital expenditure and other expenditure enhancing future performance potential. This may include marketing and advertising spend to enhance brand loyalty and reputation; staff training and development programmes; quality improvement and health and safety programs; customer relationship management; and expansion of production capacity
- Review of financial conditions:
 - Capital structure of the consolidated entity including capital funding and treasury policies and objectives
 - Cash from operations and other sources of capital
 - Discussion of the liquidity and funding at the end of the period under review, including restrictions on funds transfer, covenants entered into and the maturity profile of borrowings
 - Discussing the resources available to the consolidated entity not reflected in the statement of financial position, for example mineral reserves, key intellectual property (e.g. databases or specific entity competences); market-position; employee competences or resources/skills and their role in creating longer-term value
 - Impact of legislation and other external requirements having a material effect on the financial condition in the reporting period or expected to have a material effect on the financial condition in future periods
- Risk management and corporate governance practices, including management of both financial and non-financial risks.

Non-IFRS financial information

ASIC-RG 230

If the directors consider it appropriate to include non-IFRS financial information in the OFR, the directors' report or another document in the annual report, the guidelines in Section D of ASIC Regulatory Guide 230 *Disclosing non-IFRS financial information* (available at www.asic.gov.au) should be followed to assist in reducing the risk of non-IFRS financial information being misleading²⁸.

Important considerations include that:

- IFRS financial information should be given equal or greater prominence compared to non IFRS financial information, in particular IFRS profit
- Non-IFRS information should:
 - Be explained and reconciled to IFRS financial information
 - Be calculated consistently from period to period
 - Be unbiased and not used to remove 'bad news'.

Entities should refer to the complete document when preparing their reports as it provides detailed guidance for presenting non-IFRS financial information.

A clear statement should be made about whether or not the non-IFRS financial information has been audited or reviewed in accordance with Australian Auditing Standards.

²⁸ Non-IFRS financial information is financial information presented other than in accordance with all relevant Australian Accounting Standards.

Source

Changes in state of affairs

s.299(1)(b) During the financial year, the consolidated entity disposed of its toy business. The consolidated entity is also seeking to dispose of its bicycle business, to focus its operations towards the manufacture and distribution of electronic equipment and leisure goods as proposed and agreed at the company's last Annual General Meeting. Other than the above, there was no significant change in the state of affairs of the consolidated entity during the financial year.

Subsequent events

s.299(1)(d) On 4 January 2022, the premises of Subfive Limited were seriously damaged by fire. Insurance claims are in process, but the cost of refurbishment is currently expected to exceed the amount that will be reimbursed by \$__ million.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future developments

s.299(1)(e), s.299(3) Directors must bring likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations to the attention of the users of the annual report. These disclosures are not required where they would result in unreasonable prejudice to the entity.

s.299A(1)(c), (2) The directors' report for a company, registered scheme or disclosing entity that is listed must also contain information that members of the listed entity would reasonably require to make an informed assessment of the consolidated entity's prospects for future financial years.

Use of the 'unreasonable prejudice' exemption

In determining whether any information should be omitted in the case of 'unreasonable prejudice', RG 247 suggest that:

- Unreasonable prejudice means the consequence would be unreasonable if, for example, disclosing the information is likely to give third parties (such as competitors, suppliers and buyers) a commercial advantage, resulting in a material disadvantage to the entity
- Likely means 'more than a possibility' or 'more probable than not'.

Even where the exemption is relied upon it is still expected that some information should be able to be disclosed about an entities business strategies and prospects.

Environmental regulations

s.299(1)(f) If the consolidated entity's operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory, the directors' report should disclose details of the consolidated entity's performance in relation to the environmental regulation.

ASIC-RG 68.74 ASIC has provided the following guidance on completing environmental regulations disclosures:

- Prima facie, the requirements would normally apply where an entity is licensed or otherwise subject to conditions for the purposes of environmental legislation or regulation
- The requirements are not related specifically to financial disclosures (e.g. contingent liabilities and capital commitments) but relate to performance in relation to environmental regulation. Hence, accounting concepts of materiality in financial statements are not applicable
- The information provided in the directors' report cannot be reduced or eliminated because information has been provided to a regulatory authority for the purposes of any environmental legislation

Source

- The information provided in the director's report would normally be more general and less technical than information which an entity is required to provide in any compliance reports to an environmental regulator.

Dividends

- s.300(1)(a) For the financial year ended 31 December 2020, as detailed in the directors' report for that financial year, a final dividend of ___ cents per share franked to ___% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 8 April 2021.
- s.300(1)(a) For the financial year ended 31 December 2021, an interim dividend of ___ cents per share franked to ___% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 6 October 2021.
- s.300(1)(a) For the financial year ended 31 December 2021, a dividend of ___ cents per share franked to ___% at 30% corporate income tax rate was paid to the holders of convertible non-participating preference shares on *[insert date]*.
- s.300(1)(a) For the financial year ended 31 December 2021, an interim dividend of ___ cents per share franked to ___% at 30% corporate income tax rate was paid to the holders of redeemable cumulative preference shares on *[insert date]*.
- s.300(1)(b) For the financial year ended 31 December 2021, the directors recommend the payment of a final dividend of ___ cents per share franked to ___% at 30% corporate income tax rate on 7 April 2022 to the holders of fully paid ordinary shares on 17 March 2022.

Where no dividends have been paid or declared since the start of the financial year, and/or the directors do not recommend the payment of a dividend in respect of the financial year, the directors' report should disclose that fact.

- AASB110.13 If dividends are declared (i.e. the dividends are appropriately authorised and no longer at the discretion of the entity) after the reporting date but before the financial statements are authorised for issue, the dividends are not recognized as a liability at the reporting date because no obligations exist at that time. Such dividends are disclosed in the notes to the financial statements in accordance with AASB 101 *Presentation of Financial Statements*.

Shares under option or issued on exercise of options

The directors' report should include details of:

- s.300(1)(f)
 - Shares or interests issued during or since the end of the financial year as a result of the exercise of an option over unissued shares or interests
- s.300(1)(e)
 - Unissued shares or interests under option as at the date of the directors' report.

- s.300(3) The disclosures required by s.300(1)(e) and s.300(1)(f) cover:

- Options over unissued shares and interests of the company, registered scheme or disclosing entity
- If consolidated financial statements are required – options over unissued shares and interests of any controlled entity that is a company, registered scheme or disclosing entity.

- s.300(6) The details of unissued shares or interests under option should include:

- The company, registered scheme or disclosing entity that will issue shares or interests when the options are exercised
- The number and classes of those shares or interests
- The issue price, or the method of determining the issue price, of those shares or interests
- The expiry date of the options
- Any rights that option holders have under the options to participate in any share issue or interest issue of the company, registered scheme or disclosing entity or of any other body corporate or registered scheme.

Source

s.300(7)

The details of shares and interests issued as a result of the exercise of any option should include:

- The company, registered scheme or disclosing entity issuing the shares or interests
- The number of shares or interests issued
- If the company, registered scheme or disclosing entity has different classes of shares or interests, the class to which each of those shares or interests belongs
- The amount unpaid on each of those shares or interests
- The amount paid, or agreed to be considered as paid, on each of those shares or interests.

s.300(1)(e), s.300(3), s.300(6)

Details of unissued shares or interests under option as at the date of this report are:

| Issuing entity | Number of shares under option | Class of shares | Exercise price of option | Expiry date of options |
|-------------------------------------|--------------------------------------|------------------------|---------------------------------|-------------------------------|
| International GAAP Holdings Limited | [number] | Ordinary | \$ ___ | [insert date] |
| International GAAP Holdings Limited | [number] | Ordinary | \$ ___ | [insert date] |

^(a) These share options can only be exercised once the share price of International GAAP Holdings Limited exceeds \$4.00.

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the company or of any other body corporate or registered scheme.

s.300(1)(f), s.300(3), s.300(7)

Details of shares or interests issued during or since the end of the financial year as a result of exercise of an option are:

| Issuing entity | Number of shares issued | | Amount paid for shares | Amount unpaid on shares |
|-------------------------------------|--------------------------------|------------------------|-------------------------------|--------------------------------|
| | | Class of shares | | |
| International GAAP Holdings Limited | [Number] | Ordinary | \$ ___ | \$nil |

Indemnification of officers and auditors

s.300(1)(g), s.300(8), s.300(9)

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Mr A.B. Grey, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Where the company has not indemnified or agreed to indemnify an officer or auditor against a liability incurred, or paid an insurance premium in respect of a contract insuring against a liability incurred by an officer or auditor, the following disclosure is encouraged:

'During or since the end of the financial year the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.'

Source

s.300(10)(b), (c)

Directors' meetings [public companies only]

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 12 board meetings, 2 nomination and remuneration committee meetings, 4 audit committee meetings and 4 risk management committee meetings were held.

| Directors | Board of directors | | Nomination & remuneration committee | | Audit committee | | Risk management committee | |
|------------------|--------------------|----------|-------------------------------------|----------|-----------------|----------|---------------------------|----------|
| | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| | C.J. Chambers | 12 | 12 | - | - | 4 | 4 | 4 |
| P.H. Taylor | 12 | 10 | - | - | - | - | - | - |
| F.R. Ridley | 12 | 11 | 2 | 2 | 4 | 4 | - | - |
| A.K. Black | - | - | - | - | - | - | - | - |
| B.M. Stavrinidis | 12 | 12 | 2 | 2 | 4 | 4 | 4 | 4 |
| W.K. Flinders | 1 | 1 | 1 | 1 | - | - | - | - |
| S.M. Saunders | 10 | 9 | 1 | 1 | - | - | 4 | 4 |

s.300(10)

Disclosure of directors' meetings is not required for a public company which is a wholly-owned controlled entity of another company.

Registered schemes [registered schemes only]

s.300(12)

The directors' report for a listed registered scheme should disclose the following details for each director of the company that is the responsible entity for the scheme:

- Their relevant interests in the scheme
- Their rights or options over interests in the scheme
- Contracts to which the director is a party or under which the director is entitled to a benefit and that confer a right to call for or deliver interests in the scheme.

s.300(13)

The directors' report for a registered scheme (whether listed or unlisted) should disclose details of:

- The fees paid to the responsible entity and its associates out of scheme property during the financial year
- The number of interests in the scheme held by the responsible entity or its associates as at the end of the financial year
- Interests in the scheme issued during the financial year
- Withdrawals from the scheme during the financial year
- The value of the scheme's assets as at the end of the financial year, and the basis for the valuation
- The number of interests in the scheme as at the end of the financial year.

Proceedings on behalf of the company

s.300(14)

The directors' report should disclose, with respect to persons applying for leave under s.237 to bring, or intervene in, proceedings on behalf of the company, the applicant's name and a statement whether leave was granted.

s.300(15)

Where leave is granted under s.237, the directors' report should disclose the following details of any proceedings that a person has brought, or intervened in, on behalf of the company:

- The person's name
- The names of the parties to the proceedings
- Sufficient information to enable members to understand the nature and status of the proceedings (including the cause of action and any orders made by the court).

Source

Non-audit services [listed companies only]

- s.300(2A), s.300(11B)(a) Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 67 to the financial statements.
- s.300(11B)(b) The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act.
- s.300(11B)(c) The directors are of the opinion that the services as disclosed in note 64A to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons²⁹:
- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor
 - None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.
- s.300(11D) The statements under s.300(11B)(b) and (c) must be made in accordance with:
- Advice provided by the listed company's audit committee if the company has an audit committee, or
 - A resolution of the directors of the listed company if the company does not have an audit committee.
- s.300(11E) A statement is taken to be made in accordance with advice provided by the company's audit committee only if:
- The statement is consistent with that advice and does not contain any material omission of material included in that advice
 - The advice is endorsed by a resolution passed by the members of the audit committee
 - The advice is written advice signed by a member of the audit committee on behalf of the audit committee and given to the directors.
- Auditor's independence declaration**
- s.298(1AA), (c) The auditor's independence declaration is included after this report on page 243.
- Extension of audit rotation period [listed companies only]**
- s.300(11AA) Where, in accordance with s.324DAA, the directors of the company by resolution grant an approval for an individual to play a significant role in the audit of a listed company by extending the audit involvement period from the normal five successive financial years to six or seven successive financial years, the report must include details of and the reasons for the approval.
- s.300(11A) Where, in accordance with s.342A, ASIC has made a declaration to enable an individual who is a registered company auditor to continue to play a significant role (as defined in s.9 of the Corporations Act) in the audit of a listed company (by extending the audit involvement period from the normal five successive financial years to six or seven successive financial years), the directors' report must include details of the declaration.

²⁹ Note 64A is included in this guide on page 229

Source

s.298(1A)

True and fair view

If the financial statements for a financial year include additional information under s.295(3)(c) to give a true and fair view of financial position and performance, the directors' report for the financial year must also:

- Set out the directors' reasons for forming the opinion that the inclusion of that additional information was necessary to give a true and fair view required by s.297
- Specify where that additional information can be found in the financial statements.

Rounding off of amounts

If the company is of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and consequently the amounts in the directors' report and the financial statements are rounded, that fact must be disclosed in the financial statements or the directors' report.

Where the conditions of the Corporations Instrument are met, entities may round to the nearest dollar, nearest thousand dollars, nearest hundred thousand dollars, or to the nearest million dollars, depending upon the total assets of the entity. The appropriate rounding should be included in the disclosure below:

ASIC-CI 2016/191

The company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest [*dollar/thousand dollars / hundred thousand dollars/ million dollars*], unless otherwise indicated.

ASIC-CI 2016/191

Where the Corporations Instrument is applied, certain amounts in the financial report are required to be rounded to differing levels of precision. It is important to ensure these amounts are shown using the correct level of precision and column headings and narrative information uses the correct level of rounding as required by the Corporations Instrument.

Source

s.300A(1), (1A), (2)

Remuneration report [all listed disclosing entities that are companies]

This model remuneration report is suitable for use as a guide only and will not be appropriate for use by all companies required to prepare a remuneration report. Each company shall consider its respective circumstances and amend the disclosures as necessary.

Defined termss.9,
AASB 124:9

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

s.9

Closely related party of a member of the key management personnel for an entity is defined to include:

- A spouse or child of the member
- A child of the member's spouse
- A dependant of the member or of the member's spouse
- Anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity
- A company the member controls
- A person prescribed by the regulations for the purposes of this paragraph.

s.206K(2)(b)

A remuneration committee is a committee of the board of directors of the company that has functions relating to the remuneration of key management personnel for the company.

s.9

Remuneration consultant means a person:

- Who makes a remuneration recommendation under a contract for services with the company to whose key management personnel the recommendation relates
- Who is not an officer or employee of the company.

s.9B(1)-(4)

1. A remuneration recommendation is:
 - a. A recommendation about either or both of the following:
 - (i) How much the remuneration should be
 - (ii) What elements the remuneration should have for one or more members of the key management personnel for a company, or
 - b. A recommendation or advice about a matter or of a kind prescribed by the regulations.
2. None of the following is a remuneration recommendation (even if it would otherwise be covered by s.9B(1) above):
 - a. Advice about the operation of the law (including tax law)
 - b. Advice about the operation of accounting principles (for example, about how options should be valued)
 - c. Advice about the operation of actuarial principles and practice
 - d. The provision of facts
 - e. The provision of information of a general nature relevant to all employees of the company
 - f. A recommendation, or advice or information, of a kind prescribed by the regulations. (Regulation 1.2.01 of the of the Corporations Regulations 2001 prescribes that for s.9B(2)(f), a recommendation, or advice or information, provided in relation to one or more members of the key management personnel for a company by an employee of a company within the same consolidated entity, is not a remuneration recommendation).
3. s.9B(2) does not limit the things that are not remuneration recommendations, nor does it mean that something specified in that subsection would otherwise be a remuneration recommendation within the meaning of s.9B(1)
4. ASIC may by writing declare that s.9B(1) above does not apply to a specified recommendation or specified advice, but may do so only if ASIC is satisfied that it would be unreasonable in the circumstances for the advice or recommendation to be a remuneration recommendation. The declaration has effect accordingly. The declaration is not a legislative instrument.

Source

s.300A(1)(c),
Reg2M.3.03

Prescribed details in relation to remuneration

The prescribed details in relation to remuneration referred to in s.300A(1)(c) are detailed in Regulation 2M.3.03 of the Corporations Regulations. The prescribed details must be provided in respect of the following persons:

- If consolidated financial statements are required – each member of the key management personnel for the consolidated entity, or
- If consolidated financial statements are not required – each member of the key management personnel for the company.

s.300A(1)(d), (1)(e)

Note, s.300A(1)(d) and s.300A(1)(e) specify further remuneration details that must be made in the remuneration report in respect of the persons noted above.

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of International GAAP Holdings Limited's key management personnel for the financial year ended 31 December 2021. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below under the following headings:

- Key management personnel
- Remuneration policy
- Relationship between the remuneration policy and company performance
- Remuneration of key management personnel
- Key terms of employment contracts.

Key management personnel

Reg2M.3.03 (1)
(Item 1-5)

The directors and other key management personnel of the consolidated entity during or since the end of the financial year were:

Non-executive directors

C.J. Chambers
F.R. Ridley
A.K. Black (appointed 20 January 2021)
B.M. Stavrinidis
W.K. Flinders (resigned 3 February 2021)
S.M. Saunders (appointed 3 February 2021,
resigned 14 January 2022)

Position

Chairman, Non-executive director
Non-executive director
Non-executive director
Non-executive director
Non-executive director
Non-executive director

Executive officers

P.H. Taylor
W.L. Lee
L.J. Jackson
C.P. Daniels (resigned 20 January 2021)
N.W. Wright (resigned 17 June 2021)
T.L. Smith (appointed 15 January 2021)

Position

Executive Director, Chief Executive Officer
Chief Financial Officer
Chief Marketing Officer
Chief Operations Officer
General Manager – *[describe]*
General Manager – *[describe]*

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Remuneration policy

s.300A(1)(a)

The directors' report for a financial year for a company must include (in a separate and clearly identified section of the report) discussion of board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of the key management personnel for:

- (a) The company, if consolidated financial statements are not required, or

Source

(b) The consolidated entity, if consolidated financial statements are required.

The report must also include:

s.300A(1)(f)

- Such other matters related to the policy or policies referred to in s.300A(1)(a) above as are prescribed by the regulations, and

s.300A(1)(g)

- If:
 - At the company's most recent AGM, comments were made on the remuneration report that was considered at that AGM, and
 - When a resolution that the remuneration report for the last financial year be adopted was put to the vote at the company's most recent AGM, at least 25% of the votes cast were against adoption of that report,

an explanation of the board's proposed action in response or, if the board does not propose any action, the board's reasons for inaction

s.300A(1)(h)

- If a remuneration consultant made a remuneration recommendation in relation to any of the key management personnel for the company or, if consolidated financial statements are required, for the consolidated entity, for the financial year:
 - The name of the consultant
 - A statement that the consultant made such a recommendation
 - If the consultant provided any other kind of advice to the company or entity for the financial year – a statement that the consultant provided that other kind or those other kinds of advice
 - The amount and nature of the consideration payable for the remuneration recommendation
 - The amount and nature of the consideration payable for any other kind of advice referred to in subparagraph (iii)
 - Information about the arrangements the company made to ensure that the making of the remuneration recommendation would be free from undue influence by the member or members of the key management personnel to whom the recommendation relates
 - A statement about whether the board is satisfied that the remuneration recommendation was made free from undue influence by the member or members of the key management personnel to whom the recommendation relates
 - If the board is satisfied that the remuneration recommendation was made free from undue influence by the member or members of the key management personnel to whom the recommendation relates – the board's reasons for being satisfied of this.

Relationship between the remuneration policy and company performance

Extent (or otherwise) of remuneration being dependent on satisfaction of a performance condition

A disclosing entity that is a company must disclose:

s.300A(1)(e)(i)

- An explanation of the relative proportions of those elements of the remuneration of a member of key management personnel for the company, or if consolidated financial statements are required, for the consolidated entity, that are related to performance and those elements of the person's remuneration that are not

s.300A(1)(d)

- If an element of the remuneration of a member of key management personnel for the company, or if consolidated financial statements are required, for the consolidated entity consists of securities of a body and that element is not dependent on the satisfaction of a performance condition – an explanation of why that element of the remuneration is not dependent on the satisfaction of a performance condition must be disclosed

Source

s.300A(1) (ba)

- If an element of the remuneration of a member of key management personnel for the company, or if consolidated financial statements are required, for the consolidated entity, is dependent on the satisfaction of a performance condition:
 - A detailed summary of the performance condition
 - An explanation of why the performance condition was chosen
 - A summary of the methods used in assessing whether the performance condition is satisfied and an explanation of why those methods were chosen
 - If the performance condition involves a comparison with factors external to the company:
 - i) A summary of the factors to be used in making the comparison
 - ii) If any of the factors relates to the performance of another company, of 2 or more other companies or of an index in which the securities of a company or companies are included – the identity of that company, of each of those companies or of the index.

No hedging of remuneration of key management personnel

s.206J(1)

A member of the key management personnel for a company that is a disclosing entity, or a closely related party of such a member, must not enter into an arrangement (with anyone) if the arrangement would have the effect of limiting the exposure of the member to risk relating to an element of the member's remuneration that:

- Has not vested in the member, or
- Has vested in the member but remains subject to a holding lock.

s.206J(2)

Without limiting s.206J(1)(a), remuneration that is not payable to a member until a particular day is, until that day, remuneration that has not vested in the member.

s.206J(3)

In determining whether an arrangement has the effect described in s.206J(1) in relation to an element of remuneration described in that subsection, regard is to be had to the regulations made for the purposes of this subsection (see Regulation 2D.7.01 of the *Corporations Regulations 2001*).

Discussion of the relationship between the remuneration policy and company performance

s.300A(1)(b)

The directors' report must include discussion of the relationship between the remuneration policy for key management personnel and the company's performance.

s.300A (1AA)

Without limiting the requirements of s.300A(1)(b), the discussion under that subsection of the company's performance must specifically deal with:

- The company's earnings
- The consequences of the company's performance on shareholder wealth,

in the financial year to which the report relates and in the previous 4 financial years.

s.300A (1AB)

In determining, for the purposes of s.300A(1AA), the consequences of the company's performance on shareholder wealth in a financial year, have regard to:

- Dividends paid by the company to its shareholders during that year
- Changes in the price at which shares in the company are traded between the beginning and the end of that year
- Any return of capital by the company to its shareholders during that year that involves:
 - The cancellation of shares in the company

Source

- A payment to the holders of those shares that exceeds the price at which shares in that class are being traded at the time when the shares are cancelled
- Any other relevant matter.

s.300A(1)(b)

Illustrated below is an example of how an entity may present information to comply with s.300A(1AA) and s.300A(1AB). Alternatively, an entity may elect to present such information graphically. The illustrative tables must be accompanied by discussion relevant to explaining the relationship between the remuneration policy and company performance.

s.300A (1AA), (1AB)

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 31 December 2021:

| | 31 Dec 21 \$'000 | 31 Dec 20 \$'000 | 31 Dec 19 \$'000 | 31 Dec 18 \$'000 | 31 Dec 17 \$'000 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenue | | | | | |
| Net profit before tax | | | | | |
| Net profit after tax | | | | | |
| | 31 Dec 21 | 31 Dec 20 | 31 Dec 19 | 31 Dec 18 | 31 Dec 17 |
| Share price at start of year | \$ ___ | \$ ___ | \$ ___ | \$ ___ | \$ ___ |
| Share price at end of year | \$ ___ | \$ ___ | \$ ___ | \$ ___ | \$ ___ |
| Interim dividend ⁽ⁱ⁾ | ___ cps |
| Final dividend ^{(i),(ii)} | ___ cps |
| Basic earnings per share | ___ cps |
| Diluted earnings per share | ___ cps |

(i) Franked to ___% at 30% corporate income tax rate.

(ii) Declared after the end of the reporting period and not reflected in the financial statements.

In addition, during the financial year International GAAP Holdings Limited repurchased ___ shares for \$___. The shares were repurchased at the prevailing market price on the date of the buy-back.

Remuneration of key management personnel

Reg2M.3.03(1)
(Item 6-9, 11)

| 2021 | Short-term employee benefits | | | | Post-employment benefits | Long-term employee benefits | Share-based payments | Total |
|--------------------------------|------------------------------|------------|--------------|-------|--------------------------|-----------------------------|----------------------|-----------|
| | Salary & fees | Cash bonus | Non-monetary | Other | Super-annuation | Long service leave | Options & rights (i) | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Non-executive directors | | | | | | | | |
| C.J. Chambers | 76,000 | - | 28,050 | 1,250 | - | - | - | 105,300 |
| F.R. Ridley | 65,000 | - | 25,091 | 854 | - | - | - | 90,945 |
| B.M. Stavrinidis | 65,000 | - | 26,800 | 685 | - | - | - | 92,485 |
| W.K. Flinders | 4,000 | - | 800 | 200 | - | - | - | 5,000 |
| S.M. Saunders | 65,000 | - | 15,159 | 689 | - | - | - | 80,848 |
| Executive officers | | | | | | | | |
| P.H. Taylor | 261,600 | - | 66,280 | 1,240 | 30,000 | 5,400 | 105,600 | 470,120 |
| W.L. Lee | 183,712 | 10,000 | 6,796 | - | 17,937 | 8,788 | 7,500 | 234,733 |
| L.J. Jackson | 187,928 | - | 16,481 | - | 20,000 | 4,572 | 7,500 | 236,481 |
| C.P. Daniels | 185,500 | - | 14,805 | - | 20,000 | - | 5,000 | 225,305 |
| N.W. Wright | 184,000 | - | 12,761 | - | 17,708 | - | 5,000 | 219,469 |
| T.L. Smith | 180,000 | - | 4,734 | - | 16,716 | 1,000 | 8,663 | 211,113 |
| | | | | | | | | 1,971,799 |

Source

Reg2M.3.03(1)
(Item 6-9, 11)

| 2020 | Short-term employee benefits | | | | Post-employment benefits | Long-term employee benefits | Share-based payments | Total |
|--------------------------------|------------------------------|------------|--------------|-------|--------------------------|-----------------------------|----------------------|-----------|
| | Salary & fees | Cash bonus | Non-monetary | Other | Super-annuation | Long service leave | Options & rights (i) | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Non-executive directors | | | | | | | | |
| C.J. Chambers | 65,125 | - | 25,400 | 1,125 | - | - | - | 91,650 |
| F.R. Ridley | 62,000 | - | 23,162 | 850 | - | - | - | 86,012 |
| B.M. Stavrinidis | 62,000 | - | 24,350 | 670 | - | - | - | 87,020 |
| W.K. Flinders | 62,000 | - | 24,350 | 680 | - | - | - | 87,030 |
| O.H. O'Brien | 36,750 | - | 20,120 | 312 | - | - | - | 57,182 |
| Executive officers | | | | | | | | |
| P.H. Taylor | 229,860 | - | 53,800 | 1,125 | 38,000 | 10,140 | 57,500 | 390,425 |
| W.L. Lee | 179,372 | - | 5,980 | - | 17,300 | 6,878 | - | 209,530 |
| L.J. Jackson | 180,690 | - | 14,503 | - | 20,000 | 5,560 | - | 220,753 |
| C.P. Daniels | 171,250 | - | 13,028 | - | 20,000 | 7,750 | - | 212,028 |
| N.W. Wright | 173,738 | - | 11,230 | - | 17,500 | 4,587 | - | 207,055 |
| E.P. Hart | 179,375 | - | 12,500 | - | 17,270 | - | - | 209,145 |
| | | | | | | | | 1,857,830 |

- (i) The value of the options and rights granted to key management personnel as part of their remuneration is calculated as at the grant date using a binomial pricing model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

s.300A(1)(e)(i)

The relative proportions of those elements of remuneration of key management personnel that are linked to performance:

| | Fixed remuneration | | Remuneration linked to performance | |
|--------------------------------|--------------------|--------|------------------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Non-executive directors | | | | |
| C.J. Chambers | 100% | 100% | - | - |
| F.R. Ridley | 100% | 100% | - | - |
| B.M. Stavrinidis | 100% | 100% | - | - |
| W.K. Flinders | 100% | 100% | - | - |
| O.H. O'Brien | 100% | 100% | - | - |
| Executive officers | | | | |
| P.H. Taylor | 77.5% | 85.3% | 22.5% | 14.7% |
| W.L. Lee | 92.5% | 100.0% | 7.5% | - |
| L.J. Jackson | 96.8% | 100.0% | 3.2% | - |
| C.P. Daniels | 97.8% | 100.0% | 2.2% | - |
| N.W. Wright | 97.7% | 100.0% | 2.3% | - |
| E.P. Hart | 95.9% | 100.0% | 4.1% | - |

Reg2M.3.03(1)
(Item 10)

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Source

Reg2M.3.03(1)
(Item 6-11)

Payments and benefits

The tables above do not illustrate all the payments and benefits specified by Regulation 2M.3.03 that must be disclosed, if present. Disclosure of the following payments and benefits in respect of each s.300A(1)(c) identified person is required:

- The person's short-term employee benefits, divided into at least the following components:
 - Cash salary, fees and short-term compensated absences
 - Short-term cash profit-sharing and other bonuses
 - Non-monetary benefits
 - Other short-term employee benefits
- The person's post-employment benefits, divided into at least the following components:
 - Pension and superannuation benefits
 - Other post-employment benefits
- The person's long-term employee benefits other than benefits mentioned in items 6 and 7 (i.e. short-term employee benefits and post-employment benefits) and long-term, separately identifying any amount attributable to a long-term incentive plan
- The person's termination benefits
- For any position the person started to hold during the financial year, payments (if any) made to the person, before the person started to hold the position, as part of the consideration for the person agreeing to hold the position, including:
 - The monetary value of the payment
 - The date of the payment
- Share-based payments made to the person, divided into at least the following components:
 - Equity-settled share based payment transactions, showing separately:
 - Shares and units
 - Options and rights
 - Cash-settled share based payment transactions
 - All other forms of share based payment compensation (including hybrids).

Total of a person's compensation

Disclosure of the total compensation for each identified person is not specifically required by s.300A or Regulation 2M.3.03, however we recommend that it be made as a matter of good practice.

Comparative information

Reg2M.3.03(2)

For items 6-9 and 11 of Regulation 2M.3.03, information of the kind described in the item for the previous financial year must also be disclosed in the financial year to which the item relates (to give comparative information for the purposes of the item), but this does not apply in relation to the first financial year in which paragraph 300A(1)(c) of the Corporations Act applies in relation to a person.

Bonuses and share-based payments granted as compensation for the current financial year

Reg2M.3.03(1)
(Item 12)

Cash bonuses

W.L. Lee was granted a cash bonus of \$10,000 on *[date]*. The cash bonus was given, on successful acquisition by the consolidated entity, for his identification of the manufacturing business of Subseven Limited as an advantageous investment opportunity earlier in the reporting period.

No other cash bonuses were granted during the financial year.

Source

Reg2M.3.03
(1)(Item 12(b), (c),
15(b)(ii), (b)(iii),
(b)(v))

Employee share option plan

International GAAP Holdings Limited operates an ownership-based scheme for executives and senior employees of the consolidated entity. In accordance with the provisions of the plan, as approved by shareholders at a previous annual general meeting, executives and senior employees with more than five years service with the company may be granted options to purchase parcels of ordinary shares at an exercise price of \$1.00 per ordinary share.

Each employee share option converts into one ordinary share of International GAAP Holdings Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is calculated in accordance with the performance based formula approved by shareholders at a previous annual general meeting and is subject to approval by the Remuneration Committee. The formula rewards executives and senior employees against the extent of the consolidated entity's and individual's achievement against both qualitative and quantitative criteria from the following financial and customer service measures:

- Improvement in share price
- Improvement in net profit
- Improvement in return to shareholders
- Reduction in warranty claims
- Results of client satisfaction surveys
- Reduction in rate of staff turnover

The options granted expire within twelve months of their issue, or one month of the resignation of the executive or senior employee, whichever is the earlier.

Reg2M.3.03(1)
(Item 12(a), (b), (g),
15(b)(i), (b)(ii), (b)(iv),
(b)(vi))

Terms and conditions of share-based payment arrangements affecting remuneration of key management personnel in the current financial year or future financial years:

| Options series | Grant date | Grant date fair value | Exercise price | Expiry date | Vesting date |
|----------------|------------|-----------------------|----------------|-------------|---|
| Series 3 | 30/03/19 | \$ ___ | \$ ___ | 30/03/22 | Vests at the date of grant. |
| Series 4 | 30/09/20 | \$ ___ | \$ ___ | 30/09/22 | Vests on the date that the International GAAP Holdings Limited share price exceeds \$4.00, and provided that the eligible recipient is employed by the company on that date |

Reg2M.3.03(1)
(Item 12(d), 14)

There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

Details of share-based payments granted as compensation to key management personnel during the current financial year:

Reg2M.3.03(1)
(Item 12(e), (f)
15(a))

| Name | Option series | During the financial year | | | % of grant forfeited |
|--------------|---------------|---------------------------|------------|-------------------|----------------------|
| | | No. granted | No. vested | % of grant vested | |
| P.H. Taylor | Series 3 | 88,000 | 88,000 | 100% | n/a |
| W.L. Lee | Series 3 | 6,250 | 6,250 | 100% | n/a |
| L.J. Jackson | Series 3 | 6,250 | 6,250 | 100% | n/a |
| C.P. Daniels | Series 3 | 4,167 | 4,167 | 100% | n/a |
| N.W. Wright | Series 3 | 4,167 | 4,167 | 100% | n/a |
| T.L. Smith | Series 4 | 32,036 | nil | nil | nil |

SourceReg2M.3.03(1)
(Item 16)

During the year, the following key management personnel exercised options that were granted to them as part of their compensation. Each option converts into one ordinary share of International GAAP Holdings Limited.

| Name | No. of options exercised | No. of ordinary shares of International GAAP Holdings Limited | | Amount paid | Amount unpaid |
|--------------|--------------------------|---|--|-------------|---------------|
| | | issued | | | |
| P.H. Taylor | 50,000 | 50,000 | | \$50,000 | \$nil |
| W.L. Lee | 6,250 | 6,250 | | \$6,250 | \$nil |
| L.J. Jackson | 6,250 | 6,250 | | \$6,250 | \$nil |
| C.P. Daniels | 4,167 | 4,167 | | \$4,167 | \$nil |
| N.W. Wright | 4,167 | 4,167 | | \$4,167 | \$nil |

s.300A(1) (e)(ii)-(iii) The following table summarises the value of options granted and exercised during the financial year, in relation to options granted to key management personnel as part of their remuneration:

| Name | Value of options granted at the grant date (i) | Value of options exercised at the exercise date (ii) |
|--------------|--|--|
| | \$ | \$ |
| P.H. Taylor | 105,600 | 88,000 |
| W.L. Lee | 7,500 | 15,750 |
| L.J. Jackson | 7,500 | 15,750 |
| C.P. Daniels | 5,000 | 10,501 |
| N.W. Wright | 5,000 | 10,501 |
| T.L. Smith | 33,638 | - |

- (i) The value of options granted during the financial year is calculated as at the grant date using a binomial pricing model. This grant date value is allocated to remuneration of key management personnel on a straight-line basis over the period from grant date to vesting date.
- (ii) The value of options exercised during the financial year is calculated as at the exercise date using a binomial pricing model.

s.300A(1) (e)(iv) The following table summarises the number of options that lapsed during the financial year, in relation to options granted to key management personnel as part of their remuneration:

| Name | Financial year in which the options were granted | No. of options lapsed during the current year |
|--------|--|---|
| | [year] | |
| [name] | [year] | - |

SourceReg2M.3.03(1)
(Item 12)**Compensation**

For each grant of a cash bonus, performance related bonus or share-based payment compensation benefit made to a member of key management personnel for the company, or if consolidated financial statements are required, for the consolidated entity, whether part of a specific contract for services or not, the remuneration report must include the terms and conditions of each grant affecting compensation in the reporting period or a future reporting period, including the following:

- The grant date
- The nature of the compensation
- The service and performance criteria used to determine the amount of compensation
- If there has been any alteration of the terms or conditions of the grant since the grant date – the date, details and effect of each alteration (see also 'alterations and modifications' below)
- The percentage of the bonus or grant for the financial year that was paid to the person or that vested in the person, in the financial year
- The percentage of the bonus or grant for the financial year that was forfeited by the person (because the person did not meet the service and performance criteria for the bonus or grant) in the financial year
- The financial years, after the financial year which the report relates, for which the bonus or grant will be payable if the person meets the service and performance criteria for the bonus or grant
- Estimates of the maximum and minimum possible total value of the bonus or grant (other than option grants) for financial years after the financial year to which the report relates.

Reg2M.3.03(3)

Options and rights over equity instruments

A disclosure required by Regulation 2M.3.03(1)(Items 15-19) must:

- Be separated into each class of equity instrument
- Identify each class of equity instrument by:
 - The name of the disclosing entity or the relevant subsidiary that issued the equity instrument
 - The class of equity instrument
 - If the instrument is an option or right – the class and number of equity instruments for which it may be exercised.

Reg2M.3.03(1)
(Item 15)

If options and rights over an equity instrument issued or issuable by the disclosing entity or any of its subsidiaries have been provided as compensation to a member of key management personnel for the company, or if consolidated financial statements are required, for the consolidated entity, during the reporting period:

- The number of options and the number of rights that, during the reporting period:
 - Have been granted
 - Have vested
- The terms and conditions of each grant made during the reporting period, including:
 - The fair value per option or right at grant date
 - The exercise price per share or unit
 - The amount, if any, paid or payable, by the recipient
 - The expiry date
 - The date or dates when the options or rights may be exercised
 - A summary of the service and performance criteria that must be met before the beneficial interest vests in the person.

SourceReg2M.3.03(1)
(Item 16)

If an equity instrument that is issued or issuable by the disclosing entity or any of its subsidiaries has been provided as a result of the exercise during the reporting period of options and rights that have been granted as compensation to a person:

- The number of equity instruments
- If the number of options or rights exercised differs from the number of equity instruments disclosed under paragraph (a) – the number of options or rights exercised
- The amount paid per instrument
- The amount unpaid per instrument.

Alterations and modificationsReg2M.3.03(1)
(Item 14)

If the terms of share-based payment transactions (including options or rights) granted as compensation to key management personnel have been altered or modified by the disclosing entity or any of its subsidiaries during the reporting period:

- The date of the alteration
- The market price of the underlying equity instrument at the date of the alteration
- The terms of the grant of compensation immediately before the alteration, including:
 - The number and class of the underlying equity instruments, exercise price
 - The time remaining until expiry
 - Each other condition in the terms that affects the vesting or exercise of an option or other right
- The new terms
- The difference between:
 - The total of the fair value of the options or other rights affected by the alteration immediately before the alteration
 - The total of the fair value of the options or other rights immediately after the alteration.

Key terms of employment contractss.300A(1)(e)(vii)
Reg2M.3.03(1)
(Item 13)

The report must also include, for each member of key management personnel for the company, or if consolidated financial statements are required, for the consolidated entity:

- If the person is employed by the company under a contract – the duration of the contract, the periods of notice required to terminate the contract and the termination payments provided for under the contract
- For each contract for services between a person and the disclosing entity (or any of its subsidiaries), any further explanation that is necessary in addition to those prescribed in s.300A(1)(ba) and Regulation 2M.3.03(1)(Item 12) to provide an understanding of:
 - How the amount of compensation in the current reporting period was determined
 - How the terms of the contract affect compensation in future periods.

Loans to key management personnelReg2M.3.03(1)
(Item 20)

The Group has provided several of its key management personnel with short-term loans at rates comparable to the average commercial rate of interest.

The loans to key management personnel are unsecured.

The following table outlines aggregate amounts in respect of loans made to key management personnel of the Group.

Reg 2M.3.03
(3A)

The disclosures required by Regulation 2M3.03(1)(Item 20) and Regulation 2M3.03(1)(Item 21) below does not include loans involved in transactions that are in-substance options, including non-recourse loans.

Where such loan arrangements exist and are excluded from the table. The following disclosure is recommended: 'These balances do not include loans that are in-substance options and are non-recourse to the Group.'

Source

Reg2M.3.03(1)
(Item 20)

| Balance at 1/1/2021 | Interest charged | Arm's length interest differential (i) | Allowance for doubtful receivables | Balance at 31/12/2021 | Number of key management personnel |
|------------------------|---------------------|--|--|--------------------------|--|
| \$ | \$ | \$ | \$ | \$ | |
| | 33,167 | | | 2,420,000 | 3 |

(i) The amount above refers to the difference between the amount of interest paid and payable in the reporting period and the amount of interest that would have been charged on an arms-length basis.

Key management personnel with loans above \$100,000 in the reporting period:Reg2M.3.03(1)
(Item 21)

The Group has provided several of its key management personnel with short-term loans at rates comparable to the average commercial rate of interest.

The loans to key management personnel are unsecured.

The following table outlines amounts in relation to loans above \$100,000 made to key management personnel of the Group:

Reg2M.3.03(1)
(Item 21)

| Name | Balance at 1/1/2021 | Interest charged | Arm's length interest differential (i) | Allowance for doubtful receivables | Balance at 31/12/2021 | Highest loan balance during the period |
|-------------------|------------------------|---------------------|--|--|--------------------------|---|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| F.R. Ridley | - | 8,977 | - | - | 1,345,000 | 1,345,000 |
| B.M. Stavriniadis | - | 8,070 | - | - | 269,000 | 269,000 |
| C.P. Daniels | - | 16,120 | - | - | 806,000 | 806,000 |

(i) The amount above refers to the difference between the amount of interest paid and payable in the reporting period and the amount of interest that would have been charged on an arms-length basis.

Key management personnel equity holdings**Fully paid ordinary shares of International GAAP Holdings Limited**Reg2M.3.03 (1)
(Item 21)

| Name | Balance at 1/1/2021 | Granted as compensation | Received on exercise of options | Net other change | Balance at 31/12/2021 | Balance held nominally |
|---------------|------------------------|----------------------------|---------------------------------------|---------------------|--------------------------|---------------------------|
| | No. | No. | No. | No. | No. | No. |
| C.J. Chambers | 5,000 | - | - | - | 5,000 | - |
| P.H. Taylor | 1,500 | - | 50,000 | (1,500) | 50,000 | - |
| A.K. Black | 9,000 | - | - | (8,000) | 1,000 | - |
| W.L. Lee | 2,520 | - | 6,250 | 3,500 | 12,270 | 3,500 |
| L.J. Jackson | 1,250 | - | 6,250 | (1,500) | 6,000 | 800 |
| C.P. Daniels | 4,584 | - | 4,167 | - | 8,751 | - |

Convertible notes of International GAAP Holdings Limited

| Name | Balance at 1/1/2021 | Granted as compensation | Received on exercise of options | Net other change | Balance at 31/12/2021 | Balance held nominally |
|---------------|------------------------|----------------------------|---------------------------------------|---------------------|--------------------------|---------------------------|
| | No. | No. | No. | No. | No. | No. |
| C.J. Chambers | - | - | - | 3,000 | 3,000 | - |
| P.H. Taylor | - | - | - | 15,000 | 15,000 | - |

Source

Reg2M.3.03 (1)
(Item 17)

Share options of International GAAP Holdings Limited

| Name | Bal at | Granted as | Exercised | Net other | Bal at | Bal vested | Vested but | Vested and | Options |
|--------------|----------|-------------------|-----------|-----------|--------|------------|------------|----------------------|----------------|
| | 1/1/2021 | compen- sation | | | | at | at | not exer- cisable | |
| | No. | No. | No. | No. | No. | No. | No. | No. | during year |
| P.H. Taylor | 50,000 | 88,000 | (50,000) | - | 88,000 | 88,000 | - | 88,000 | 88,000 |
| W.L. Lee | - | 6,250 | (6,250) | - | - | - | - | - | 6,250 |
| L.J. Jackson | - | 6,250 | (6,250) | - | - | - | - | - | 6,250 |
| C.P. Daniels | - | 4,167 | (4,167) | - | - | - | - | - | 4,167 |
| N.W. Wright | - | 4,167 | (4,167) | - | - | - | - | - | 4,167 |
| T.L. Smith | - | 32,036 | - | - | 32,036 | - | - | - | - |

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

During the financial year, 70,834 options were exercised by key management personnel at an exercise price of \$1 per option for 70,834 ordinary shares in International GAAP Holdings Limited. No amounts remain unpaid on the options exercised during the financial year at year end.

Further details of the employee share option plan and of share options granted during the 2021 and 2020 financial years are contained in note 57 to the financial statements.

Reg2M.3.03 (1)
(Item 19)

For a transaction (other than share based payment compensation) that:

- Involves an equity instrument issued or issuable by the disclosing entity or any of its subsidiaries
- Has occurred, during the reporting period, between the disclosing entity or any of its subsidiaries and any of the following:
 - A key management person
 - A close member of the family of that person
 - An entity over which the person or the family member has, either directly or indirectly, control, joint control or significant influence

if the terms or conditions of the transaction were more favourable than those that it is reasonable to expect the entity would adopt if dealing at arms-length with an unrelated person, the remuneration report must detail:

- The nature of each different type of transaction
- For each transaction, the terms and conditions of the transaction.

Source

Reg 2M.3.03(1)
(Item 22)

Other transactions with key management personnel of the Group

During the financial year, the Group recognised interest revenue of \$___ in relation to debentures with a carrying value of \$___ offered by a company related to Mr B.M. Stavrinidis and held by Subone Finance Pty Ltd. The debentures return interest of ___ % p.a., payable monthly. The debentures mature on *[insert date]*.

Reg 2M.3.03(1)
(Item 22-24)

Profit for the year includes the following items of revenue and expense that resulted from transactions, other than compensation, loans or equity holdings, with key management personnel or their related entities:

| | 2021 |
|--|-------------|
| Consolidated revenue includes the following amounts arising from transactions with key management personnel of the Group or their related parties: | |
| - Interest revenue | |
| - Dividend revenue | |
| - Other | |

| | 2021 |
|--|-------------|
| Consolidated profit includes the following expenses arising from transactions with key management personnel of the Group or their related parties: | |
| - Interest expense | |
| - Net amounts written-off and allowances for doubtful receivables | |
| - Other | |

| | |
|--|--|
| Total assets arising from transactions other than loans and amounts receivable in relation to equity instruments with key management personnel or their related parties: | |
| - Current | |
| - Allowance for doubtful receivables | |
| - Non-current | |

| | |
|---|--|
| Total liabilities arising from transactions other than compensation with key management personnel or their related parties: | |
| - Current | |
| - Non-current | |

Reg 2M.3.03 (3B)

A transaction with, or an amount that is receivable from or payable under a transaction to, a key management person, a close member of the family of that person, or an entity over which the person or the family member has, directly or indirectly, control, joint control or significant influence, is excluded from the requirements of items 22 to 24 of Regulation 2M.3.03 if:

- The transaction occurs within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing at arms-length with an unrelated person
- Information about the transaction does not have the potential to affect adversely decisions about the allocation of scarce resources made by users of the financial statements, or the discharge of accountability by the key management person
- The transaction is trivial or domestic in nature.

Source

s.298(2)

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors

(Signature)

C.J. Chambers

Director

Sydney, 16 March 2022

Auditor's independence declaration

Source

Deloitte.

Deloitte Touche Tohmatsu
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Sydney NSW 2000
Australia

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www.deloitte.com

The Board of Directors
International GAAP Holdings Limited
167 Admin Ave
SYDNEY, NSW 2000

16 March 2022

Dear Board Members,

Auditor's Independence Declaration to International GAAP Holdings Limited

s.298(1AA)(c), s.307C,
ASIC-CI 2016/188

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of International GAAP Holdings Limited.

As lead audit partner for the audit of the financial statements of International GAAP Holdings Limited for the financial year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

T.L. Green
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Source

s.307C(1), (3)

If an audit firm, audit company or individual auditor conducts an audit or review of the financial report for the financial year, the individual or lead auditor must give the directors of the company, registered scheme or disclosing entity a written declaration that, to the best of the individual or lead auditor's knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit or review
- No contraventions of any applicable code of professional conduct in relation to the audit or review.

Alternatively, if contraventions have occurred, the auditor is required to set out those contraventions in a written declaration that, and include a statement in the declaration that to the best of the individual or lead auditor's knowledge and belief, those contraventions are the only contraventions of:

- The auditor independence requirements of the Corporations Act in relation to the audit or review, or
- Any applicable code of professional conduct in relation to the audit or review.

s.307C(5)(a)

The auditor's independence declaration must be given when the audit report is given to the directors of the company, registered scheme or disclosing entity (other than when the conditions in s.307(5A) are satisfied – see below) and must be signed by the person making the declaration.

s.307(5A)

A declaration under s.307C(1) or s.307C(3) in relation to financial statements for a financial year satisfies the conditions in this subsection if:

- The declaration is given to the directors of the company, registered scheme or disclosing entity before the directors pass a resolution under s.298(2) in relation to the directors' report for the financial year
- A director signs the directors' report within 7 days after the declaration is given to the directors
- The auditors' report on the financial statements is made within 7 days after the directors' report is signed
- The auditors' report includes either of the following statements:
 - A statement to the effect that the declaration would be in the same terms if it had been given to the directors at the time that auditors' report was made
 - A statement to the effect that circumstances have changed since the declaration was given to the directors, and setting out how the declaration would differ if it had been given to the directors at the time the auditor's report was made.

s.307C(5B)

An individual auditor or lead auditor is not required to give a declaration under s.307C(1) and s.307C(3) in respect of a contravention if:

- The contravention was a contravention by a person of s.324CE(2) or s.324CG(2) (strict liability contravention of specific independence requirements by individual auditor or audit firm), or s.324CF(2) (contravention of independence requirements by members of audit firms)
- The person does not commit an offence because of s.324CE(4), s.324CF(4) or s.324CG(4) (quality control system defence).

s.298(1AA), (1AC)

A company that is eligible to adopt the corporate governance concessions available to certain crowd-sourced funded public companies is not required to include a copy of the auditor's independence declaration in its financial report where an auditor has not been appointed or where an audit is not required due to the operation of the concessions.

Independent auditor's report

Source

Independent auditor's report to the members of International GAAP Holdings Limited

An independent auditor's report shall be prepared by the auditor
in accordance with the Australian Auditing Standards.

Duty to form an opinion

The auditor is required to form an opinion on the following:

- s.307(a), s.308(1)
 - Whether the financial statements are in accordance with the Corporations Act, including:
 - Whether the financial statements comply with Australian Accounting Standards
 - Whether the financial statements give a true and fair view of the financial performance and position of the entity (or consolidated entity)
- s.307(aa)
 - If the financial statements include additional information under s.295(3)(c) (information included to give true and fair view of financial position and performance) – whether the inclusion of that additional information was necessary to give the true and fair view required by s.297
- s.307(b)
 - Whether the auditor has been given all information, explanations and assistance necessary for the conduct of the audit
- s.307(c)
 - Whether the company, registered scheme or disclosing entity has kept financial records sufficient to enable financial statements to be prepared and audited
- s.307(d)
 - Whether the company, registered scheme or disclosing entity has kept other records and registers as required by the Corporations Act
- s.308(3C)
 - If the directors' report for the financial year includes a remuneration report, whether the auditor is of the opinion that the remuneration report complies with s.300A of the Corporations Act. If not of that opinion, the auditor's report must say why

s.308(3)(b) The auditor is required to include in the audit report particulars of any deficiency, failure or shortcoming in respect of any matter referred to in s.307(b), (c) or (d) above (see 'Duty to report' below).

Qualified audit opinions

s.308(2) Where, in the auditor's opinion, there has been a departure from a particular Australian Accounting Standard, the audit report must, to the extent that is practicable to do so, quantify the effect that non-compliance has on the financial statements. If it is not practicable to quantify the effect fully, the report must say why.

Source

s.308(3)

Duty to report

The auditor's report must describe:

s.308(3)(a)
s.308(3)(b)

- Any defect or irregularity in the financial report
- Any deficiency, failure or shortcoming in respect of the matters referred to in s.307(b), (c) or (d), i.e.:

s.307(b)

- Whether the auditor has been given all information, explanations and assistance necessary for the conduct of the audit

s.307(c)

- Whether the company, registered scheme or disclosing entity has kept financial records sufficient to enable financial statements to be prepared and audited

s.307(d)

- Whether the company, registered scheme or disclosing entity has kept other records and registers as required by the Corporations Act.

s.308(3A)
s.308(3B)

The audit report must include any statements or disclosures required by the auditing standards.

If the financial statements include additional information under s.295(3)(c) (information included to give true and fair view of financial position and performance), the audit report must also include a statement of the auditor's opinion on whether the inclusion of that additional information was necessary to give the true and fair view required by s.297.

Duty to inform

s.311

The auditor must inform ASIC in writing if the auditor is aware of circumstances that:

- The auditor has reasonable grounds to suspect amount to a contravention of the Corporations Act, or
- Amount to an attempt, in relation to the audit, by any person to unduly influence, coerce, manipulate or mislead a person involved in the conduct of the audit, or
- Amount to an attempt, by any person, to otherwise interfere with the proper conduct of the audit.

The auditor is required to notify ASIC in writing of the circumstances of the matters outlined above as soon as practicable and in any case within 28 days, after the auditor becomes aware of those circumstances.

ASIC-RG 34

ASIC Regulatory Guide 34 *Auditor's obligations: Reporting to ASIC* provides guidance on the procedures to be followed by registered company auditors in complying with s.311 of the Corporations Act, including specific reference to evidence of a contravention, examples of contraventions and timing of notification.

Communicating Key Audit Matters

Requirement to report

ASA701.5

ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report* applies to audits of general purpose financial reports of listed entities and circumstances when the auditor otherwise decides to communicate key audit matters in the auditor's report. ASA 701 also applies when the auditor is required by law or regulation to communicate key audit matters in the auditor's report. However, ASA 705 *Modifications to the Opinion in the Independent Auditor's Report* prohibits the auditor from communicating key audit matters when the auditor disclaims an opinion on the financial report, unless such reporting is required by law or regulation.

Source

ASA701.11

What is required to be reported

The auditor shall describe each key audit matter, using an appropriate subheading, in a separate section of the auditor's report under the heading "Key Audit Matters," unless the circumstances in ASA 701.14 or ASA 701.15 apply. The introductory language in this section of the auditor's report shall state that:

- Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial report (of the current period), and
- These matters were addressed in the context of the audit of the financial report as a whole, and in forming the auditor's opinion thereon, and the auditor does not provide a separate opinion on these matters.

ASA701.14

The auditor shall describe each key audit matter in the auditor's report unless:

- Law or regulation precludes public disclosure about the matter, or
- In extremely rare circumstances, the auditor determines that the matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. This shall not apply if the entity has publicly disclosed information about the matter.

ASA701.15

A matter giving rise to a modified opinion in accordance with ASA 705, or a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with ASA 570, are by their nature key audit matters. However, in such circumstances, these matters shall not be described in the Key Audit Matters section of the auditor's report.

ASA701.13

Description of individual Key Audit Matters

The description of each key audit matter in the Key Audit Matters section of the auditor's report shall include a reference to the related disclosure(s), if any, in the financial report and shall address:

- Why the matter was considered to be one of most significance in the audit and therefore determined to be a key audit matter
- How the matter was addressed in the audit.

Directors' declaration

Source

- The directors declare that:
- s.295(4)(c) (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable
 - s.295(4)(ca) (b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements
 - s.295(4)(d) (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity, and
 - s.295(4)(e) (d) the directors have been given the declarations required by s.295A of the *Corporation Act 2001*. [*listed companies, listed disclosing entities and listed registered schemes only*]

Where the entity and its closely-held entities have entered into a deed of cross guarantee pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, the following statements must be included in order to be compliant with the conditions of the Instrument:

ASIC-CI 2016/785,
s.6(w)

At the date of this declaration, the company is within the class of companies affected by *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* applies, as detailed in note 20 to the financial statements will, as a group, be able to meet any liabilities to which they are, or may become, subject because of the deed of cross guarantee.

s.295(5) Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

(Signature)
C.J. Chambers
Director

Sydney, 16 March 2022

Consolidated statement of financial position

as at 31 December 2021

Source

AASB 101:10(a),(ea),(f)

51(b),(c), 113

AASB 101:51(d), (e)

AASB 101:10(f), 40A

| | Notes | 31/12/2021 \$'000 | 31/12/2020 \$'000 (restated)* | 01/01/2019 \$'000 (restated)* |
|-----------------------------------|-------|----------------------|-------------------------------------|-------------------------------------|
| Assets | | | | |
| Current assets | | | | |
| AASB 101:60-61, 66-68 | | | | |
| AASB 101:54(i) | | | | |
| AASB 101:54(h), AASB 15:116(a) | | | | |
| AASB 15:105, 116(a) | 31 | | | |
| AASB 15:105 | 27 | | | |
| AASB 15:105 | 28 | | | |
| AASB 15:B21 | 26 | | | |
| AASB 101:54(d), 55 | 29 | | | |
| AASB 101:54(d), 55 | 24 | | | |
| AASB 101:54(d), 55 | 34 | | | |
| AASB 101:54(g) | 25 | | | |
| AASB 101:55(n) | | | | |
| AASB 101:55 | | | | |
| | | | | |
| AASB 101:54(j) AASB 5:38-39 | 13 | | | |
| Total current assets | | | | |
| Non-current assets | | | | |
| AASB 101:60-61, 66-68 | | | | |
| AASB 15:105, 116(a) | 27 | | | |
| AASB 15:105 | 28 | | | |
| AASB 101:54(d), 55 | 24 | | | |
| AASB 101:54(d), 55 | 29 | | | |
| AASB 101:54(d), 55 | 34 | | | |
| AASB 101:54(a) | 18 | | | |
| AASB 16:47(a) | 30 | | | |
| AASB 101:54(b) | 19 | | | |
| AASB 101:54(e), 55 | 21 | | | |
| AASB 101:54(e), 55 | 22 | | | |
| AASB 101:55 | 16 | | | |
| AASB 101:54(c) | 17 | | | |
| AASB 101:54(o), 56 | 35 | | | |
| AASB 101:55 | | | | |
| Total non-current assets | | | | |
| Total assets | | | | |

Source

AASB 101:10(a),(ea),(f)
51(b),(c), 113
AASB 101:51(d), (e)
AASB 101:10(f), 40A

| | Notes | 31/12/2021 \$'000 | 31/12/2020 \$'000 (restated)* | 01/01/2019 \$'000 (restated)* |
|--------------------------------------|--|----------------------|-------------------------------------|-------------------------------------|
| Liabilities | | | | |
| Current liabilities | | | | |
| AASB 101:60-61 | | | | |
| AASB 101:54(k) | Trade and other payables | 37 | | |
| AASB 15:105, 116(a) | Contract liabilities | 60 | | |
| AASB 15:B21, 119(d) | Refund liability | 61 | | |
| AASB 101:54(m), 55 | | | | |
| AASB 16:47(b) | Lease liabilities | 36 | | |
| AASB 101:54(m), 55 | Borrowings | 32 | | |
| AASB 101:54(m), 55 | Derivative financial instruments | 34 | | |
| AASB 101:54(m), 55 | Other financial liabilities | 38 | | |
| AASB 101:54(n) | Current tax liabilities | | | |
| AASB 101:54(m), 55 | Deferred income – government grant | 59 | | |
| AASB 101:54(l) | Provisions | 39 | | |
| AASB 101:55 | Other <i>[describe]</i> | | | |
| | | | | |
| AASB 101:54(p) | Liabilities directly associated with assets | | | |
| AASB 5:38-39 | classified as held for sale | 13 | | |
| Total current liabilities | | | | |
| Non-current liabilities | | | | |
| AASB 101:60-61 | | | | |
| AASB 15:105, 116(a) | Contract liabilities | 60 | | |
| AASB 16:47(b) | Lease liabilities | 36 | | |
| AASB 101:54(m), 55 | Borrowings | 32 | | |
| AASB 101:54(m), 55 | Convertible loan notes | 33 | | |
| AASB 101:54(m) | Other financial liabilities | 38 | | |
| AASB 101:54(m), 55 | Liability for share-based payments | 57 | | |
| AASB 101:55 | Retirement benefit obligations | 58 | | |
| AASB 101:55 | Deferred income – government grant | 59 | | |
| AASB 101:54(l) | Provisions | 39 | | |
| AASB 101:54(o), 56 | Deferred tax liabilities | 35 | | |
| AASB 101:55 | Other <i>[describe]</i> | | | |
| Total non-current liabilities | | | | |
| Total liabilities | | | | |
| Net assets | | | | |
| Equity | | | | |
| Capital and reserves | | | | |
| AASB 101:55 | Share capital | 40 | | |
| AASB 101:55 | Reserves | 43 - 49 | | |
| AASB 101:55 | Retained earnings | 50 | | |
| AASB 101:54(r) | Equity attributable to owners of the parent | | | |
| | | | | |
| AASB 101:54(q), | | | | |
| AASB 10:22 | Non-controlling interests | 51 | | |
| AASB 101:55-55A | Total equity | | | |

Source

AASB 101:10(a),(ea),(f)
 51(b),(c), 113
 AASB 101:51(d), (e)
 AASB 101:10(f), 40A

| Notes | 31/12/2021 \$'000 | 31/12/2020 \$'000 (restated)* | 01/01/2019 \$'000 (restated)* |
|-------|----------------------|-------------------------------------|-------------------------------------|
|-------|----------------------|-------------------------------------|-------------------------------------|

*The comparative information has been restated as a result of *[describe]* as discussed in note 2

Additional source references: AASB 101:55

Source

AASB 101:40A
 AASB 101:40C

AASB 101:40A requires an entity to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) if:

- It applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and
- The retrospective application, retrospective restatement or the reclassification has a material effect on the information in the third statement of financial position.

Other than disclosures of certain specified information as required by AASB 101:41-44 and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the related notes to the third statement of financial position are not required to be disclosed.

Notes to the consolidated financial statements

Source

1. General information

Statement of compliance

AASB 1054:7, 8, 9

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law.

AASB 1054:8(b)

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

AASB 101:16

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

Summary of requirements

AASB 1054:7

An entity whose financial statements comply with Australian Accounting Standards shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with Australian Accounting Standards unless they comply with all the requirements of Australian Accounting Standards.

AASB 1054:8

An entity shall disclose in the notes:

- The statutory basis or other reporting framework, if any, under which the financial statements are prepared
- Whether, for the purposes of preparing the financial statements, it is a for-profit or not-for-profit entity.

AASB 1054:9

An entity shall disclose in the notes whether the financial statements are general purpose financial statements or special purpose financial statements.

Source

1. General information (continued)

Presentation currency and rounding

AASB 101:51(d)

These financial statements are presented in Australian Dollars (\$). Foreign operations are included in accordance with the policies set out in note 3.

If the company is of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and consequently the amounts in the directors' report and the financial statements are rounded, that fact must be disclosed in the financial statements or the directors' report.

Where the conditions of the Corporations Instrument are met, entities may round to the nearest dollar, nearest thousand dollars, nearest hundred thousand dollars, or to the nearest million dollars, depending upon the total assets of the entity. The appropriate rounding should be included in the disclosure below:

ASIC-CI 2016/191

AASB 101:51(e)

The company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts the financial report are rounded off to the nearest [dollar, thousand dollars/ hundred thousand dollars/ million dollars], unless otherwise indicated.

ASIC-CI 2016/191

Where the Corporations Instrument is applied, certain amounts in the financial statements are required to be rounded to differing levels of precision. It is important to ensure these amounts are shown using the correct level of precision and column headings and narrative information uses the correct level of rounding as required by the Corporations Instrument.

Not-for-profit entities and public sector entities should only refer to the *ASIC Corporations Instrument* when they are preparing financial statements under the Corporations Act.

Source

2. Adoption of new and revised Australian Accounting Standards

How to use this section in conjunction with the core model financial statements

Note 2 of the *Core model financial statements* sets out new and amended IFRS Standards that are effective for the current year and new and revised IFRS Standards in issue but not yet effective.

This note should be replaced with the illustrative disclosures below which set out:

- Amendments to Australian Accounting Standards that are mandatorily effective for the current period, i.e. for the year ending 31 December 2021
- New and revised Australian Accounting Standards that are not mandatorily effective (but allow early application) for the year ending 31 December 2021
- IASB Standards and IFRIC Interpretations for which equivalent Australian Standards and Interpretations have not yet been issued.

Entities are required to disclose in their financial statements the potential impact of new and revised Australian Accounting Standards that have been issued but are not yet effective. The disclosures reflect a cut-off date of 19 November 2021. The potential impact of any new or revised Standards and Interpretations issued by the AASB or IASB after this date, but before the issue of the financial statements, should also be considered and disclosed.

Note: To assist readers with identifying the differences between the illustrative disclosures included in the core model financial statements and this note, major changes have been identified in blue text (in this Appendix).

The impact of the application of the new and revised Australian Accounting Standards (see below) is for illustrative purposes only. Entities should analyse the impact based on their specific facts and circumstances.

The following example wording has been provided to assist with compliance of the requirements of AASB 108:28. The disclosures required by AASB 108:28 are only provided where the effect on the current period or any prior period is material.

AASB 108:28
AASB 101:31

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

2.1 New and amended Australian Accounting Standards that are effective for the current year

AASB 101:31

There is no requirement to present a full listing of mandatorily effective standards. Disclosures should only include Australian Accounting Standards, amendments to Australian Accounting Standards and other pronouncements that:

- Are mandatorily effective for the current period
- Are applicable to the entity's circumstances
- Have a material impact on the entity, or where the information disclosed is material.

AASB 108:28(a), (b), (c), (d)

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2021.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:*

- *AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
- *AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)***

* *AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions* applies to annual reporting periods beginning on or after 1 June 2020 and to rent concessions affecting payments originally due on or before 30 June 2021. AASB 2020-4 is therefore effective for the current year. However, in these models the directors elected under s.334(5) of the Corporations Act to early adopt this amendment in the prior year and therefore the amendment is excluded from the table above. Entities which did not early adopt AASB 2020-4 would need to include AASB 2020-4 in the table above (as a new amendment effective for the current year) if relevant to the entity and include disclosures tailored based on those illustrated on page 259.

** *AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021* is effective for annual reporting periods beginning on or after 1 April 2021. In these models the directors have elected under s.334(5) of the Corporations Act to apply AASB 2021-3 in the current year which is prior to its mandatory effective date. AASB 2021-3 is therefore included in the table above as a new amendment effective for the current year.

Entities which have not early adopted AASB 2021-3 would not need to include the amendment in the table above. AASB 2021-3 would however need to be included in section 2.2 *New and revised Australian Accounting Standards and Interpretations on issue but not yet effective*, if relevant to the entity. Further, the requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* paragraphs 30 – 31 would need to be disclosed.

Pronouncements effective in the current period for not-for-profit and public sector entities

The following pronouncement is effective for the first time in current period for not-for-profit and public sector entities.

- *AASB 2021-4 Amendments to Australian Accounting Standards – Modified Retrospective Transition Approach for Service Concession Grantors.*

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

2.1 New and amended Australian Accounting Standards that are effective for the current year (continued)

Impact of the initial application of AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform

AASB 108:28



In the prior year, the Group adopted [AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform](#). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Group adopted [AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform](#). Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as ‘risk free rates’ or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021.

Both the Phase 1 and Phase 2 amendments are relevant to the Group because it applies hedge accounting to its interest rate benchmark exposures, and in the current period modifications in response to the reform have been made to some (but not all) of the Group’s derivative and non-derivative financial instruments that mature post 2021 (the date by which the reform is expected to be implemented).

Details of the derivative and non-derivative financial instruments affected by the interest rate benchmark reform together with a summary of the actions taken by the Group to manage the risks relating to the reform and the accounting impact, including the impact on hedge accounting relationships, appear in Note 62.

The amendments are relevant for the following types of hedging relationships and financial instruments of the Group, all of which extend beyond 2021:

- Fair value hedges where LIBOR-linked derivatives are designated as a fair value hedge of fixed rate debt in respect of the GBP LIBOR risk component
- Cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked bank borrowings · Bills or exchange and lease liabilities which reference LIBORs and are subject to the interest rate benchmark reform.

The application of the amendments affects the Group’s accounting in the following ways:

- The Group has issued CU-denominated fixed rate debt that is subject to a fair value hedge using CU fixed to CU LIBOR interest rate swaps. The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, CU LIBOR, may no longer be separately identifiable and there is uncertainty about the replacement of the floating interest rates included in the interest rate swaps. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship will be discontinued.

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

2.1 New and amended Australian Accounting Standards that are effective for the current year (continued)

Impact of the initial application of AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform (continued)

[For those entities that apply the hedge accounting requirements in IAS 39, the following paragraph would be relevant.]

- The Group will not discontinue hedge accounting should the retrospective assessment of hedge effectiveness fall outside the 80-125 per cent range and the hedging relationship is subject to interest rate benchmark reforms. For those hedging relationships that are not subject to the interest rate benchmark reforms the entity continues to cease hedge accounting if retrospective effectiveness is outside the 80-125 per cent range.

The Group will continue to apply the Phase 1 amendments to AASB 9/AASB 139 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread.

As a result of the Phase 2 amendments:

- When the contractual terms of the Group's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other changes. See Note 32 for further details regarding changes made to the LIBOR-linked bank borrowings
- When a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the Group remeasures the lease liability to reflect the revised lease payments discounted using a revised discount rate that reflects the change in the basis for determining the contractual cash flows
- When changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the Group updates the hedge documentation without discontinuing the hedging relationship and, in the case of a cash flow hedge, the amount accumulated in the cash flow hedge reserve is deemed to be based on SONIA (see Note 62)
- For the Group's fair value hedges of a non-contractually specified benchmark component of interest rate risk, on transition to the alternative benchmark rate, if that risk rate is not separately identifiable at the date of designation, it will be deemed to have met the separately identifiable requirement at that date, if the Group reasonably expects the term specific interest rate component will be separately identifiable within a period of 24 months from the date the alternative benchmark rate is first designated, regardless of the term for which the risk is designated in that hedge. The 24-month period applies on a rate-by-rate basis.

Note 62 provides the required disclosures related to these amendments.

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

2.1 New and amended Australian Accounting Standards that are effective for the current year (continued)

Impact of the initial application of AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021

The illustrative disclosure below is where the directors have elected under s.334(5) of the Corporations Act to early adopt

- AASB 2020-4 in the prior year
- AASB 2021-3 in the current year.

In the prior year, the Group early adopted [AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions](#) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to [AASB 16](#). This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In April 2021, the Board issued [AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021](#) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

AASB 108:28(a)-(c)
AASB 16:C1C

In the current financial year, [the directors of the Group have elected under s.334\(5\) of the Corporations Act](#) to early adopt [AASB 2021-3](#) (as issued by the Board in [June 2021](#)) in advance of its effective date.

AASB 16:46A

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying [AASB 16](#) as if the change were not a lease modification.

AASB 16:46B

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- There is no substantive change to other terms and conditions of the lease.

Impact on accounting for changes in lease payments applying the exemption

AASB 16:60A(a)

The Group has applied the practical expedient retrospectively to all rent concessions that became eligible for the practical expedient as a result of [AASB 2021-3](#). The Group has not restated prior period figures, and the difference arising on initial application of [AASB 2021-3](#) has been recognised in the opening balance of retained earnings at 1 January 2021. The Group has, in total, benefited from a __ month waiver of lease payments on buildings in *[A Land]*, where those payments originally included amounts due after 30 June 2021 but before 30 June 2022. The waiver of lease payments which total \$__ has been accounted for as a negative variable lease payment in profit or loss of \$__ for lease payments waived in 2021 and an adjustment to the opening balance of retained earnings at 1 January 2021 of \$ __ for lease payments waived in 2020. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of [AASB 9:3.3.1](#).

AASB 16:C20A
AASB 16:C20BA
AASB 16:BC205J

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

2.1 New and amended Australian Accounting Standards that are effective for the current year (continued)

Impact of the initial application of AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 (continued)

In the current period, the Group has benefited from a __ month lease payment holiday on buildings in [B Land].

The payment holiday reduces payments in the period to [date] by \$__, and increases payments in the period to [date] by \$__. The Group has remeasured the lease liability using the revised lease payments and the discount rate originally applied to the lease, resulting in a decrease in the lease liability of \$__ (2020: \$__), which has been recognised as a negative variable lease payment in profit or loss. The Group continues to recognise interest expense on the lease liability.

Impact of the initial application of AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions and AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021

The illustrative disclosure below is where:

- AASB 2020-4 is adopted in the current year in line with its mandatory effective date (i.e. effective for annual reporting periods beginning on or after 1 June 2020)
- The directors have elected under s.334(5) of the Corporations Act to early adopt AASB 2021-3 in the current year.

Note: The illustrative disclosure in the core model financial statements illustrates the early adoption of AASB 2020-4 in the prior year and the early adoption of AASB 2021-3 in the current year. That disclosure has been adapted accordingly to illustrate the disclosure described above.

AASB 108:28

AASB 2020-4 and AASB 2021-3 amend AASB 16 Leases to provide practical relief to lessees in accounting for rent concessions arising as a result of COVID-19, by including an additional practical expedient in the standard.

In April 2021, the Board issued AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

AASB 108:28(a)-(c)
AASB 16:C1C

In the current financial year the Group has adopted AASB 2020-4. Further the directors of the Group have elected under s.334(5) of the Corporations Act to early adopt AASB 2021-3 (as issued by the Board in April 2021) in advance of its effective date.

AASB 16:46A

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying AASB 16 as if the change were not a lease modification.

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

2.1 New and amended Australian Accounting Standards that are effective for the current year (continued)

Impact of the initial application of AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions and AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 (continued)

AASB 16:46B

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)

There is no substantive change to other terms and conditions of the lease.

Impact on accounting for changes in lease payments applying the exemption

AASB 16:60A(a)

The Group has applied the practical expedient retrospectively to all rent concessions that became eligible for the practical expedient as a result of [AASB 2020-4](#) and [AASB 2021-3](#). The Group has not restated prior period figures, and the difference arising on initial application of [AASB 2020-4](#) and [AASB 2021-3](#) has been recognised in the opening balance of retained earnings at 1 January 2021. The Group has, in total, benefited from a __ month waiver of lease payments on buildings in *[A Land]*, where those payments originally included amounts due [on or before 30 June 2022](#). The waiver of lease payments which total \$__ has been accounted for as a negative variable lease payment in profit or loss of \$__ for lease payments waived in 2021 and an adjustment to the opening balance of retained earnings at 1 January 2021 of \$ __ for lease payments waived in 2020. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of [AASB 9:3.3.1](#).

AASB 16:C20A
AASB 16:C20BA
AASB 16:BC205J

In the current period, the Group has benefited from a __ month lease payment holiday on buildings in *[B Land]*.

The payment holiday reduces payments in the period to *[date]* by \$__, and increases payments in the period to *[date]* by \$__. The Group has remeasured the lease liability using the revised lease payments and the discount rate originally applied to the lease, resulting in a decrease in the lease liability of \$__ (2020: \$__), which has been recognised as a negative variable lease payment in profit or loss. The Group continues to recognise interest expense on the lease liability.

AASB 16:C1C

Applying the practical expedient

In April 2021 the AASB issued [AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021](#) which extends the practical expedient by one year to cover rent concessions that reduce only lease payments due on or before 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021 but earlier application is permitted, including in financial statements not authorised for issue at 31 March 2021.

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

2.1 New and amended Australian Accounting Standards that are effective for the current year (continued)

AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions and AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 (continued)

Applying the practical expedient (continued)

IFRS 16:BC205J

As noted in the [Amendment to the Basis for Conclusions on IFRS 16 Leases](#) paragraph BC205J, a lessee:

- That has already applied the practical expedient (in AASB 2020-4) must apply the extended scope of the expedient (in AASB 2021-3) to eligible contracts with similar characteristics and in similar circumstances
- May not elect to apply the practical expedient if the lessee has previously elected not to apply it to eligible rent concessions
- That has not established an accounting policy on applying (or not applying) the practical expedient to eligible rent concessions can still decide to apply the practical expedient. However, such a lessee would be required to do so retrospectively and consistently to eligible contracts with similar characteristics and in similar circumstances.

In practice, typically entities that have applied AASB 2020-4 in prior periods and have elected to apply the practical expedient to eligible rent concessions may elect to early adopt the amendments in AASB 2021-3, particularly where the additional rent concessions to which the practical expedient could be applied were negotiated or entered into during the current financial year.

A retrospective adjustment would be required where all of the following apply (which may not arise often in practice):

- A COVID-19-related rent concession was entered into in the prior period
- The practical expedient could not be applied because the concession did not affect only payments originally due on or before 30 June 2021 (i.e. it impacted payments originally due *after* 30 June 2021). The practical expedient is applied on application of AASB 2021-3 because the concession affects only payments originally due on or before 30 June 2022.

AASB 16:C20BC

When applying the practical expedient, a lessee is required to apply the practical expedient consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient as a result of the lessee applying AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions or AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021.

AASB 16:C20BA

The amendment is applied retrospectively, recognising the cumulative effect of initially applying AASB 2021-3 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

AASB 16:C20BB

In the reporting period in which a lessee first applies AASB 2021-3, a lessee is not required to disclose the information required by paragraph 28(f) of AASB 108.

Source

2. Application of new and revised Australian Accounting Standards (continued)

AASB 108:30 - 31

2.2 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

Entities are required to disclose in their financial statements the potential impact of new and revised Australian Accounting Standards that have been issued but are not yet effective. The disclosures below reflect a cut-off date of 19 November 2021. The potential impact of the application of any new and revised Australian Accounting Standards issued by the AASB or IASB after 19 November 2021 but before the financial statements are issued should also be considered and disclosed.

Having completed assessment of the impact of the various pronouncements in issue but not yet effective, the following example disclosures should be tailored as appropriate for the entity. In some cases, an entity may not yet have determined the impact and therefore may state *"The potential effect of the revised Standards/Interpretations on the Group's financial statements has not yet been determined."*

However, entities should consider the expectations of regulators (e.g. ASIC) with regards to having assessed the impact of pronouncements in issue but not yet effective and how detailed the disclosures need to be.

AASB 108:30(a), (b)

Where Standards or Interpretations in issue but not yet effective will result in changes in recognition or measurement, the following wording should be tailored as appropriate to reflect the amendments affecting the entity. Where an Accounting Standard is not relevant to the entity, it is not necessary to include explanations about the pronouncement:

A number of Australian Accounting Standards and Interpretations [and IFRS and IFRIC Interpretations] are on issue but are not effective for the current year end. The following existing group accounting policies will change on adoption of these pronouncements:

The impact of the application of the new and revised Australian Accounting Standards (see below) is for illustrative purposes only. Entities should analyse the impact based on their specific facts and circumstances.

AASB 108:30

When an entity has not applied a new Accounting Standard that has been issued but is not yet effective, the entity shall disclose:

- This fact
- Known or reasonably estimable information relevant to assessing the possible impact that application of the new Accounting Standard will have on the entity's financial report in the period of initial application.

AASB 108:31

In complying with the requirements above, an entity considers disclosing:

- The title of the new Accounting Standard
- The nature of the impending change or changes in accounting policy
- The date by which application of the Accounting Standard is required
- The date as at which it plans to apply the Accounting Standard initially
- Either:
 - A discussion of the impact that initial application of the Accounting Standard is expected to have on the entity's financial report, or
 - If that impact is not known or reasonably estimable, a statement to that effect.

Source

2. Application of new and revised Australian Accounting Standards (continued)

2.2 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective (continued)

AASB 108:30, 31

At the date of authorisation of the financial statements, the Group has not applied the following new and revised [Australian Accounting Standards, Interpretations and amendments](#) that have been issued but are not yet effective³⁰:

AASB 108:31(a), (c), (d)

| Standard/amendment | Effective for annual reporting periods beginning on or after |
|---|--|
| AASB 17 Insurance Contracts and AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts | 1 January 2023 ³¹ |
| AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture , AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections | 1 January 2022 (Editorial corrections in AASB 2017-5 applied from 1 January 2018) |
| AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date | 1 January 2023 ³² |
| AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments | 1 January 2022 |
| AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates | 1 January 2023 |
| AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |

³⁰ These illustrative disclosures assume that the entity has adopted [AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021](#) prior to its mandatory application date. Illustrative wording where the entity has not applied AASB 2021-3 early should list the Standard in the table and refer to the example disclosures provided on page 275.

³¹ AASB 17 was originally effective for annual reporting periods beginning on or after 1 January 2021, but was deferred to annual reporting periods beginning on or after 1 January 2023 by AASB 2020-5. Although AASB 2020-5 is effective for annual periods beginning on or after 1 January 2021, its amendments have the effect of deferring the effective date of AASB 17 to annual reporting periods beginning on or after 1 January 2023 (in addition to amending AASB 17 and AASB 4).

³² AASB 2020-6, although itself effective for annual reporting periods beginning on or after 1 January 2022 (the original effective date of AASB 2020-1), has the effect of deferring the mandatory application of those amendments to annual reporting periods beginning on or after 1 January 2023. On 19 November 2021, the [IASB issued Exposure Draft ED/2021/9 Non-current Liabilities with Covenants](#) which proposes that entities would classify liabilities as current or non-current based on compliance with covenants required on or before the reporting date and that the existence of covenants that are required to be complied with within 12 months of the reporting date would not affect classification of liabilities at the reporting date. The Exposure Draft also proposes that liabilities classified as non-current which have covenant requirements to meet in the 12 months after reporting date should be presented separately in the statement of financial position and detailed information about the covenants provided in the notes to the financial statements.

Source

2. Application of new and revised Australian Accounting Standards (continued)

2.2 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective (continued)

AASB 1054:17

In addition, at the date of authorisation of the financial statements the following IASB Standards and IFRS Interpretations Committee Interpretations were on issue but not yet effective, but for which Australian equivalent Standards and Interpretations have not yet been issued:

Effective for annual reporting periods beginning on or after

Standard/amendment

[Describe]

Changes to the differential reporting framework

The following Standards are not included in the above lists, as they do not impact 'Tier 1' financial statements:

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities*
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*
- AASB 2020-7 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures*
- AASB 2020-9 *Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*.

Entities preparing special purpose financial statements under the Corporations Act are required to comply with AASB 108 *Accounting Policies, Changes in Accounting Policies and Errors*. Accordingly, where the entity's financial statements are expected to be impacted by the above pronouncements, they may wish to include appropriate disclosure in their financial statements of the expected impact of the above standards.

The impacts of the revised Tier 2 reporting requirements are discussed in the *Australian financial reporting guide* and illustrative disclosures are available in the Tier 2 models (available at www.deloitte.com/au/models).

New and revised Australian Accounting Standards and Interpretations on issue but not yet effective for not-for-profit and public sector entities

There are no additional new pronouncements on issue but not yet effective for not-for-profit and public sector entities.

Changes to the differential reporting framework for not-for-profit and public sector entities

AASB 2021-1 *Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities* does not impact 'Tier 1' financial statements and therefore illustrative disclosures have not been provided,

Source

2. Application of new and revised Australian Accounting Standards (continued)

2.2 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective (continued)

General guidance

AASB 108:30 requires entities to give known or reasonably estimable information relevant to assessing the possible impact that application of any new or revised standard will have on the entity's financial statements in the period of initial application.

The regulatory requirements in the various jurisdictions may differ as to how detailed the disclosures need to be; some regulators may require both qualitative and quantitative information to be disclosed whereas others may consider that qualitative information (e.g. key areas that may be affected by the new or revised standards) suffices in many circumstances. For this reason, relevant regulatory guidance should also be considered in preparing the disclosure.

This applies to all new or revised Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

AASB 17 Insurance Contracts (and related amending standards)

AASB 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes AASB 4 Insurance Contracts.

The Standard outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

During 2020, the AASB issued amendments to AASB 17 to address concerns and implementation challenges that were identified after AASB 17 was published. The amendments defer the date of initial application of AASB 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. The amendments also extend the fixed expiry date of the temporary exemption from applying AASB 9 Financial Instruments in AASB 4 Insurance Contracts to annual reporting periods beginning on or after 1 January 2023.

AASB 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The directors of the Company do not anticipate that the application of the Standard in the future will have an impact on the Group's consolidated financial statements.

Source

2. Application of new and revised Australian Accounting Standards (continued)

2.2 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective (continued)

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

The amendments to [AASB 10 Consolidated Financial Statements](#) and [AASB 128 Investment in Associates and Joint Ventures](#) deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments was amended by AASB 2015-10 and AASB 2017-5 and now applies for annual reporting periods beginning on or after 1 January 2022 (however the editorial corrections in AASB 2017-5 apply for annual reporting periods beginning on or after 1 January 2018). The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

The amendments to [AASB 101](#) affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the Group's consolidated financial statements.

Source

2. Application of new and revised Australian Accounting Standards (continued)

2.2 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective (continued)

AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018–2020 and Other Amendments

Amends numerous Standards to effect of number of minor changes, as set out below. The amendments apply to annual reporting periods beginning on or after 1 January 2022 (apart from the amendments to AASB 16 which affect the Illustrative Examples which accompanying but are not part of the Standard and so do not have an effective date).

Annual Improvements

The annual improvements amend the following standards:

- AASB 1 *First-time Adoption of International Financial Reporting Standards* to permit a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS Standards
- AASB 9 *Financial Instruments* to clarify that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf
- AASB 16 *Leases* to amend Illustrative Example 13 to remove the illustration of the reimbursement of leasehold improvements by the lessor
- AASB 141 *Agriculture* to remove the requirement to exclude cash flows for taxation when measuring the fair value of a biological asset using a present value technique.

The directors of the Company anticipate that the application of the amendments will not have a material impact on the Group's consolidated financial statements, as many of the amendments either do not affect the Group's existing accounting policies, or apply to situations, transactions and events that the Group does not undertake.

Amendments to AASB 3 Business Combinations

The amendments update AASB 3 so that it refers to the *Conceptual Framework for Financial Reporting*. They also add to AASB 3 a requirement that, for obligations within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, an acquirer applies AASB 137 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of Interpretation 21 *Levies*, the acquirer applies Interpretation 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

Source

2. Application of new and revised Australian Accounting Standards (continued)

2.2 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective (continued)

AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments (continued)

Property, Plant and Equipment — Proceeds before Intended Use

The amendments to *AASB 116 Property, Plant and Equipment* prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. **Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.**

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. *AASB 116* now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others or for administrative purposes.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management or on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The directors of the Company anticipate that the application of the amendments will likely impact on the Group's accounting policies in respect of the construction of assets, as certain proceeds of selling items produced whilst bringing assets under construction are currently deducted from the cost of the asset. However, the directors have not assessed the financial effect of this change in accounting policy.

Note: the illustrative disclosures noted immediately above have been simplified from those included in the core model financial statements.

Onerous Contracts — Cost of Fulfilling a Contract

The amendments to *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* specify that the 'cost of fulfilling' an **onerous** contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Source

2. Application of new and revised Australian Accounting Standards (continued)

2.2 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective (continued)

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

AASB 2021-2 amends AASB Standards to improve accounting policy disclosures so that they provide more useful information to investors users of the financial statements and clarify the distinction between accounting policies and accounting estimates. Specifically, AASB 2021-2 amends:

- AASB 7 *Financial Instruments: Disclosures*, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements
- AASB 101 *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates
- AASB 134 *Interim Financial Reporting*, to identify material accounting policy information as a component of a complete set of financial statements
- AASB Practice Statement 2 *Making Materiality Judgements*, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

Except for the amendments to AASB Practice Statement 2 (which provide non-mandatory guidance and therefore do not have an effective date), the amendments are effective for annual periods beginning on or after 1 January 2023. The amendments to the individual Standards may be applied early, separately from the amendments to the other Standards, where feasible.

The directors of the Company do not anticipate that the amendments will have a material impact on the Group, but may change the disclosure of accounting policies included in the financial statements.

Note: the illustrative disclosures noted immediately above have been simplified from those included in the core model financial statements.

Source

2. Application of new and revised Australian Accounting Standards (continued)

2.2 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective (continued)

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The example disclosure included below assumes that the entity currently recognises deferred taxes arising from leases, decommissioning obligations and similar items on the basis of the transaction as a whole. Where the entity currently adopts different accounting treatment for these items, the wording should be amended and tailored as necessary.

AASB 1054:17

Amends AASB 112 *Income Taxes* to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations.

In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time (the 'initial recognition exception'). The amendments clarify that the initial recognition exception does not apply to transactions where both an asset and a liability are recognised in a single transaction. Accordingly, deferred tax is required to be recognised on such transactions.

The Group currently accounts for deferred taxes arising from leases, decommissioning liabilities and similar items in respect of the transaction as a whole. For example, in respect of leases, the entity seeks to reflect the linkage between the right-of-use asset and the lease liability and recognise deferred tax on an aggregate temporary difference basis. On application of the amendments, deferred tax amounts will instead be recognised in respect of each separate part of the overall transaction, e.g. in respect of each of the right-of-use asset and lease liability. The directors have not finalised the assessment of the impact of this change in accounting policy, but expect that the total impact on net assets will not be material.

The amendments apply to annual reporting periods beginning on or after 1 January 2023.

Source

2. Application of new and revised Australian Accounting Standards (continued)

2.2 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective (continued)

AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021

AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 is effective for annual reporting periods beginning on or after 1 April 2021. In these models, the directors have elected under s.334(5) of the Corporations Act to apply AASB 2021-3 in the current year which is prior to its mandatory effective date. AASB 2021-3 is therefore excluded from the table on page 263 and instead included in section 2.1 *New and amended Australian Accounting Standards that are effective for the current year* starting on page 255. Where the entity has elected to early adopt this amendment, it should include disclosures tailored based on those illustrated on page 258.

Below is illustrative wording that can be tailored for entities that (1) have not received or expect to receive eligible rent concessions to which the practical expedient could be applied or (2) have chosen not to apply the practical expedient in AASB 16 *Leases* for COVID-19-related rent concessions. Where the entity has previously applied the practical expedient, the entity may choose to early adopt the amendments in AASB 2021-3.

"AASB 2021-3 extends the practical expedient in AASB 16 *Leases* for lessees in accounting for rent concessions as a result of COVID-19 to include rent concessions that only affect payments originally due on or before 30 June 2022 (previously 30 June 2021).

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying AASB 16 if the change were not a lease modification.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. The Group will adopt the amendment for the first time in its annual reporting period ending 30 June 2022.

The directors of the Company do not anticipate that the amendments will have a material impact on the Group *[as the Group has not received, and does not expect to receive, any rent concessions to which the practical expedient could be applied / has not elected to apply the practical expedient to eligible rent concessions to which the practical expedient could be applied]."*

Source

2. Application of new and revised Australian Accounting Standards (continued)

2.3 Other changes in accounting policies

Change in accounting policy – Software-as-a-Service arrangements³³

AASB 108:28

The IFRS Interpretations Committee (IFRIC) has issued two agenda decisions related to accounting for Software-as-a-Service (SaaS) arrangements:

- In March 2019, the IFRIC considered the accounting for SaaS arrangements (the first agenda decision) and concluded that for many such arrangements the substance is that the entity has contracted to receive services rather than the acquisition (or lease) of software assets. This is because, in a cloud-based environment, the SaaS contract generally only gives the customer the right to receive access to the cloud provider's application software, rather than a license over the IP i.e. control over the software code itself
- In April 2021, the IFRIC specifically considered how an entity should account for configuration and customisation costs incurred in implementing these (SaaS) service arrangements. The IFRIC concluded (the second agenda decision) that these costs should be expensed, unless the criteria for recognising a separate asset are met.

The Group has implemented this guidance retrospectively as a change in accounting policy. Previously, the Group [*capitalised certain upfront configuration and customisation costs incurred in implementing SaaS arrangements / explain previous accounting policy*].

Historical financial information has been restated to account for the impact of the change in accounting policy, as follows:

| Financial statement item | 31 December 2020 DR/(CR) | 1 January 2020 DR/(CR) |
|---|-----------------------------|---------------------------|
| Statement of financial position | | |
| Intangible assets | (__) | (__) |
| Total assets / net assets | (__) | (__) |
| Retained earnings | — | (__) |
| Total equity | — | — |
| Statement of comprehensive income | | |
| Information technology expenses | — | - |
| Depreciation and amortisation | (__) | - |
| Profit before tax | — | - |
| Statement of cash flows | | |
| Payments to suppliers and employees | (__) | - |
| Net cash generated by operating activities | (__) | - |
| Payment to acquire intangible assets | — | - |
| Net cash used in investing activities | — | - |

³³ For more information about accounting for Software-as-a-Service (SaaS) arrangements, see our [Clarity publication](#), *Software-as-a-Service arrangements*, available at www.deloitte.com/au/clarity.

Source

3. Significant accounting policies**AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates**

In March 2021 the AASB amended AASB Standards to improve accounting policy disclosures and clarify the distinction between accounting policies and accounting estimates. The amendments inter alia require an entity to disclose its **material** accounting policies, instead of its **significant** accounting policies.

Except for the amendments to AASB Practice Statement 2 *Making Materiality Judgements* (which provide non-mandatory guidance and therefore do not have an effective date), the amendments are effective for annual periods beginning on or after 1 January 2023. The amendments to the individual Standards may be applied early, separately from the amendments to the other Standards, where feasible.

The Group has not chosen to early adopt AASB 2021-2 in the current year. Therefore, the disclosures in this model annual report does not take into account the requirements of AASB 2021-2. The illustrative accounting policies disclosures below and those in Note 3 of the core model financial statements (for financial reporting periods ending on or after 31 December 2021) should be tailored to be specific to the entity.

...

Goods and services tax

Int 1031

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense*, or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

* In October 2021, IFRIC finalised an [agenda decision](#) on whether or not an entity includes non-recoverable value added taxes (VAT) as part of lease payments for a lease. The IFRIC concluded that there is limited evidence (1) that non-refundable VAT on lease payments is material to affected leases and (2) of diversity in the way lessees in similar circumstances account for non-refundable VAT of lease payments. The Committee decided not to add a standard-setting project to the work plan.

Entities that incur GST on lease payments that is not recoverable from the taxation authority may wish to explain how such amounts are treated. Such entities may for example not include the expected non-recoverable GST in the determination of their lease liabilities on the basis that it is accounted for under Interpretation 21 *Levies*.

Source

3. Significant accounting policies (continued)**Software-as-a-Service (SaaS) arrangements³⁴**

During the year, the Company revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below. Historical financial information has been restated to account for the impact of the change (refer Note 2.3).

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

AASB 108:28

AASB 108:31

Revenue recognition (*not-for-profit and public sector*)

The Group recognises income from its main revenue/income streams, as listed below:

- Government grants
- Donations and bequests
- Capital grants.

AASB 1058:8-10

Government grants, donations and bequests

When the Group receives government grants, donations and bequests that are in the scope of AASB 1058 (being a transaction where the consideration paid to acquire an asset is significantly less than fair value principally to enable the Group to further its objectives), it performs an assessment to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations.

Where the consideration to acquire an asset is significantly less than fair value principally to enable the Group to further its objectives, the transaction is accounted for under AASB 1058 where the Group:

- Recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)
- Considers whether any other financial statement elements should be recognised ('related amounts') in accordance with the relevant applicable Australian Accounting Standard including:
 - Contributions by owners (AASB 1004)
 - A lease liability (AASB 16)
 - Revenue, or a contract liability arising from a contract with a customer (AASB 15)
 - A financial instrument (AASB 9)
 - A provision (AASB 137)
- Recognises income immediately in profit or loss for the excess of the initial carrying amount of the asset over any related amounts recognised.

AASB 1058:15-17

In cases where the consideration is solely performance obligations under an enforceable contract and sufficiently specific to enable determination as to when the obligations are satisfied, the transaction is accounted for under AASB 15.

³⁴ In addition to disclosing accounting policies, entities may also need to disclose key judgements in applying those accounting policies. For an illustrative example, and more information about accounting for Software-as-a-Service (SaaS) arrangements, see our [Clarity publication](#), *Software-as-a-Service arrangements*, available at www.deloitte.com/au/clarity.

Source

3. Significant accounting policies (continued)**Revenue recognition (*not-for-profit and public sector*) (continued)****Capital grants – Buildings**

For capital grants received under an enforceable agreement where it includes a transfer to enable the Group to acquire or construct a recognisable non-financial asset to identified specifications which will be controlled by the Group when completed, the Group recognises a liability for the excess of the fair value of the transfer over any related amounts recognised and recognises income as it satisfies its obligations under the transfer.

As the capital grants received by the Group are primarily for the construction of buildings, the Group recognises income as the buildings are constructed (when it satisfies its obligations).

Unrecognised revenue (*not-for-profit entities*)**Volunteer services**

AASB 1058:19

The Group regularly receives volunteer services as part of its operations. Under AASB 1058, private sector not-for-profit entities have a policy option to account for donated services at fair value if the fair value can be reliably measured.

While the Group has assessed that the fair value of its volunteer services can be reliably measured, it has decided to adopt the policy option not to recognise volunteer services. Accordingly, no amounts are recognised in the financial statements for volunteer services.

Donated inventoriesAASB 102:Aus10.1-
Aus10.2

As part of its operations, the Group receives donations of goods which may then be used in its activities. AASB 102 *Inventories* requires the donated inventories to be measured at current replacement cost and any related amounts to be accounted for under AASB 1058.

The Group has decided to make use of the practical expedient under AASB 102 and apply the materiality assessment at the individual item level (instead of the portfolio level) when recognising donated inventories. Based on an assessment, the Group has noted that it only receives individually immaterial donations of inventory and accordingly will not be required to recognise such donated inventories. Accordingly, no amounts are recognised in the financial statements for donated inventories.

Leases at significantly below-market terms and conditions (concessionary leases) (*not-for-profit entities*)AASB 16:Aus25.2
AASB 16:Aus59.1

For not-for-profit entities with leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives (commonly known as concessionary leases or peppercorn leases), AASB 1058 and AASB 16 requires not-for-profit entities to measure right-of-use assets at initial recognition at fair value (based on AASB 13), the lease liability per AASB 16 and the difference to be accounted as income upfront.

AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities* provides a temporary option for not-for-profit lessees to elect to measure a class (or classes) of right-of-use assets arising under 'concessionary leases' at initial recognition, at either fair value or cost. If an entity chooses the cost option, additional disclosures are required for each material 'concessionary / peppercorn lease' on the nature and terms and the entity's dependence on such leases.

AASB 2019-8 *Amendments to Australian Accounting Standards – Class of Right-of-Use Assets arising under Concessionary Leases* specify for not-for-profit entities that right-of-use assets arising under concessionary leases can be treated as a separate class of right-of-use assets to right-of-use assets arising under other leases for the purposes of AASB 16.

Source

3. Significant accounting policies (continued)

Leases at significantly below-market terms and conditions (concessionary leases) (not-for-profit entities) (continued)

The Group has some at-market leases and some leases at significantly below-market terms and conditions (concessionary leases).

For the at-market leases, these will be accounted for under AASB 16.

For the concessionary leases, the Group has decided to make use of the temporary option under AASB 2018-8 to measure the right-of-use assets at cost on initial recognition. The Group has also made the necessary disclosures in note 31 for each material concessionary lease as required by AASB 16:Aus59.1-2.

The Group has also decided to apply AASB 2019-8 to treat right-of-use assets arising under concessionary leases as a separate class of right-of-use assets to right-of-use assets arising under other leases for the purposes of AASB 16.

4. Critical accounting judgements and key sources of estimation uncertainty

Revenue recognition (not-for-profit entities)

To determine if a grant contract should be accounted for under AASB 1058 or AASB 15, the Group has to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations. When assessing whether the performance obligations are 'sufficiently specific', the Group has applied significant judgement in this regard by performing a detailed analysis of the terms and conditions contained in the grant contracts, review of accompanying documentation (e.g. activity work plans) and holding discussions with relevant parties.

Income recognition from grants received by the Group has been appropriately accounted for under AASB 1058 or AASB 15 based on the assessment performed.

[Expand as necessary to highlight any specific areas that were assessed and the judgements made]

Source

14. Dividends

AASB 1054 disclosures to be provided in addition to those provided in note 14 of the core model financial statements:

AASB 101:137

On 21 February 2022, the directors declared a fully franked final dividend of ___ cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 31 December 2021 to be paid to shareholders on 7 April 2022. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated financial statements. If approved, the dividend will be paid to all shareholders on the Register of Members on 17 March 2022. The total estimated dividend to be paid is \$___.

Imputation credits (franking credits)

AASB 1054:14

The information below is considered best practice for the disclosure of imputation credits (franking credits). AASB 1054 only specifically requires the disclosure of the amount of imputation credits available for use in subsequent reporting periods (i.e. the 'adjusted franking account balance' in the information below). The disclosures below reconcile from the actual franking account balance at the reporting date to the adjusted franking account balance using the guidance in AASB 1054:14, and also discloses the impact of franking debits arising from declared dividends which have not been recognised as a liability in the financial statements.

| | | Company | |
|-----------------|---|-------------------|-------------------|
| | | 31/12/2021 | 31/12/2020 |
| | | \$'000 | \$'000 |
| | Franking account balance at 31 Dec | | |
| AASB 1054:14(a) | Imputation credits that will arise from the payment of the current tax liability | | |
| AASB 1054:14(b) | Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date | | |
| AASB 1054:14(c) | Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date | | |
| | Imputation debits that will arise from the receipt of tax loss carry backs | | |
| AASB 1054:13 | Adjusted franking account balance | | |
| AASB 112:81(i) | Imputation debits that will arise from the payments of dividends declared by not recognised in the financial statements | | |
| | Adjusted franking account balance after payment of unrecognised dividend amounts | | |

AASB 1054:12

The term 'imputation credits' in AASB 1054:13-15 is used to also mean 'franking credits'. The disclosures required by AASB 1054 are made separately in respect of any New Zealand imputation credits and any Australian imputation credits.

AASB 1054:15

Where there are different classes of investors with different entitlements to imputation credits, disclosures are made about the nature of those entitlements for each class where this is relevant to an understanding of them.

Exempting accounts

Exempting accounts are held by companies wholly-owned by non-residents or tax exempt institutions and are similar to franking accounts. AASB 1054 *Australian Additional Disclosures* does not specifically require the disclosure of exempting account balances, however, where considered necessary (i.e. to satisfy the information needs of the likely users of the financial report), directors may consider disclosing the exempting account balance.

Source

14. Dividends (continued)

Deferred franking debits

Where the entity is in receipt of refundable R&D tax offsets, this gives rise to deferred franking debits and therefore will reduce future franking credits. This is because a franking credit will not arise as a result of income tax payments until the deferred franking debits are recovered. The impacts of accrued refundable R&D tax offset amounts should be considered when disclosing the amount of franking credits available. This may require additional narrative or other disclosure so that users understand the future impacts of the deferred franking debits.

The following illustrative example can be adapted to develop relevant disclosures where an entity has deferred franking debits:

"As disclosed in Note [x], under the R&D Tax Incentive of Australian tax law, the Group is eligible to receive a refundable R&D tax offset in respect of its eligible research and development expenditure. The receipt of such amounts results in deferred franking debits in the entity's franking account. The Group will not generate franking credits on the payment of corporate income tax amounts in future periods until the deferred franking debits are recovered.

The aggregate deferred franking debits at reporting date is \$ ____ (2020: \$ ____). The entity will be required to make future income tax payments of this amount before further income tax payments will give rise to franking credits. In addition, the entity has recognised a receivable in respect of the current period R&D tax offset of \$ ____ which will give rise to additional deferred franking debits when received."

For more information, see our [Clarity publication](#) *Accounting for the R&D tax offset*.

Source

20. Subsidiaries

The disclosures below illustrate the requirements of *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* in respect of the consolidated financial statements. See note 21 in the core model financial statements for the remainder of the disclosures for subsidiaries.

Details of the Group's material subsidiaries at the end of the reporting period are as follows.

AASB 124:13

| Name of subsidiary | Principal activity | Place of incorporation and operation | Proportion of ownership interest and voting power held by the Group | |
|------------------------------|--|--------------------------------------|---|------------|
| | | | 31/12/2021 | 31/12/2020 |
| Subzero Limited | Manufacture of toys | A Land | Nil | 100% |
| Subone Limited | Manufacture of electronic equipment | A Land | 90% | 100% |
| Subtwo Limited | Manufacture of leisure goods | A Land | 45% | 45% |
| Subthree Limited (ii), (iii) | Construction of residential properties | A Land | 100% | 100% |
| Subfour Limited | Manufacture of leisure goods | B Land | 70% | 70% |
| Subfive Limited | Manufacture of electronic equipment and bicycles | C Land | 100% | 100% |
| Subsix Limited | Manufacture of leisure goods | A Land | 80% | Nil |
| Subseven Limited (ii), (iii) | Manufacture of leisure goods | A Land | 100% | Nil |
| C Plus Limited | Manufacture of electronic equipment | A Land | 45% | 45% |

Int. 1052:16(a)

(i) International GAAP Holdings Limited is the head entity within the tax-consolidated group.

(ii) These companies are members of the tax-consolidated group.

ASIC-CI 2016/785 s.6(v)(ii)

(iii) These wholly-owned subsidiaries have entered into a deed of cross guarantee with International GAAP Holdings Limited pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* and are relieved from the requirement to prepare and lodge an audited financial report. Subseven Limited became a party to the deed of cross guarantee on 14 December 2017.

ASIC-CI 2016/785

Details required

ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 requires the following information in respect of parties to the deed of cross guarantee at the end of the financial year:

- Details (including dates) of parties to the deed of cross guarantee which, during or since the financial year have been added by an assumption deed, removed by a revocation deed or which are the subject of a notice of disposal (as required under the instrument)
- Details (including dates and reasons) of any entities which obtained relief under the instrument or ASIC Class Order 98/1418 at the end of the immediately preceding financial year but which were ineligible for relief in respect of the relevant financial year.

Financial support

AASB 12:14-17

When the Group gives financial support to a consolidated structured entity, the nature and risks (including the type and amount of support provided) should be disclosed in the financial statements. Refer AASB 12.14-17 for details.

Source

ASIC-CI 2016/785
s.6(v)**20. Subsidiaries (continued)****Consolidated income statement, consolidated statement of financial position and movements in consolidated retained earnings of entities party to the deed of cross guarantee**

The consolidated income statement and consolidated statement of financial position of the entities which are parties to the deed of cross guarantee are:

| | Year ended | |
|---|----------------------|----------------------|
| | 31/12/2021 \$'000 | 31/12/2020 \$'000 |
| Statement of comprehensive income | | |
| Revenue | | |
| Finance income – interest income | | |
| Finance income - other | | |
| Changes in inventories of finished goods and work in progress | | |
| Raw materials and consumables used | | |
| Employee benefits expense | | |
| Depreciation and amortisation expense | | |
| Finance costs | | |
| Transport costs | | |
| Advertising costs | | |
| Impairment of property, plant and equipment | | |
| Impairment of goodwill | | |
| Other expenses | | |
| Restructuring costs | | |
| Share of results of associates | | |
| Share of results of joint ventures | | |
| Gains and losses arising from the derecognition of financial assets measured at amortised costs | | |
| Gains and losses on reclassification of financial assets from amortised cost to fair FVTPL | | |
| Impairment losses (including reversals) on financial assets and contract assets | | |
| Gains and losses on reclassification of financial assets from FVTOCI to FVTPL | | |
| Other gains and losses | | |
| Profit before tax | | |
| Income tax expense | | |
| Profit for the year from continuing operations | | |
| Loss for the year from discontinued operations | | |
| Profit for the year | | |

Source

20. Subsidiaries (continued)

| | 31/12/2021 | 31/12/2020 |
|---|-------------------|-------------------|
| | \$'000 | \$'000 |
| Other comprehensive Income | | |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | |
| Gains/(losses) on property revaluation | | |
| Remeasurement of net defined benefit liability | | |
| Fair value gain/(loss) on investments in equity instruments designated as FVTOCI | | |
| Fair value gain/(loss) on financial liabilities designated as FVTPL attributable to changes in credit risk | | |
| Share of other comprehensive income of associates | | |
| Share of other comprehensive income of joint ventures | | |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| Debt instruments measured at FVTOCI | | |
| - Fair value gain/(loss) on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal | | |
| - Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal | | |
| - Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL | | |
| Cash flow hedges: | | |
| - Fair value gain/(loss) arising on hedging instruments during the period | | |
| - Less: Cumulative (gain)/loss arising on hedging instruments reclassified to profit or loss | | |
| Foreign currency translation, net of investment hedges of a foreign operation: | | |
| - Foreign exchange differences on translation of foreign operations | | |
| - Less: (Gain)/loss reclassified to profit or loss on disposal of foreign operation | | |
| - Gain(loss) arising on hedging instruments designated in hedges of the net assets in foreign operation | | |
| - Less: (Gain)/loss on hedging instruments reclassified to profit or loss on disposal of foreign operation | | |

Source

20. Subsidiaries (continued)

| | 31/12/2021 | 31/12/2020 |
|--|-------------------|-------------------|
| | \$'000 | \$'000 |
| Cost of hedging: | | |
| - Changes in the fair value during the period in relation to transaction-related hedged items | | |
| - Changes in the fair value during the period in relation to time-period related hedged items | | |
| - Less: Cumulative (gain)/loss arising on changes in the fair value in relation to transaction-related hedged items reclassified to profit or loss | | |
| - Less: Amortisation to profit or loss of cumulative (gain)/loss arising on changes in the fair value in relation to time-period related hedged item | | |
| Share of other comprehensive income of associates | | |
| Share of other comprehensive income of joint ventures | | |
| Income tax relating to items that may be reclassified subsequently to profit or loss | | |
| Other comprehensive income for the year, net of income tax | | |
| Total comprehensive Income for the year | | |

Source

20. Subsidiaries (continued)

| | 31/12/2021 | 31/12/2020 |
|--|-------------------|-------------------|
| | \$'000 | \$'000 |
| Statement of financial position | | |
| Current assets | | |
| Cash and bank balances | | |
| Inventories | | |
| Investments | | |
| Rights to returned goods asset | | |
| Contract assets | | |
| Contract costs | | |
| Financial lease receivables | | |
| Trade and other receivables | | |
| Derivative financial instruments | | |
| | | |
| Assets classified as held for sale | | |
| | | |
| Total current assets | | |
| Non-current assets | | |
| Goodwill | | |
| Other intangible assets | | |
| Property, plant and equipment | | |
| Right-of-use assets | | |
| Investments property | | |
| Investments in associates | | |
| Investments in joint ventures | | |
| Investments in financial assets | | |
| Finance lease receivables | | |
| Deferred tax asset | | |
| Derivative financial assets | | |
| Contract assets | | |
| Contract costs | | |
| | | |
| Total non-current assets | | |
| Total assets | | |

Source

20. Subsidiaries (continued)

| | 31/12/2021 | 31/12/2020 |
|---|-------------------|-------------------|
| | \$'000 | \$'000 |
| <i>Current liabilities</i> | | |
| Trade and other payables | | |
| Current tax liabilities | | |
| Lease liabilities | | |
| Borrowings | | |
| Derivative financial liabilities | | |
| Other financial liabilities | | |
| Provisions | | |
| Deferred income – government grant | | |
| Contract liabilities | | |
| Refund liability | | |
| | | |
| Liabilities directly associated with non-current assets classified as held for sale | | |
| | | |
| <i>Total current liabilities</i> | | |
| <i>Non-current liabilities</i> | | |
| Borrowings | | |
| Convertible loan notes | | |
| Retirement benefit obligations | | |
| Deferred tax liabilities | | |
| Provisions | | |
| Deferred income – government grant | | |
| Contract liabilities | | |
| Lease liabilities | | |
| Liability for share-based payments | | |
| | | |
| <i>Total non-current liabilities</i> | | |
| | | |
| <i>Total liabilities</i> | | |
| <i>Net assets</i> | | |
| <i>Equity</i> | | |
| Share capital | | |
| Reserves | | |
| Retained earnings | | |
| | | |
| | | |
| <i>Total equity</i> | | |
| | | |
| Movement in retained earnings | | |
| <i>Retained earnings as at beginning of the financial year</i> | | |
| Net profit | | |
| Dividends provided for or paid | | |
| Share buy-back | | |
| | | |
| <i>Retained earnings as at end of the financial year</i> | | |

Source

ASIC-CI 2016/785
s.6(v)

20. Subsidiaries (continued)

Requirements for additional consolidation information

ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 requires the holding entity to include 'additional consolidation information' in each of the following circumstances:

- Where the consolidated financial statements cover entities which are not members of the 'closed group', additional consolidation information in respect of the 'closed group'
- Where the consolidated financial statements cover entities which are not parties to the deed of cross guarantee, additional consolidation information in respect of the consolidation of the holding entity and those entities which are parties to the deed of cross guarantee and controlled by the holding entity
- If there are parties to the deed of cross guarantee (other than a trustee or alternative trustee that is not a 'group entity' within the meaning of the deed) which are not controlled by the holding entity, additional consolidated information in respect of those parties (either individually or in aggregate).

ASIC-CI 2016/785
s.4

The additional consolidation information presented to comply with the requirements of ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 includes:

- A statement of comprehensive income setting out the information specified by paragraphs 82 to 87 of AASB 101 *Presentation of Financial Statements*
- Opening and closing retained earnings, dividends provided for or paid and transfers to and from reserves
- A statement of financial position complying with paragraphs 54 to 60 of AASB 101.

In addition, elimination of all transactions between entities for which information is included in the additional consolidation information is required.

AASB 16:Aus59.1-2

30. Leases (Group as a lessee) (not-for-profit and public sector)

The Group leases a building from the State Government with significantly below-market terms and conditions principally to enable it to further its objectives.

The Group is dependent on this lease to further its objectives as it utilises the building to run its operations to deliver its services. The Group is restricted on the use of the building as agreed with the State Government and may not utilise it for other purposes including sub-leasing to other entities. The lease term is for 10 years and the lease payments are \$___ per annum, payable annually.

As outlined in the Group's accounting policy in note 3, the Group has elected to measure this lease at cost

31. Trade and other receivables

Int 1031:9

Deferred consideration for the disposal of [name of subsidiary]
Good and services tax recoverable
Other [describe]

| | 31/12/2021 \$'000 | 31/12/2020 \$'000 |
|---|----------------------|----------------------|
| Trade receivables | | |
| Loss allowance | | |
| Deferred consideration for the disposal of [name of subsidiary] | | |
| Good and services tax recoverable | | |
| Other [describe] | | |
| | | |

The above disclosure is an updated disclosure for note 31. Refer note 31 in the core model financial statements for the remainder of the disclosures for trade and other receivables.

Source

AASB 1054:16

54. Notes to the cash flow statement

Reconciliation of profit for the year to net cash flows from operating activities

When an entity uses the direct method to present its statement of cash flows, the financial statements must provide a reconciliation of the net cash flow from operating activities to profit or loss.

| | Year ended 31/12/2021 CU'000 | Year ended 31/12/2020 CU'000 |
|---|------------------------------------|------------------------------------|
| Profit for the year | | |
| Adjustments for: | | |
| Share of profit of associates | | |
| Share of profit of joint ventures | | |
| Finance income | | |
| Other gains and losses | | |
| Finance costs | | |
| Income tax expense | | |
| Gain on disposal of discontinued operation | | |
| Depreciation of property, plant and equipment | | |
| Impairment loss on fixtures and equipment | | |
| Impairment losses, net of reversals, on financial assets | | |
| Amortisation of intangible assets | | |
| Impairment of goodwill | | |
| Share-based payment expenses | | |
| Fair value gain/loss on investment property | | |
| Gain on disposal of property, plant and equipment | | |
| Increase/(decrease) in provisions | | |
| Fair value gain/loss on derivatives and other financial assets held for trading | | |
| Difference between pension funding contributions paid and the pension cost charge | | |
| Operating cash flows before movements in working capital | | |
| Movements in working capital: | | |
| (Increase)/decrease in inventories | | |
| (Increase)/decrease in trade and other receivables | | |
| (Increase)/decrease in contract assets | | |
| (Increase)/decrease in contract costs | | |
| (Increase)/decrease in right to returned goods assets | | |
| (Increase)/decrease in trade and other payables | | |
| Increase/(decrease) in provisions | | |
| Increase/(decrease) in contract liabilities | | |
| (Increase)/decrease in refund liability | | |
| (Increase)/decrease in deferred income | | |
| Cash generated from operations | | |
| Interest paid | | |
| Income taxes paid | | |
| Net cash generated by operating activities | | |

Source

AASB 124:13,
Aus 13.1(a),
AASB 101:138(c)

64. Related party transactions

The immediate parent and ultimate controlling party respectively of the Group are X Holdings Limited (incorporated in *[M Land]*) and Y Holdings Limited (incorporated in *[N Land]*) respectively.

AASB 124:13

An entity discloses the name of the parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces financial reports available for public use, the name of the next most senior parent that does so is also disclosed.

AASB 124:Aus13.1

When any of the parent entities and/or ultimate controlling parties named in accordance with paragraph 13 of AASB 124 *Related Party Disclosures* is incorporated or otherwise constituted outside Australia, an entity:

- Identifies which of those entities is incorporated overseas and where
- Discloses the name of the ultimate controlling entity incorporated within Australia.

Australian definitions

AASB 124:Aus9.1

When applying AASB 124, the term "director" means:

- a person who is a director under the Corporations Act
- in the case of entities governed by bodies not called a board of directors, a person who, regardless of the name that is given to the position, is appointed to the position of member of the governing body, council, commission or authority.

"Remuneration" is "compensation" as defined in AASB 124.

AASB 124:Aus9.1.1

Although the defined term 'compensation' is used in AASB 124 rather than the term 'remuneration', both words refer to the same concept and all references in the Corporations Act to the remuneration of directors and executives is taken as referring to compensation as defined and explained in AASB 124.

Source

ASIC-CI 2016/191

66. Remuneration of auditors

In making the following disclosure, entities must consider the extent to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* permits information about the remuneration of auditors to be rounded.

| | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| | \$ | \$ |
| AASB 1054:10, 11 | | |
| AASB 1054:10(a) | | |
| Deloitte and related network firms* | | |
| Audit or review of financial reports: | | |
| - Group | | |
| - Subsidiaries and joint operations | | |
| Statutory assurance services required by legislation to be provided by the auditor | | |
| Other assurance and agreed-upon procedures under other legislation or contractual arrangements | | |
| AASB 1054:10(b) | | |
| s.300(11B)(a) | | |
| s.300(11B)(a) | | |
| s.300(11B)(a) | | |
| Other services: | | |
| - Tax compliance services # | | |
| - Consulting services # | | |
| - Other <i>[describe]</i> | | |
| AASB 1054:10, 11 | | |
| AASB 1054:10(a) | | |
| Other auditors and their related network firms | | |
| Audit or review of financial reports: | | |
| - Subsidiaries and joint operations | | |
| - Other <i>[describe]</i> | | |
| Statutory assurance services required by legislation to be provided by the auditor | | |
| Other assurance and agreed-upon procedures under other legislation or contractual arrangements | | |
| AASB 1054:10(b) | | |
| s.300(11B)(a) | | |
| s.300(11B)(a) | | |
| Other services: | | |
| - Tax compliance services # | | |
| - Other <i>[describe]</i> | | |

s.300(11B)(a), (11C)(a) *The auditor of International GAAP Holdings Limited is Deloitte Touche Tohmatsu

These line items are provided by way of example only. The disclosures should provide sufficient detail of the amounts paid or payable to the auditor for each non-audit service

Source

66. Remuneration of auditors (continued)**Suggested changes to disclosures**

In November 2020, the Federal Parliamentary Joint Committee on Corporations and Financial Services released *Regulation of Auditing in Australia: Final Report* (available at parlinfo.aph.gov.au). Included in this final report is a recommendation to establish defined categories and associated fee disclosure requirements in relation to audit and non-audit services. This recommendation was directed primarily at the Financial Reporting Council (FRC) and the AASB has a project on audit fee disclosure in progress.

In the meantime, we encourage entities to provide transparent and expanded disclosures in their financial reports at 31 December 2021. Potential categories of disclosure may include:

- Fees to group auditor for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities (including joint operations)
- Fees for assurance services that are required by legislation to be provided by the auditor (e.g. for certain reporting to APRA, Queensland Building & Construction Commission reports, AFSL Form FS 71)
- Fees for other assurance and agreed-upon procedures under other legislation or contractual arrangements (e.g. assurance on revenue information under a royalty agreement, comfort letters or agreed-upon procedures on other reports) when there is discretion as to whether the service is provided by the auditor or another firm
- Fees for other services (e.g. tax compliance).

Additional guidance

Remuneration of international associates of Deloitte Touche Tohmatsu Australia are disclosed under 'Fees to Deloitte and related network firm'.

AASB 1054:11

The nature and amount of each category of other services provided by a network firm of the auditor of a parent entity shall be disclosed in the notes to the financial statements.

'Network firm' is defined in APES 110 *Code of Ethics for Professional Accountants* as 'a Firm or entity that belongs to a Network'.

Firm is defined in APES 110 as:

- A sole practitioner, partnership, corporation or other entity of professional accountants
- An entity that controls such parties through ownership, management or other means
- An entity controlled by such parties through ownership, management or other means, or
- An Auditor-General's office or department.

'Network' is defined in APES 110 as:

'A larger structure:

- (a) That is aimed at co-operation, and
- (b) That is clearly aimed at profit or cost sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand-name, or a significant part of professional resources.'

The definition of 'Network' is to be read in the context of the guidance provided in paragraphs 290.13-24 of APES 110.

Source

66. Remuneration of auditors (continued)

Listed companies

s.300(11B)(a), (11C)

Note: This disclosure may be provided in either the directors' report or in the financial report.

Listed companies must disclose details of the amounts paid or payable to each auditor for non-audit services provided during the year by the auditor (or by another person or firm on the auditor's behalf). For the purposes of this requirement, the details required are the name of the auditor, and the dollar amount that the listed company or any entity that is part of the consolidated entity paid, or is liable to pay, for each of those non-audit services.

67. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below. See note 3 for a summary of the significant accounting policies relating to the Group.

Investments in subsidiaries, associates and joint ventures

AASB 127:12, 16(c)

Investments in subsidiaries, associates and joint ventures are accounted for at cost. Dividends received from subsidiaries, associates and joint ventures are recognised in profit or loss when a right to receive the dividend is established (provided that it is probable that the economic benefits will flow to the Parent and the amount of income can be measured reliably).

Tax consolidation

The disclosures below assume the parent entity is the head entity in the tax consolidated group and that a tax funding arrangement exists and mirrors the tax allocation method used under Interpretation 1052. Where this is not the case, the disclosures should be amended as relevant to the entity's specific circumstances.

Int 1052:16

The company and its wholly-owned Australian resident entities are members of a tax-consolidated group under Australian tax law. The company is the head entity within the tax-consolidated group. In addition to its own current and deferred tax amounts, the company also recognises the current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group.

Amounts payable or receivable under the tax-funding arrangement between the company and the entities in the tax consolidated group are determined using a 'separate taxpayer within group'* approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred, and does not tax effect transactions that have no tax consequences to the group. The same basis is used for tax allocation within the tax-consolidated group.

* Where other methods are used ('stand alone taxpayer' or 'group allocation') this wording should be changed, and the actual basis of allocation outlined in the next sentence should be updated to reflect the entity's circumstances.

Source

67. Parent entity information (continued)

| Financial position | | 31/12/2021 | 31/12/2020 |
|---------------------------|--|-------------------|-------------------|
| | | \$'000 | \$'000 |
| | Assets | | |
| Reg2M.3.01(a),(k) | Current assets | | |
| | Non-current assets | | |
| Reg2M.3.01(b),(k) | Total assets | | |
| | Liabilities | | |
| Reg2M.3.01(c),(k) | Current liabilities | | |
| | Non-current liabilities | | |
| Reg2M.3.01(d),(k) | Total liabilities | | |
| Reg2M.3.01(e),(k) | Equity | | |
| | Issued capital | | |
| | Retained earnings | | |
| | Reserves: | | |
| | - General reserve | | |
| | - Asset revaluation | | |
| | - Investments revaluation | | |
| | - Equity-settled employee benefits | | |
| | - Option premium on convertible notes | | |
| | - Other <i>[describe]</i> | | |
| | Total equity | | |
| | Financial performance | | |
| | | Year ended | |
| | | 31/12/2021 | 31/12/2020 |
| | | \$'000 | \$'000 |
| Reg2M.3.01(f),(k) | Profit for the year | | |
| | Other comprehensive income | | |
| Reg2M.3.01(g),(k) | Total comprehensive income | | |
| Reg2M.3.01(h),(k) | Guarantees entered into by the parent entity in relation to the debts of its subsidiaries | | |
| | | 31/12/2021 | 31/12/2020 |
| | | \$'000 | \$'000 |
| | Guarantee provided under the deed of cross guarantee (i) | | |

(i) International GAAP Holdings Limited has entered into a deed of cross guarantee with two of its wholly-owned subsidiaries, Subthree Limited and Subseven Limited.

Source

67. Parent entity information (continued)

Reg2M.3.01(i), (k)

Contingent liabilities of the parent entity

[describe]

| 31/12/2021 \$'000 | 31/12/2020 \$'000 |
|----------------------|----------------------|
| - | - |

Reg2M.3.01(j), (k)

Commitments for the acquisition of property, plant and equipment by the parent entity

Plant and equipment

Not longer than 1 year

Longer than 1 year and not longer than 5 years

Longer than 5 years

| 31/12/2021 \$'000 | 31/12/2020 \$'000 |
|----------------------|----------------------|
| _____ | _____ |
| _____ | _____ |

s.295(2), (3),
Reg2M.3.01

Disclosures required in the notes to the consolidated financial statements

- (1) Where consolidated financial statements are required by the accounting standards, the regulations require the notes to the financial statements of the consolidated entity to disclose:
 - (a) Current assets of the parent entity
 - (b) Total assets of the parent entity
 - (c) Current liabilities of the parent entity
 - (d) Total liabilities of the parent entity
 - (e) Shareholders' equity in the parent entity separately showing issued capital and each reserve
 - (f) Profit or loss of the parent entity
 - (g) Total comprehensive income of the parent company
 - (h) Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries
 - (i) Details of any contingent liabilities of the parent entity
 - (j) Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment
 - (k) Comparative information for the previous period for each of paragraphs (a) to (j)
- (2) The disclosures in (1) must be calculated in accordance with accounting standards in force in the financial year to which the disclosure relates.
- (3) In the regulation: parent entity means a company, registered scheme or disclosing entity that is required by the accounting standards to prepare financial statements in relation to a consolidated entity.

ASX disclosures

Below are illustrative disclosures required by ASX which are suitable as a **guide** only.

Source

Additional securities exchange information as at 16 March 2022

The below illustrative disclosures required by the ASX listing rules are included outside the financial statements. As a result, these disclosures are not subject to audit nor included or referenced in the notes in the financial statements.

ASX-LR 4.10

Additional securities exchange information must be current as at a date specified by the entity which must be on or after the entity's balance sheet date and not be more than 6 weeks before the annual report is given to the ASX.

Number of holders of equity securities

ASX-LR 19.12

Equity securities include shares, units, options over issued or unissued securities, rights to any one of the former securities and convertible securities.

ASX-LR 4.10.5

Ordinary share capital

___ fully paid ordinary shares are held by ___ individual shareholders.

___ partly paid ordinary shares, paid to ___ cents, are held by ___ individual shareholders. ___ cents per share may be called up in the event of winding up the company.

ASX-LR 4.10.6

All issued ordinary shares carry one vote per share, however, partly paid shares do not carry the rights to dividends.

ASX-LR 4.10.5
ASX-LR 4.10.16

Preference share capital

___ ___ % converting non-participating preference shares are held by ___ individual shareholders.

___ ___ % redeemable cumulative preference shares are held by ___ individual shareholders.

ASX-LR 4.10.6

All issued converting non-participating preference shares and redeemable cumulative preference shares carry one vote per share, however, the right to vote is restricted to meetings convened for the purpose of reducing the capital or winding-up or sanctioning the sale of the undertaking of the Company or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the dividend on their particular class of preference shares is in arrears for more than six months.

ASX-LR 4.10.5

Convertible notes

___ ___ % fully paid convertible notes are held by ___ individual noteholders.

ASX-LR 4.10.6

Convertible notes do not carry a right to vote.

ASX-LR 4.10.5
ASX-LR 4.10.16

Options

___ options are held by ___ individual option holders.

ASX-LR 4.10.6

Options do not carry a right to vote.

Source

ASX-LR 4.10.7

Distribution of holders of equity securities

| | Fully paid ordinary shares | Partly paid ordinary shares | Redeemable preference shares | Converting non-participating preference shares | Convertible notes | Options |
|------------------|----------------------------|-----------------------------|------------------------------|--|-------------------|---------|
| 1 – 1,000 | | | | | | |
| 1,001 – 5,000 | | | | | | |
| 5,001 – 10,000 | | | | | | |
| 10,001 – 100,000 | | | | | | |
| 100,001 and over | | | | | | |

ASX-LR 4.10.8

Holding less than a marketable parcel

ASX-LR 4.10.4

Substantial shareholders

| Ordinary shareholders | Fully paid ordinary shares Number | Partly paid ordinary shares Number |
|-----------------------|-----------------------------------|------------------------------------|
| X Holdings Limited | | |
| XYZ Nominees Limited | | |
| White Pty Ltd | | |

A substantial holder, in relation to a company and a trust which is a registered managed investment scheme, a substantial holder under s.671B of the Corporations Act.

s.9

A person has a substantial shareholding in a body corporate, or listed registered managed investment scheme, if:

- The total votes attached to voting shares in the body, or voting interests in the scheme, in which they or their associates:
- Have relevant interests
- Would have a relevant interest but for subsection 609(6) (market traded options) or 609(7) (conditional agreements)

is 5% or more of the total number of votes attached to voting shares in the body, or interests in the scheme, or

- The person has made a takeover bid for voting shares in the body, or voting interests in the scheme, and the bid period has started and not yet ended.

s.9

A voting share means an issued share in the body that carries any voting rights beyond the following:

- A right to vote while a dividend (or part of a dividend) in respect of the share is unpaid
- A right to vote on a proposal to reduce the body's share capital
- A right to vote on a resolution to approve the terms of a buy-back agreement
- A right to vote on a proposal that affects the rights attached to the share
- A right to vote on a proposal to wind the body up
- A right to vote on a proposal for the disposal of the whole of the body's property, business and undertaking
- A right to vote during the body's winding up.

Source

ASX-LR 4.10.9

Twenty largest holders of quoted equity securities

| Ordinary shareholders | Fully paid ordinary shares | | Partly paid ordinary shares | |
|----------------------------|----------------------------|------------|-----------------------------|------------|
| | Number | Percentage | Number | Percentage |
| X Holdings Limited | | | | |
| Woodstock Nominees Limited | | | | |
| White Pty Ltd | | | | |
| The Perri Family Trust | | | | |
| Vente Nominees Limited | | | | |
| P.T. Young | | | | |
| ELC Superannuation Trust | | | | |
| Inkerman Pty Limited | | | | |
| Vente Nominees Limited | | | | |
| P.H. Taylor | | | | |
| C.W. Gouday | | | | |
| K.B. Cai | | | | |
| T.P. Kowood | | | | |
| W.L. Yeo Family Trust | | | | |
| Stock Pty Limited | | | | |
| D.E. Portier | | | | |
| A.L. Lauff | | | | |
| P.D. Kimm | | | | |
| C.P. Daniels | | | | |
| C.J. Chambers | | | | |
| Simichy Nominees Limited | | | | |
| <hr/> | | | | |
| <hr/> | | | | |
| Convertible noteholders | Convertible notes | | | |
| | Number | | Percentage | |
| Woodstock Nominees Limited | | | | |
| Kowski Nominees Limited | | | | |
| White Pty Ltd | | | | |
| Smith Trust | | | | |
| Giles Nominees Limited | | | | |
| P.T. Young | | | | |
| Insurance Company Limited | | | | |
| P.H Taylor Family Trust | | | | |
| Vente Nominees Limited | | | | |
| C.W. Gouday | | | | |
| K.B. Cai | | | | |
| T.P. Saw | | | | |
| Stock Pty Limited | | | | |
| Hill Nominees Limited | | | | |
| A.L. Lauff | | | | |
| P.C. Ford | | | | |
| Hanky Pty Limited | | | | |
| D.E. Rendall | | | | |
| Motter Trust | | | | |
| Simichy Nominees Limited | | | | |
| <hr/> | | | | |
| <hr/> | | | | |

Source

ASX-LR 4.10.16

Unquoted equity security holdings greater than 20%

Number

Converting non-participating preference shares

Y Holdings Limited

Disclosure of the name of the holder and the number of equity securities held, where a person holds more than 20% of the equity securities in an unquoted class, is not required where the securities were issued or acquired under an employee incentive scheme.

ASX-LR 4.10.10

Company secretary

Mr A.B. Grey

ASX-LR 4.10.11

Registered office

10th Floor
ALD Centre
255 Deloitte Street
SYDNEY NSW 2000
Tel: (02) 9208 7000

Principal administration office

1st Floor
167 Admin Ave
SYDNEY NSW 2000
Tel: (02) 9208 5000

ASX-LR 4.10.12

Share registry

ELC Share Registry Services
Level 1
225 George St
SYDNEY NSW 2000
Tel: (02) 9322 7000

Other ASX information

All listed entities

ASX-LR 4.10.14

The number and class of restricted securities or securities subject to voluntary escrow that are on issue, and the date that the escrow period ends, must be disclosed.

ASX-LR 4.10.18

An entity shall disclose whether there is a current on-market buy-back. That is, if an Appendix 3C has been given to the ASX for an on-market buy-back and no Appendix 3F has been given to the ASX for that buy-back.

ASX-LR 4.10.21

A summary of any issues of securities approved for the purposes of Item 7 of s.611 of the Corporations Act which have not yet been completed must be disclosed.

ASX-LR 4.10.22

If during the reporting period any securities of an entity were purchased on-market:

- Under or for the purposes of an employee incentive scheme, or
- To satisfy the entitlements of the holder of options or other rights to acquire securities granted under an employee incentive scheme,

an entity shall disclose the following information:

- The total number of securities purchased during the reporting period
- The average price per security at which the securities were purchased during the reporting period.

Securities exchange listings

ASX-LR 4.10.13

Where the entity is listed on a securities exchange other than the Australian Securities Exchange, the name of that exchange must be disclosed.

Source

ASX-LR 4.10.20

Other ASX information (continued)

For listed investment entities

Listed investment entities must disclose:

- A list of all investments held by it and its child entities at the balance date
- The level 1, level 2 and level 3 inputs used to value its investments in accordance with Australian Accounting Standard AASB 13 *Fair Value Measurement* *
- The net tangible asset backing of its quoted securities at the beginning and end of the reporting period and an explanation of any change therein over that period
- The total number of transactions in listed and unlisted securities and derivatives during the reporting period, together with the total brokerage paid or accrued during the period
- The total management fees paid or accrued during the reporting period, together with a summary of any management agreement.

* *This can be disclosed in the financial statements in the entity's annual report*

ASX-LR 19.12

An investment entity is an entity which, in ASX's opinion, is an entity to which both of the following apply:

- Its activities or the principal part of its activities consist of investing (directly or through a child entity) in listed or unlisted securities or futures contracts
- Its objectives do not include exercising control over or managing any entity, or the business of any entity, in which it invests.

In deciding whether an entity is an investment entity ASX will normally have regard to factors including the extent of board representation, the size of the holdings, the investment period and the amount of cash held by the entity.

For listed mining companies

ASX-LR 5.6

Statements in the annual report of mining entities must comply with 5.7 to 5.24 and Appendix 5A of the Listing Rules.

Annual reporting

ASX-LR 5.20

A mining exploration entity must include in its annual report:

- The mining tenements held by the mining exploration entity and its child entities and their location
- The percentage interest it or they held in each mining tenement.

ASX-LR 5.21

A mining entity must include a mineral resources and ore reserves statement in its annual report which includes:

- A summary of the results of the mining entity's annual review of its ore reserves and mineral resources
- As at the mining entity's end of financial year (or such other appropriate disclosed date*), the mining entity's mineral resource and ore reserves holdings in tabular form by commodity type (including grade or quality), by ore reserve category and mineral resource category, and by geographical area based on the materiality of the mineral resources and ore reserves holdings to the mining entity
 - * Where the mining entity reports as a date other than the end of its financial year, the entity must include a brief explanation of any material changes in the mineral resources and ore reserves in the period between the date of annual review of its ore reserves and mineral resources and the end of financial year balance date
- A comparison of the mining entity's mineral resources and ore reserves holdings against that from the previous year including an explanation of any material changes in the mineral resources and ore reserve holdings from the previous year
- A summary of the governance arrangements and internal controls that the mining entity has put in place with respect to its estimates of mineral resources and ore reserves and the estimation process.

Source

Other ASX information (continued)**For listed oil and gas companies**

Statements in the annual report of oil and gas companies must comply with Listing Rules 5.25 to 5.44.

Note regarding forthcoming changes

In October 2021, the ASX published [Consultation Response Proposed changes to the oil and gas reporting requirements in the ASX Listing Rules](#), which outlines final rule changes in respect of reporting by oil and gas entities.

Chapter 5 of the ASX Listing Rules is currently drafted based on the 2007 edition of the Petroleum Resources Management System sponsored by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers (commonly referred to as the 'SPE-PRMS'). The SPE-PRMS was revised in July 2018 and the final listing rule changes made by the ASX give effect to the revisions.

The revised Chapter 5 of the ASX Listing Rules comes into effect on 1 July 2022. The ASX notes that entities are encouraged to apply the revised rules before their effective date.

Note: The information below does not reflect these changes to Chapter 5 of the ASX Listing Rules.

Annual reporting

ASX-LR 5.37

An oil and gas exploration entity must include in its annual report:

- The petroleum tenements held by the oil and gas exploration entity and its child entities and their locations
- The percentage interest it or they held in each petroleum tenement.

ASX-LR 5.38

An oil and gas entity that reports to the Securities and Exchange Commission (SEC) of the United States of America and files SEC compliant Forms 10-K and 20-F Reports with the SEC annually is not required to comply with the annual reserves statement requirements under ASX Listing Rules 5.39 and 5.40.

ASX-LR 5.39

Except where the above exception applies, an oil and gas entity must include a reserves statement in its annual report including the following information:

- As at the oil and gas entity's end of financial year balance date, the oil and gas entity's petroleum reserves holdings in tabular form reporting on the basis of total '1P' petroleum reserves and '2P' petroleum reserves (split between developed and undeveloped reserves by product) and by total aggregated '1P' and '2P' reserves by product and geographical area
- The proportion of total '1P' and '2P' reserves that are based on unconventional petroleum resources
- A reconciliation of the oil and gas entity's petroleum reserves holding against that from the previous year, including an explanation of any material changes from the previous year
- Specific information about any material concentrations of undeveloped petroleum reserves in material oil and gas projects which have remained undeveloped after 5 years from the date they were initially reported
- A summary of the governance arrangements and internal control that the oil and gas entity has put in place, including the frequency and scope of any reviews or audits undertaken with respect to its estimates of petroleum reserves and the estimation process.

ASX-LR 5.40

If an oil and gas entity reports on oil and gas entity level and other aggregated estimates of contingent resources in its reserve statement in its annual report, the statement must include additional prescribed information, including total '2C' contingent resources by product, aggregated '2C' contingent resources by product and geographical area, and a reconciliation of the total '2C' contingent resources holdings against that from the previous year.

Source

ASX-LR 4.10.19

Other ASX information (continued)

For recently listed entities

In the first two annual financial reports after admission to the ASX, where an entity is admitted under ASX Listing Rule 1.3.2(b) or is required to comply with ASX Listing Rule 1.3.2(b) because of the application of ASX Listing Rule 11.1.3, the entity must state whether the entity used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. If the use was not consistent, an explanation of how the cash and assets were used must be disclosed.

ASX Corporate Governance Principles and Recommendations

Corporate governance is a system of rules, practices, policies and processes by which a company is directed and controlled. It aims at balancing the interests of a company's stakeholders and furthermore, good corporate governance promotes investor confidence. The ASX Corporate Governance Principles and Recommendations ('Principles and Recommendations') set out recommended corporate governance practices for entities listed on the ASX.

The Principles and Recommendations are not mandatory. As a result if a listed entity considers that a recommended principles/recommendation is not appropriate for the entity to adopt, it is entitled not to adopt it. However, the entity must explain why it has not adopted the principle/recommendation – seen as the "if not, why not" approach.

Unlisted entities are not required to report against the Principles and Recommendations however, may choose to adopt the Principles and Recommendations.

The principles set out below are those outlined in the fourth edition of the [Corporate Governance Principles and Recommendations](#) which was issued in February 2019.

The ASX corporate governance considerations applicable to listed entities are set out below:

| Source | Requirement |
|---------------|---|
| ASX-LR 4.10.3 | <p>Australian Securities Exchange Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the best practice recommendations of the ASX Corporate Governance Council during the reporting period. This disclosure is required either in the annual report or the annual report should include a link to the company's corporate governance statement on the company's website. Where a recommendation has not been followed for any part of the reporting period, the corporate governance statement must separately identify that recommendation and the period during which it was not followed and the entity must justify the reason for the non-compliance and what (if any) alternative governance practices it has adopted.</p> <p>The corporate governance statement must also:</p> <ul style="list-style-type: none"> • Specify the date at which it is current (must be entity's balance sheet date or a later date specified by the entity) • State that it has been approved by the board of the entity or the board of the responsibility entity of a trust. |
| ASX-GN 9 | <p>Recommendations</p> <p>To assist companies in complying with the guidelines, the ASX has issued Guidance Note 9 'Disclosure of Corporate Governance Practices', most recently amended to reflect amendments made by the ASX Corporate Governance Council in December 2016. At the date of this publication, the Guidance Note has not been revised for the fourth edition of the Principles and Recommendations issued in February 2019 (as these apply to the first full financial year commencing on or after 1 January 2020).</p> |

Source

Requirement

Corporate
Governance
Principles and
Recommendations
(Fourth Edition)

It is important that listed entities refer to the complete document when preparing their reports as they provide comprehensive and invaluable guidance in relation to implementation of the Principles and Recommendations. The recommendations of the ASX Corporate Governance Council, including corporate governance practices and suggested disclosures, are set out below. The recommendations are differentiated between the eight core principles that the ASX Corporate Governance Council believes underlie good corporate governance. Entities must disclose any instances of non-compliance with these recommendations.

Principle 1 – Lay solid foundations for management and oversight

- 1.1 A listed entity should have and disclose a board charter setting out:
- (a) The respective roles and responsibilities of its board and management
 - (b) Those matters expressly reserved to the board and those delegated to management.
- 1.2 A listed entity should:
- (a) Undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director
 - (b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.
- 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.
- 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.
- 1.5 A listed entity should:
- (a) Have and disclose a diversity policy
 - (b) Through its board or committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally
 - (c) Disclose in relation to each reporting period:
 1. The measurable objectives set for that period to achieve gender diversity
 2. The entity's progress towards achieving those objectives
 3. Either:
 - a. The respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined 'senior executive' for these purposes), or
 - b. If the entity is a 'relevant employer' under the Workforce Gender Equality Act, the entity's most recent 'Gender Equality Indicators', as defined and published under that Act.
- If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.
- 1.6 A listed entity should:
- (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors
 - (b) Disclose, for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period
- 1.7 A listed entity should:
- (a) Have and disclose a process for periodically evaluating the performance of its senior executives at least once each reporting period
 - (b) Disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

Principle 2 - Structure the board to be effective and add value

- 2.1 The board of a listed entity should:
- (a) Have a nomination committee which:
 1. Has at least three members, a majority of whom are independent directors, and

Source

Requirement

2. Is chaired by an independent director and disclose
 3. The charter or the committee
 4. The members of the committee
 5. As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, or
- (b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.
- 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.
- 2.3 A listed entity should disclose:
- (a) The names of the directors considered by the board to be independent directors
 - (b) If a director has an interest, position, association or relationship of the type described below but the board is of the opinion that it does not compromise the independence of the directors, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion:
 - The director is, or has been, employed in the executive capacity by the entity or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board
 - The director receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of the entity
 - The director is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the entity or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship
 - The director is, represents, or is or has been within the last three year an officer or employee of, or professional adviser to, a substantial holder
 - The director has close personal ties with any person who falls within any of the categories described above
 - The director has been a director of the entity for such a period that their independence from management and substantial holds may have been compromised.
 - (c) The length of service of each director.
- 2.4 A majority of the board of a listed entity should be independent directors.
- 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.
- 2.6 A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

- 3.1 A listed entity should articulate and disclose its values
- 3.2 A listed entity should:
- (a) Have and disclose a code of conduct for its directors, senior executives and employees
 - (b) Ensure that the board or a committee of the board is informed of any material breaches of that code.
- 3.3 A listed entity should:
- (a) Have and disclose a whistleblower policy
 - (b) Ensure that the board or a committee of the board is informed of any material incidents reported under that policy
- 3.4 A listed entity should:
- (a) Have and disclose and anti-bribery and corruption policy

Source

Requirement

- (b) Ensure that the board or a committee of the board is informed of any material breaches of that policy

Principle 4 - Safeguard the integrity of corporate reports

4.1 The board of a listed entity should:

(a) Have an audit committee which:

1. Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors, and
2. Is chaired by an independent director, who is not the chair of the board

and disclose:

3. The charter of the committee
4. The relevant qualifications and experience of the members of the committee
5. In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, or

(b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively

4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

Principle 5 - Make timely and balanced disclosures

5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1

5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

Principle 6 - Respect the rights of security holders

6.1 A listed entity should provide information about itself and its governance to investors via its website

6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders

6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically

Principle 7 - Recognise and manage risk

7.1 The board of a listed entity should:

(a) Have a committee or committees to oversee risk, each of which:

1. Has at least three members, a majority of whom are independent directors
2. Is chaired by an independent director

and disclose:

3. The charter of the committee
4. The members of the committee

Source

Requirement

5. As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, or
 - (b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.
- 7.2 The board or a committee of the board should:
 - (a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with the due regard to the risk appetite set by the board
 - (b) Disclose, in relation to each reporting period, whether such a review has taken place.
- 7.3 A listed entity should disclose:
 - (a) If it has an internal audit function, how the function is structured and what role it performs, or
 - (b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes
- 7.4 A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

Principle 8 - Remunerate fairly and responsibly

- 8.1 The board of a listed entity should:
 - (a) Have a remuneration committee which:
 1. Has at least three members, a majority of whom are independent directors, and
 2. Is chaired by an independent director
 and disclose:
 3. The charter of the committee
 4. The members of the committee
 5. As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, or
 - (b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive
- 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.
- 8.3 A listed entity which has an equity-based remuneration scheme should:
 - Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme
 - Disclose that policy or a summary of it.

Additional recommendations that apply only in certain cases

- 9.1 A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.
- 9.2 A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.
- 9.3 A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Externally managed listed entities

Source

Requirement

The current version of the Corporate Governance Principles and Recommendations includes additional guidance on the application of the recommendations to externally managed entities.

The following recommendations are those which do not apply:

1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.1, 2.2, 2.4, 2.5, 2.6, 8.1, 8.2, 8.3, 9.1 and 9.2.

The entity may simply state that these recommendations are “not applicable” in its corporate governance statement.

For the following recommendations the normal requirements do not apply, but in lieu of these requirements alternative recommendations apply:

1.1, 8.1, 8.2 and 8.3.

The recommendations and alternative recommendations listed below, apply to externally managed listed entities with specific guidance on application:

- Alternative recommendation 1.1 – The responsible entity of an externally managed listed entity should disclose (1) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity and (2) the role and responsibility of the board of the responsible entity for overseeing those arrangements
- Alternative recommendation 8.1, 8.2 and 8.3 – An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.



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