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Model proposed simplified Tier 2 disclosures – comprehensive example

Reporting periods ending on or after 30 June 2020

About the model proposed simplified Tier 2 disclosures

THESE ILLUSTRATIVE FINANCIAL STATEMENTS MUST NOT BE USED AS THE BASIS FOR PREPARING GENERAL PURPOSE FINANCIAL STATEMENTS UNDER EXISTING ACCOUNTING STANDARDS

These illustrative financial statements have been prepared solely to assist interested parties understand and comment on the AASB's proposals in relation to the 'new' Tier 2 disclosures for general purpose financial statements. These illustrative financial statements should be read in conjunction with our *Clarity* publication on the proposals, which is available at www.deloitte.com/au/clarity.

As the proposals in ED 295 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (ED 295) have not been made into an Accounting Standard by the AASB, they cannot be adopted in the preparation of general purpose financial statements prepared under existing Australian Accounting Standards.

About these illustrative disclosures

Comprehensive example

This document contains an illustrative example of how general purpose financial statements might be prepared in accordance with the proposals in ED 295.

This example includes all of the proposed disclosures in ED 295, either in illustrative or narrative form, in so far as those disclosures relate to for-profit entities. This version effectively provides access to the full ambit of the disclosures proposed in ED 295 (subject to the limitations note below).

In addition to this comprehensive example, we have also prepared a basic example, illustrating the disclosures proposed for a group of for-profit entities preparing consolidated general purpose financial statements in accordance with the proposals in ED 295. The basic example is available as a separate document.

Understanding the impacts of the AASB's proposals

In order to assist readers understand the impacts of the AASB's proposals, changes in disclosures between special purpose financial statements and general purpose financial statements prepared in accordance with ED 295, are notated with a green bar in the left margin

In order to assist readers understand the impacts of moving from stand-alone financial statements to consolidated general purpose financial statements under ED 295 and other relevant requirements applying to for-profit entities reporting under the *Corporations Act 2001*, additional presentation and disclosure requirements are notated with a blue bar in the left margin.

Purpose

This model annual report has been designed by Deloitte Touche Tohmatsu to assist interested parties to understand and comment on how **general purpose financial statements** of a **for-profit large proprietary company** could be prepared in accordance with:

- Proposed disclosure requirements of Australian Accounting Standards Board (AASB) ED 295 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (ED 295)
- Provisions of the *Corporations Act 2001*, insofar as they relate to the primary financial statements and notes to the financial statements
- The recognition and measurement requirements of all Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB)
- Other requirements and guidelines current as at the date of issue, including Australian Securities and Investments Commission ('ASIC') Class Orders/Corporations Instruments, Regulatory Guides and Media Releases. In so far as they relate to the primary financial statements and the notes to the financial statements.

Basis of preparation

Best practice disclosures

In some instances, additional 'best practice' disclosures commonly included in financial statements have been illustrated in these model financial statements. These disclosures can do not have source references included in the left-hand column.

For-profit entity disclosures

The illustrative disclosures show how general purpose financial statements might be prepared for a **for-profit** entity in two different situations. Section 36 of ED 295 contains additional disclosures for not-for-profit entities and public sector entities. Illustrative examples of these disclosures are not included in these models, nor are details of those disclosures outlined. Readers interested in the extent of those disclosures should refer to the text of ED 295.

Transition disclosures not illustrated

ED 295 contains proposed requirements in relation to the transition to 'Australian Accounting Standards – Simplified Disclosures'. These additional disclosures are only required where an entity has not previously complied with the full recognition and measurements requirement in Australian Accounting Standards, and has applied the transitional requirements in AASB 1 *First-time Application of Australian Accounting Standards* in accordance with paragraph 18A(a)(i) of AASB 1053 *Application of Tiers of Australian Accounting Standards*.

The additional transitional disclosures are not illustrated in the model financial statements, nor are details of those disclosures outlined. Readers interested in the extent of those disclosures should refer to the text of ED 295.

Not all *Corporations Act 2001* requirements are illustrated

The model financial statements only illustrate those requirements that are applicable in the primary financial statements, and the notes thereto. Accordingly, the requirements for a directors' report, directors' declaration, auditor's independence statement and independent auditor's report are not included in these models.

Showing 'nil' amounts

In the attached model financial statements, no amounts are shown for each line item, so as to illustrate items that might be commonly encountered in practice in complying with the proposals in ED 295. This does not mean that we have illustrated all possible disclosures. Nor should it be taken to mean that, in practice, entities are required to display line items for 'nil' amounts.

Source references

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

Abbreviations

Abbreviations used in this illustration are as follows:

Term	Meaning
s.	Section of the *Corporations Act 2001*
Reg	Regulation of the *Corporations Regulations 2001*
AASB	Australian Accounting Standard issued by the Australian Accounting Standards Board
Int	Interpretation issued by the Australian Accounting Standards Board
APES	Professional and Ethical Standard issued by the Accounting Professional and Ethical Standards Board
ASA	Australian Auditing Standard issued by the Auditing and Assurance Standards Board
ASIC-CO/ ASIC-CI	Australian Securities and Investments Commission Class Order/Corporations Instrument issued pursuant to s.341(1) of the *Corporations Act 2001*
ASIC-RG	Australian Securities and Investments Commission Regulatory Guide
ED	AASB Exposure Draft

Tier 2 Comprehensive Pty Limited

ACN 123 456 789

Annual report for the financial year ended 30 June 2020

Index to the financial statements

Consolidated statement of comprehensive income

For the year ended 30 June 2020
[Alternative 1 – Single statement, expenses by function]

Source		Notes	Year ended 30/06/2020	Year ended 30/06/2019
ED 295:3.23(c)				
ED 295:3.23(d), (e)			$'000	$'000
	Continuing operations			
ED 295:5.5(a)	Revenue	4		
ED 295:5.11(b)	Cost of sales			
	Gross profit			
	Investment income	5		
	Other gains and losses	6		
ED 295:5.11(b)	Distribution expenses			
ED 295:5.11(b)	Marketing expenses			
ED 295:5.11(b)	Occupancy expenses			
ED 295:5.11(b)	Administration expenses			
ED 295:5.11(b)	Other expenses			
ED 295:5.5(b)	Finance costs	5		
ED 295:5.5(c), 14.14	Share of profits of associates and joint ventures			
	Profit before tax			
ED 295:5.5(d)	Income tax expense	7		
	Profit for the year from continuing operations			
	Discontinued operations			
ED 295:5.5(e)	Profit for the year from discontinued operations			
ED 295.5.5(f)	**PROFIT (LOSS) FOR THE YEAR**			
	Other comprehensive income, net of income tax			
ED 295:5.5(g)(i)	***Items that will not be reclassified subsequently to profit or loss:***			
	Gain on revaluation of property			
	Remeasurement of defined benefit obligation			
	Share of other comprehensive income of associates			
ED 295:Aus11.48 (a)(v)	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			
	Other [describe]			

Source		Notes	Year ended 30/06/2020 $'000	Year ended 30/06/2019 $'000
ED 295:3.23(c)				
ED 295:3.23(d), (e)				
ED 295:5.5(g)(li)	***Items that may be reclassified subsequently to profit or loss:***			
	Exchange differences on translating foreign operations			
	Net fair value gain/(loss) on investments in debt instruments measured at fair value through other comprehensive income			
	Net fair value gain on hedging instruments entered into for cash flow hedges			
ED 295:5.5(h)	Share of other comprehensive income of associates			
ED 295:5.5(h)	Share of other comprehensive income of joint ventures			
	Other [describe]			
	Other comprehensive income for the year			
ED 295:5.5(i)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**			
ED 295:5.6(a)	***Profit (loss) for the period attributable to:***			
ED 295:5.6(a)(ii)	- Owners of parent			
ED 295:5.6(a)(i)	- Non-controlling interest			
ED 295:5.6(b)	***Total comprehensive income attributable to:***			
ED 295:5.6(b)(ii)	- Owners of parent			
ED 295:5.6(b)(i)	- Non-controlling interest			

Additional sources: ED 295:3:17(b)(i)

Consolidated statement of profit or loss

For the year ended 30 June 2020
[Alternative 2 – Separate statements, expenses by nature]

Source		Notes	Year ended 30/06/2020	Year ended 30/06/2019
ED 295:3.23(c)				
ED 295:3.23(d)			$'000	$'000
ED 295:3.23(e)				
	Continuing operations			
ED 295:5.5(a)	Revenue	4		
	Investment income	5		
	Other gains and losses	6		
ED 295:5.5(c)	Share of profits of associates and joint ventures			
ED 295:5.11(a)	Changes in inventories of finished goods and work in progress			
ED 295:5.11(a)	Raw materials and consumables used			
ED 295:5.11(a)	Depreciation and amortisation expenses			
ED 295:5.11(a)	Employee benefits expense			
ED 295:5.5(b)	Finance costs	5		
ED 295:5.11(a)	Consulting expense			
ED 295:5.11(a)	Other expenses			
	Profit before tax			
ED 295:5.5(d)	Income tax expense	7		
	Profit for the year from continuing operations			
	Discontinued operations			
ED 295:5.5(e)	Profit (loss) for the year from discontinued operations			
ED 295:5.5(f)	**PROFIT (LOSS) FOR THE YEAR**			
ED 295:5.6(a)	***Profit (loss) for the period attributable to:***			
ED 295:5.6(a)(ii)	- Owners of parent			
ED 295:5.6(a)(i)	- Non-controlling interest			

Additional sources: ED 295:3.17(b)(ii)

Consolidated statement of comprehensive income

For the year ended 30 June 2020
[Alternative 2 – Separate statements]

Source		Year ended 30/06/2020	Year ended 30/06/2019
ED 295:3.23(c)			
ED 295:3.23(d)		$'000	$'000
ED 295:3.23(e)			
ED 295:3.17(b)(ii)	**Profit for the year**		
	Other comprehensive income		
ED 295:5.5(g)(i)	***Items that will not be reclassified subsequently to profit or loss:***		
ED 295:5.4(b)(ii)	Remeasurements of defined benefit plans		
ED 295:5.4(b)(iv)	Gain on revaluation of property		
ED 295:Aus5.4.b(v)	Fair value gain/(loss) on investments in equity instruments designated at fair value through other comprehensive income		
ED 295:Aus5.4.b(vii)	Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk		
ED 295:5.4(b)(iii)	Fair value gain/(loss) on hedging instruments entered into for cash flow hedges subject to basis adjustment		
ED 295:5.4(b)(iii)	Fair value gain/(loss) on hedging instruments hedging investments in equity instruments measured at fair value through other comprehensive income		
	Cost of hedging subject to basis adjustment		
ED 295:5.5(h)	Share of other comprehensive income of associates		
ED 295:5.5(h)	Share of other comprehensive income of joint ventures		
	Income tax relating to items that will not be reclassified subsequently to profit or loss		

Source		Year ended 30/06/2020	Year ended 30/06/2019
ED 295:3.23(c)			
ED 295:3.23(d)		$'000	$'000
ED 295:3.23(e)			
ED 295:5.5(g)(ii)	***Items that may be reclassified subsequently to profit or loss:***		
ED 295:5.4(b)(i)	Foreign currency translation, net of investment hedges of foreign operations		
ED 295:Aus5.4.b(vi)	Fair value gain/(loss) on investments in debt instruments at fair value through other comprehensive income		
ED 295:5.4(	Costs of hedging not subject to basis adjustment		
ED 295:Aus5.4(b)(viii)	Changes in the value of the time value of options when separating the intrinsic value for hedging purposes		
ED 295:Aus5.4(b)(ix)	Changes in the value of forward elements of forward contracts when separating the forward and spot elements for hedging purposes		
	Income tax relating to items that may be reclassified subsequently to profit or loss		
	Other comprehensive income for the year, net of income tax		
ED 295:5.5(i)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		
ED 295:5.6(b)	***Total comprehensive income attributable to:***		
ED 295:5.6(b)(ii)	- Owners of parent		
ED 295:5.6(b)(i)	- Non-controlling interest		

Additional sources: ED 295:3.17(b)(ii)

Consolidated statement of income and retained earnings

For the year ended 30 June 2020
[Alternative 3 – Combined statement, available in certain circumstances]

Source		Notes	Year ended 30/06/2020	Year ended 30/06/2019
ED 295:3.23(c)				
ED 295:3.23(d)			$'000	$'000
ED 295:3.23(e)				
	Continuing operations			
ED 295:5.5(a)	Revenue	4		
	Investment income	5		
	Other gains and losses	6		
ED 295:5.5(c)	Share of profits of associates and joint ventures			
ED 295:5.11(a)	Gain recognised on disposal of interest in former associate			
ED 295:5.11(a)	Changes in inventories of finished goods and work in progress			
ED 295:5.11(a)	Raw materials and consumables used			
ED 295:5.11(a)	Depreciation and amortisation expenses			
ED 295:5.11(a)	Employee benefits expense			
ED 295:5.5(b)	Finance costs	5		
ED 295:5.11(a)	Consulting expense			
ED 295:5.11(a)	Other expenses			
	Profit before tax			
	Income tax expense	8		
	Profit for the year from continuing operations			
	Discontinued operations			
ED 295:5.5(e)	Profit for the year from discontinued operations			
ED 295:5.5(f)	**Profit (loss) for the year**			
ED 295:6.5(a)	***Retained earnings at the beginning of the financial year***			
ED 295:6.5(b)	Dividends			
ED 295:6.5(c)	Restatements for corrections of prior period errors			
ED 295:6.5(d)	Restatements for changes in accounting policies			
ED 295:6.5(e)	**Retained earnings at the end of the financial year**			

Source	
	Alternates available in certain circumstances
ED 295:3.18	The entity may present a single statement of income and retained earnings in place of the statement of comprehensive income and statement of changes in equity if the only changes to equity during the periods for which financial statements are presented arise from: • Profit or loss • Payment of dividends • Corrections of prior period errors • Changes in accounting policy.
ED 295:3.19	If an entity has no items of other comprehensive income in any of the periods for which financial statements are presented, it may present only an income statement or it may present a statement of comprehensive income in which the 'bottom line' is labelled 'profit or loss'
ED 295:5.3	A change from the single-statement approach to the two-statement approach, or vice versa, is a change in accounting policy to which AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Consolidated statement of financial position

For the financial year ended 30 June 2020

Source		Notes	30/06/2020	30/06/2019
ED 295:3.23(c)				
ED 295:3.23(d),(e)			$'000	$'000
	Assets			
ED 295:4.4	***Current assets***			
ED 295:4.2(a)	Cash and cash equivalents	28		
ED 295:4.2(b)	Trade and other receivables	9		
	Finance lease receivables	10		
ED 295:4.2(c)	Other financial assets	11		
ED 295:4.2(d)	Inventories	12		
ED 295:4.3(n)	Current tax assets			
ED 295:4.3	Other assets	21		
	Total current assets			
ED 295:4.4	***Non-current assets***			
	Finance lease receivables	10		
ED 295:4.2(c)	Other financial assets	11		
ED 295:4.2(j),,	Investments in associates	13		
ED 295:4.2(k),	Investments in joint ventures	14		
ED 295:4.2(e)	Property, plant and equipment	15		
ED 295:4.2(ea)	Investment property	16		
	Right of use assets	17		
ED 295:4.2(h)	Biological assets	18		
	Goodwill	19		
ED 295:4.2(g)	Other intangible assets	20		
ED 295:4.3	Other assets	21		
	Total non-current assets			
	Total assets			
	Liabilities			
ED 295:4.4	***Current liabilities***			
ED 295:4.2(l)	Trade and other payables	22		
	Lease liabilities	23		
	Other borrowings	24		
ED 295:4.2(m)	Other financial liabilities	25		
ED 295:4.2(p)	Provisions	26		
	Deferred government grants	28		
ED 295:4.2(n)	Current tax liabilities			
ED 295:4.3	Other liabilities	29		
	Total current liabilities			

Source		Notes	30/06/2020	30/06/2019
ED 295:3.23(c)				
ED 295:3.23(d),(e)			$'000	$'000
ED 295:4.4	***Non-current liabilities***			
	Lease liabilities	23		
	Borrowings	24		
ED 295:4.2(m)	Other financial liabilities	25		
ED 295:4.2(p)	Provisions	26		
ED 295:4.2(o)	Deferred tax liabilities	27		
	Deferred government grants	28		
ED 295:4.3	Other liabilities	29		
	Total non-current liabilities			
	Total liabilities			
	Net assets			
	Equity			
ED 295:4.11(f)	Issued capital	30		
ED 295:4.11(f)	Reserves	31		
ED 295:4.11(f)	Retained earnings			
ED 295:4.2(r)	***Equity attributable to owners of the parent***			
ED 295:4.2(q)	Non-controlling interests			
	Total equity			

Additional references: ED 295:4.1

Source

Current/non-current distinction

ED 295:4.4 An entity presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position in accordance with paragraphs 4.5–4.8, except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, all assets and liabilities shall be presented in order of approximate liquidity (ascending or descending).

Sequencing of items and format of items in the statement of financial position

ED 295:4.9 ED 295 does not prescribe the sequence or format in which items are to be presented. In addition:

- Line items are included when the size, nature or function of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of the entity's financial position; and
- The descriptions used and the sequencing of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide information that is relevant to an understanding of the entity's financial position.

ED 295:4.10 The judgement on whether additional items are presented separately is based on an assessment of all of the following:

- The amounts, nature and liquidity of assets
- The function of assets within the entity
- The amounts, nature and timing of liabilities.

Consolidated statement of changes in equity

For the year ended 30 June 2020

Source		Share capital	Properties revaluation reserve	Investments revaluation reserve	Financial liabilities at FVTPL credit risk reserve	Share-based payments reserve	Cash flow hedging reserve	Foreign currency translation reserve	Retained earning	Attributable to owners of the parent	Non-controlling interest	Total equity
ED 295:3.23(c)												
ED 295:3.23(d) ED 295:3.23(e)		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	Balance at 1 July 2018 (as previously reported)											
ED 295:6.3(b)	Effect of change in accounting policy for (insert as relevant)											
	Balance at 1 July 2018 (as restated)											
ED 295:6.3(c)(i)	Profit for the year											
ED 295:6.3(c)(ii)	Other comprehensive income for the year, net of income tax											
ED 295:6.3(a)	Total comprehensive income for the year											
ED 295:6.3(c)(iii)	Payment of dividends											
ED 295:6.3(c)(iii)	Recognition of share-based payments											
	Balance at 30 June 2019											
ED 295:6.3(c)(i)	Profit for the year											
ED 295:6.3(c)(ii)	Other comprehensive income for the year, net of income tax											
ED 295:6.3(a)	Total comprehensive income for the year											
ED 295:6.3(c)(iii)	Recognition of share-based payments											
ED 295:6.3(c)(iii)	Payment of dividends											
ED 295:6.3(c)(iii)	Issue of ordinary shares under employee share option plan											
ED 295:6.3(c)(iii)	Issue of ordinary shares for consulting services performed											
ED 295:6.3(c)(iii)	Issue of convertible non-participating preference shares											
ED 295:6.3(c)(iii)	Issue of convertible notes											
ED 295:6.3(c)(iii)	Share issue costs											
ED 295:6.3(c)(iii)	Buy-back of ordinary shares											
ED 295:6.3(c)(iii)	Share buy-back costs											
ED 295:6.3(c)(iii)	Transfer to retained earnings											
ED 295:6.3(c)(iii)	Income tax relating to transactions with owners											
ED 295:6.3(c)(iii)	Other *[describe]*											
	Balance at 30 June 2020											

Additional sources: ED 295:Section 6

Consolidated statement of cash flows

For the year ended 30 June 2020
[Alternative 1 – Direct method]

Source		Notes	Year ended 30/06/2020 $'000	Year ended 30/06/2019 $'000
ED 295:7.3	**Cash flows from operating activities**			
ED 295:7.4(a)	Receipts from the sale of goods and rendering of services			
ED 295:7.4(b)	Receipts from royalties, fees, commissions and other revenue			
ED 295:7.4(c)	Payments to suppliers for goods and services			
ED 295:7.4(d)	Payments to and on behalf of employees			
ED 295:7.4(e)				
ED 295:7.17	Payments (refunds) of income tax			
ED 295:7.4(f)	Receipts (payments) from investments, loans and other contracts held for sale			
ED 295:7.14	Interest paid			
ED 295:7.14	Interest received			
ED 295:7.14	Dividends received			
	Net cash generated by operating activities			
ED 295:7.3	**Cash flows from investing activities**			
ED 295:7.5(a)	Payments to acquire property, plant and equipment			
ED 295:7.5(b)	Receipts from the sale of property, plant and equipment			
ED 295:7.5(c)	Payments to acquire equity or debt instruments			
ED 295:7.5(d)	Receipts from the sale of equity or debt instruments			
ED 295:7.5(c)	Payments to acquire interests in joint ventures			
ED 295:7.5(d)	Receipts from the sale of interests in joint ventures			
ED 295:7.5(e)	Advances and loans made to other parties			
ED 295:7.5(f)	Repayments of advances and loans to other parties			
ED 295:7.5(g)	Payments for derivatives (other than those held for dealing or trading)			
ED 295:7.5(h)	Receipts from derivatives (other than those held for dealing or trading)			
	Payments for investment property			
	Proceeds from disposal of investment property			
ED 295:7.10	Net cash outflow on acquisition of businesses	34		
ED 295:7.10	Net cash inflow on disposal of businesses			
	Net cash (used in)/generated by investing activities			

Source		Notes	Year ended 30/06/2020 $'000	Year ended 30/06/2019 $'000
ED 295:7.3	**Cash flows from financing activities**			
ED 295:7.6(a)	Proceeds from issuing shares or other equity instruments			
ED 295:7.6(b)	Payments to owners to acquire or redeem shares or other equity instruments			
	Payment for share buy-back costs			
ED 295:7.6(c)	Proceeds from borrowings			
ED 295:7.6(d)	Repayment of borrowings			
ED 295:7.6(e)	Payments to reduce lease liabilities			
ED 295:7.14	Dividends paid on redeemable preference shares			
ED 295:7.14	Dividends paid to owners of the Company			
	Net cash used in financing activities			
	Net increase in cash and cash equivalents			
	Cash and cash equivalents at the beginning of the year			
ED 295:7.13	Effects of exchange rate changes on the balance of cash held in foreign currencies			
	Cash and cash equivalents at the end of the year	35		

Additional sources: ED 295:7.9

ED 295:7.9 The above illustrates the direct method of reporting cash flows from operating activities. Under the direct method, net cash flow from operating activities is presented by disclosing information about major classes of gross cash receipts and gross cash payments.

Reporting cash flows on a net basis

ED 295:Aus7.10.1
ED 295:Aus7.10.2
ED 295:Aus7.10.3

Cash flows arising from the following operating, investing or financing activities may be reported on a net basis:

- Cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity (e.g. the acceptance and repayment of demand deposits with a bank, funds held for customers by an investment entity, and rents collected on behalf of, and paid over to, the owners of properties)
- Cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short (e.g. principal amounts relating to credit card customers, the purchase and sale of investments, and other short-term borrowings)

ED 295:Aus7.10.4

Cash flows arising from each of the following activities of a financial institution may be reported on a net basis:

- Cash receipts and payments for the acceptance and repayment of deposits with a fixed maturity date;
- The placement of deposits with and withdrawal of deposits from other financial institutions; and
- Cash advances and loans made to customers and the repayment of those advances and loans.

Consolidated statement of cash flows

For the year ended 30 June 2020
[Alternative 2 – Indirect method]

Source		Notes	Year ended 30/06/2020 $'000	Year ended 30/06/2019 $'000
	Cash flows from operating activities			
	Profit for the year			
	Adjustments for:			
ED 295:7.8(b)	- Depreciation and amortisation of non-current assets			
ED 295:7.8(b)	- Net foreign exchange (gain)/loss			
ED 295:7.8(b)	- Share of profits of associates and joint ventures			
ED 295:7.8(c)	- Income tax expense recognised in profit or loss			
ED 295:7.8(c)	- Finance costs recognised in profit or loss			
ED 295:7.8(c)	- Investment income recognised in profit or loss			
ED 295:7.8(c)	- Gain on disposal of property, plant and equipment			
ED 295:7.8(c)	- Gain arising on changes in fair value of investment property			
ED 295:7.8(c)	- Gain on disposal of business			
ED 295:7.8(c)	- Gain on disposal of interest in former associate			
ED 295:7.8(c)	- Net (gain)/loss arising on financial liabilities designated as at fair value through profit or loss			
ED 295:7.8(c)	- Net (gain)/loss arising on financial assets classified as held for trading			
ED 295:7.8(c)	- Hedge ineffectiveness on cash flow hedges			
ED 295:7.8(c)	- Net (gain)/loss on disposal of available-for-sale financial assets			
ED 295:7.8(c)	- Impairment loss recognised on trade receivables			
ED 295:7.8(c)	- Reversal of impairment loss on trade receivables			
ED 295:7.8(c)	- Impairment of non-current assets			
ED 295:7.8(c)	- Amortisation of financial guarantee contracts			
ED 295:7.8(c)	- Gain arising on effective settlement of claim against the distribution business			

Source		Notes	Year ended 30/06/2020 $'000	Year ended 30/06/2019 $'000
	Movements in working capital			
ED 295:7.8(a)	- Increase in trade and other receivables			
ED 295:7.8(a)	- (Increase)/decrease in inventories			
ED 295:7.8(a)	- (Increase)/decrease in contract costs			
ED 295:7.8(a)	- (Increase)/decrease in other assets			
ED 295:7.8(a)	- Decrease in trade and other payables			
ED 295:7.8(a)	- Increase/(decrease) in provisions			
ED 295:7.8(a)	- Increase/(decrease) in deferred income – government grant			
ED 295:7.8(a)	- Increase in contract liabilities			
ED 295:7.8(a)	- Increase/(decrease) in refund liability			
ED 295:7.8(a)	- (Decrease)/increase in other liabilities			
	Cash generated from operations			
ED 295:7.14	Interest paid			
ED 295:7.14	Interest received			
ED 295:7.4((d)				
ED 295:7.17	Payments (refunds) of income tax			
	Net cash generated by operating activities			
ED 295:7.3	**Cash flows from investing activities**			
ED 295:7.5(a)	Payments to acquire property, plant and equipment			
ED 295:7.5(b)	Receipts from the sale of property, plant and equipment			
ED 295:7.5(c)	Payments to acquire equity or debt instruments			
ED 295:7.5(d)	Receipts from the sale of equity or debt instruments			
ED 295:7.5(c)	Payments to acquire interests in joint ventures			
ED 295:7.5(d)	Payments from the sale of interests in joint ventures			
ED 295:7.5(e)	Advances and loans made to other parties			
ED 295:7.5(f)	Repayments of advances and loans to other parties			
ED 295:7.5(g)	Payments for derivatives (other than those held for dealing or trading)			
ED 295:7.5(h)	Receipts from derivatives (other than those held for dealing or trading)			
	Payments for investment property			
	Proceeds from disposal of investment property			
ED 295:7.10	Net cash outflow on acquisition of businesses	34		
ED 295:7.10	Net cash inflow on disposal of businesses`			
	Net cash (used in)/generated by investing activities			

Source		Notes	Year ended 30/06/2020 $'000	Year ended 30/06/2019 $'000
ED 295:7.3	**Cash flows from financing activities**			
ED 295:7.6(a)	Proceeds from issuing shares or other equity instruments			
ED 295:7.6(b)	Payments to owners to acquire or redeem shares or other equity instruments			
	Payment for share buy-back costs			
ED 295:7.6(c)	Proceeds from borrowings			
ED 295:7.6(d)	Repayment of borrowings			
ED 295:7.6(e)	Payments to reduce lease liabilities			
ED 295:7.14	Dividends paid on redeemable preference shares			
ED 295:7.14	Dividends paid to owners of the Company			
	Net cash used in financing activities			
	Net increase in cash and cash equivalents			
	Cash and cash equivalents at the beginning of the year			
ED 295:7.13	Effects of exchange rate changes on the balance of cash held in foreign currencies			
	Cash and cash equivalents at the end of the year	35		

ED 295:7.8	The above illustrates the indirect method of reporting cash flows from operating activities.
ED 295:Aus.7.8.1	Alternatively, the net cash flow from operating activities may be presented under the indirect method by showing the revenues and expenses disclosed in the statement of comprehensive income and the changes during the period in inventories and operating receivables and payables

Additional sources: ED 295:7.8

Notes to the financial statements

Source	
	General requirements for the notes to the financial statements
	Scope
ED 295:8.3	Notes contain information in addition to that presented in the statement of financial position, the statement of comprehensive income (if presented), the income statement (if presented), the combined statement of income and retained earnings (if presented), the statement of changes in equity (if presented) and the statement of cash flows. Notes provide narrative descriptions or disaggregations of items presented in those statements and information about items that do not qualify for recognition in those statements.
	Structure
ED 295:8.2	The notes: • Present information about the basis of preparation of the financial statements and the specific accounting policies used • Disclose the information required by the AASB 10XX *Simplified Disclosures for Tier 2 Entities* • Provide information that is not presented elsewhere in the financial statements but is relevant to an understanding of any of them.
ED 295:8.3	An entity, as far as practicable, presents the notes in a systematic manner. An entity cross references each item in the financial statements to any related information in the notes.
ED 295:Aus8.4.1	An entity may present notes providing information about the basis of preparation of the financial statements and specific accounting policies as a separate section of the financial statements.
	Order
ED 295:8.4	Examples of systematic ordering or grouping of the notes include: • Giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities • Grouping together information about items measured similarly such as assets measured at fair value • Following the order of the line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position, such as: – Statement of compliance with Australian Accounting Standards – Simplified Disclosures – Significant accounting policies applied – Supporting information for items presented in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented – Other disclosures, including: (1) contingent liabilities and unrecognised contractual commitments (2) non-financial disclosures.
ED 295:Aus8.8.1	An entity may present notes providing information about the basis of preparation of the financial statements and specific accounting policies as a separate section of the financial statements.

Source	
	Disclosures in separate financial statements
ED 295:9.27	These financial statements illustrate the disclosures in consolidated financial statements rather than separate financial statements.
	When a parent, an investor in an associate or venturer with an interest in a joint venture prepares separate financial statements, those separate financial statements disclose:
	• That the statements are separate financial statements • A description of the methods used to account for the investments in subsidiaries, joint ventures and associates, and identifies the consolidated financial statements or other primary financial statements to which they relate.
	Presentation and disclosure requirements in special purpose financial statements no longer required
	The following broad categories of presentation and disclosure requirements in special purpose financial statements prepared for entities reporting under Part 2M.3 of the *Corporations Act 2001* are not required when applying AASB 10XX *Simplified Disclosures for Tier 2 Entities*:
	Related to the statement of financial position
AASB 101.40A	• A third statement of financial position where an accounting policy is applied retrospectively, a retrospective restatement is made, or a reclassification is made, which have a material effect on the information in statement of financial position of the preceding period
AASB 101.54(j),(p)	• Assets and disposal groups classified as held for sale, and liabilities included in disposal groups. Instead, note disclosure is required where an entity has a binding sale agreement for a major disposal of assets or group of assets (not illustrated in these financial statements)
AASB 101.61	• The amount of assets and liabilities expected to be recovered or settled after more than twelve months were line items combine amounts expected to be recovered or settled no more than twelve months after reporting date and more than twelve months after the reporting date
	Related to the statement of comprehensive income (or other statement(s))
AASB 101.82	• A number of the specific disclosures required on the face of the statement of comprehensive income in relation to financial instruments held by the entity. However, many of these disclosures may be required to be otherwise disclosed in the notes to the financial statements, e.g. the disclosures illustrated in Note 6 of these financial statements
AASB 101.90 AASB 101.106A	• Separate disclosure of an analysis of other comprehensive income by item, and the amount of income tax related to each item of other comprehensive income. In effect, this means that the detailed reconciliations of the movements in each reserve are not required, unless specifically required by AASB 10XX, e.g. movements in the property revaluation reserve, and elements of movements in the cash flow hedging reserve and foreign currency translation reserve
AASB 5.34	• Representation of disclosures of discontinued operations in the statement of comprehensive income so that disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented
AASB 101.104	• Disclosure of additional information on the nature of expenses where an entity classifies expenses by function
AASB 101.97	• Separate disclosure of the nature and amounts of items of income or expense that are material

Source	
	Presentation and disclosure requirements in special purpose financial statements no longer required (continued)
	Related to statement of cash flows
AASB 107.44A-44E	• Information to evaluate cash and non-cash changes in liabilities arising from financing activities (usually presented as a reconciliation between the opening and closing balances in the statement of financial position)
AASB 1054.16	• A reconciliation of profit or loss for the year to cash flows from operating activities where the 'direct method' of presentation of the cash flow statement is adopted
	• Other
AASB 108.30	• Information about the impact of new or revised Accounting Standards that have been issued but are not yet effective
	• Presentation and disclosure requirements in special purpose financial statements no longer required (continued)
AASB 101.79(a)(iv) AASB 101.38	• Some comparative information, e.g. movement in share capital
AASB 101.107 AASB 101.137	• Information about dividends paid, and those proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the period (although some of information this may be required by the general requirements to disclose aggregate amounts on the face of the financial statements and non-adjusting events after the reporting period as illustrated in these financial statements)
AASB 1054.13	• The adjusted franking account balance of the entity
	Presentation and disclosure requirements proposed by ED 295 which are not required under existing Australian Accounting Standards The following presentation and disclosure requirements are proposed by ED 295, but are not currently required under Australian Accounting Standards:
	Additional disclosures compared to the existing RDR framework
ED 295.3.24(a),(b)	• Domicile, legal form and description of the nature of the entity's operations and principal activities
ED 295.12.29(a)	• The periods when cash flows associated with cash flow hedges are expected to occur and when they are expected to affect profit and loss
ED 295.14.13	• For investments in associates accounted for by the cost model, the amount of dividends and other distributions recognised as income
ED 295.19.25(g)	• Qualitative description of the factors that make up recognised goodwill
ED 295 20.13(b)	• Maturity analysis of future lease payments
ED 295.20.30(b)	• Variable lease payments recognised as income by lessors with operating leases
ED 295.28.41(g)(i)(j)	• The amounts recognised as an expense, and actual return on assets, for defined benefit plans
ED 295.32.4	• Requirement to adjust disclosures as a result of adjusting events
ED 295.33.11	• Disclosure of the parent-subsidiary relationship by government-related entities
ED 295.Section 35	• Various disclosures related to transition

Source	
	Presentation and disclosure requirements proposed by ED 295 which are not required under existing Australian Accounting Standards **Additional disclosures compared to the Tier 1 (full compliance with Australian Accounting Standards)**
ED 295.6.5(a)-(e)	• Disclosures where an entity has applied the option of not presenting a separate statement of changes in equity, but instead presented a statement of income and retained earnings
ED 295.12.28(a)(b)	• Separate disclosure of the amount of change in fair value of the hedging instrument and hedged item for fair value hedges
ED 295.20.23(d)	• The loss allowance for uncollectable minimum lease payment receivables for lessors with finance leases
ED 295.28.41(g), (j)	• For defined benefit plans: – The cost relating to defined benefit plans for the period that have been included in the cost of an asset – For group plans, subsidiaries must make all of the disclosures for the plan as a whole, without exemption and without being able to cross-refer to another group entity's financial statements
ED 295.42-43	• Information about the nature of termination benefits and other long-term benefits, the amount of the obligations and extent of funding

Source	
	1. General information
	Basis of preparation
ED 295:Aus3.3.1(a)	These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law.
ED 295:Aus3.3.1(b) ED 295:3.23(b)	The financial statements comprise the consolidated financial statements of Tier 2 Comprehensive Pty Limited (the Company) and the entities it controls (together the Group). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.
ED 295:3.23(d) ED 295:30.26	The presentation currency used in these financial statements is Australian dollars ($). Amounts in these financial statements are stated in Australian dollars unless otherwise noted.
ASIC-CI 2016/191	If the company is of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and consequently the amounts in the directors' report and the financial report are rounded, that fact must be disclosed in the report. Where the conditions of the Corporations Instrument are met, entities may round to the nearest thousand dollars, nearest hundred thousand dollars, or to the nearest million dollars.
ASIC-CI 2016/191 ED 295:3.23(e)	The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.
	Statement of compliance
ED 295:3.2	The Company does not have 'public accountability' as defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards. Accordingly, the information in these financial statements has been prepared in accordance with the recognition and measurement requirements in Australian Accounting Standards and the disclosures in AASB 10XX *Simplified Disclosures for Tier 2 Entities*.
ED 295:3.3 ED 295:8.4(a)	The financial statements comply with Australian Accounting Standards, including AASB 10XX *Simplified Disclosures for Tier 2 Entities*.
	Information about the Company
ED 295:3.23(a)	Tier 2 Comprehensive Pty Limited is a proprietary company incorporated in Australia under the *Corporations Act 2001*.
ED 295:3:23(a)	*[The Company changed its name from ____ Pty Limited on _____].*
ED 295:3.24(a)	The addresses of its registered office and principal place of business are as follows:

Registered office	**Principal place of business**
10th Floor	1st Floor
ALD Centre	167 Admin Ave
255 Deloitte Street	SYDNEY NSW 2000
SYDNEY NSW 2000	Tel: (02) 9332 5000
Tel: (03) 9332 7000	

ED 295:3.24(b)	The nature of the Group's operations and its principal activities are *[describe].*

Source

2. Changes in accounting policies and changes in estimates

Note: In these model financial statements, the accounting policies have been presented as the last note to the financial statements. Because accounting policies were required to be presented when preparing special purpose financial statements under the Corporations 'Act 2001, this is not a significant difference from those requirements. Entities may wish to present accounting policies earlier in the notes to the financial statements, or together with the relevant notes.

Changes in accounting policies on initial application of Accounting Standards

ED 295:10.13 When an amendment to an Australian Accounting Standard has an effect on the current period or any prior period, or might have an effect on future periods, an entity discloses the following

- The nature of the change in accounting policy
- For the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected
- The amount of the adjustment relating to periods before those presented, to the extent practicable
- An explanation if it is impracticable to determine the amounts to be disclosed.

Financial statements of subsequent periods need not repeat these disclosures.

The above information would usually be disclosed in the accounting policy note of the relevant item and the relevant note for the item, or in a change in accounting policy note.

Voluntary changes in accounting policies

ED 295:10.14 When a voluntary change in accounting policy has an effect on the current period or any prior period, an entity shall disclose:

- The nature of the change in accounting policy
- The reasons why applying the new accounting policy provides reliable and more relevant information
- To the extent practicable, the amount of the adjustment for each financial statement line item affected, shown separately:
  - For the current period
  - For each prior year presented
  - In the aggregate for periods before those presented
- An explanation if it is impracticable to determine the amounts to be disclosed.

Financial statements of subsequent periods need not repeat these disclosures.

Disclosure of a change in estimate

ED 295:10.18 An entity discloses the nature of any change in an accounting estimate and the effect of the change on assets, liabilities, income and expense for the current period. If it is practicable for the entity to estimate the effect of the change in one or more future periods, the entity discloses those estimates

Disclosure of prior period errors

ED 295:10.23 An entity shall disclose the following about prior period errors:

(a) The nature of the prior period error
(b) For each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected
(c) To the extent practicable, the amount of the correction at the beginning of the earliest prior period presented
(d) An explanation if it is not practicable to determine the amounts to be disclosed in (b) or (c).

Financial statements of subsequent periods need not repeat these disclosures.

Source

3. Judgements and key sources of estimation uncertainty

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, and by the significance of judgements and estimates made to the performance and financial position of the entity.

Instead of disclosing this information in a separate note, it may be more appropriate to include such disclosures in the relevant asset and liability notes, or as part of the relevant accounting policy disclosures.

In the application of the Group's accounting policies, which are described in Note 45, the directors of the Group are required to make judgements, 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.

ED 295:8.6

Judgements made in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see 4.2 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 the financial statements.

Revenue recognition

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 *[month]* to *[month]* 2020, 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 $___ 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 AASB 15 *Revenue from Contracts with Customers* 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 provision for the rectification costs.

Source

3. Judgements and key sources of estimation uncertainty (continued)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. 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 45, 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. AASB 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.

Control over Subtwo Limited

ED 295:9.23(b)

Subtwo Limited has been identified as a subsidiary of the Group even though the Group has only a 45 % ownership interest and has only 45 % of the voting rights in Subtwo Limited. Subtwo Limited is listed on the ASX Limited The Group has held its 45 % ownership since June 2017 and the remaining 55 % 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 Subtwo Limited based on whether the Group has the practical ability to direct the relevant activities of Subtwo Limited unilaterally. In making their judgement, the directors considered the Group's absolute size of holding in Subtwo 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 Subtwo Limited and therefore the Group has control over Subtwo Limited.

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

Source

3. Judgements and key sources of estimation uncertainty (continued)

ED 295:8.7

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of 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 or elsewhere in the financial statements:

Taxation provisions

The Group's current tax provision of $ ____ 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 $ ____ 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 $ _____ to a reduction in liabilities of up to $ ____.

Impairment testing

Following the assessment of the recoverable amount of goodwill allocated to 'Leisure goods – retail outlets', to which goodwill of $ ____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 2021 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 CGUs is most sensitive to changes in the market price of Commodity X as the CGUs products are used by companies operating in that marketplace.

The market for 'Leisure goods – retail outlets' products has seen a significant slowdown over the past 18 months due to a decline in the market price of Commodity X which has only recently begun to stabilise. It is possible that further underperformance may occur in 2021 if prevailing market prices drop further or our customers reduce their capital expenditure.

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.

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 ____% higher (lower) as at the end of the financial year, the loss allowance on trade receivables would have been $___ (2019: $___) higher (lower).

If the ECL rates on trade receivables between 31 and 60 days past due had been ____% higher (lower) as at the end of the financial year, the loss allowance on trade receivables would have been $ ___ (2019: $___) higher (lower).

Source

3. Judgements and key sources of estimation uncertainty (continued)

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.

Provision for restoration of contaminated land

During June 2020, new legislation in [A Land] was enacted which resulted in the requirement for the Group to clean up historically contaminated waste sites in [A Land] and bear the costs thereof. Consequently, a provision of $ ____ 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 $ ____ to a reduction in provisions of up to $ ____ .

Source

4. Revenue

		30/06/2020	30/06/2019
		$'000	$'000
	Disaggregation of revenue		
ED 295:23.30(b)	Electronic equipment – direct sale customers		
ED 295:23.30(b)	Electronic equipment – wholesale customers		
ED 295:23.30(b)	Electronic equipment – internet customers		
ED 295:23.30(b)	Leisure goods – wholesale customers		
ED 295:23.30(b)	Leisure goods – retail customers		
ED 295:23.30(b)	Computer software installation		
ED 295:23.30(b)	Construction		
	Total		

ED 295:23.30(a)
ED 295:23.31

Information about the performance obligations arising under each of the above categories of revenue, including a description of when the Group typically satisfies its performance obligations, the significant payment terms, the nature of the goods and services provided, obligations for returns, refunds and other similar obligations, and types of warranties and related obligations is provided together with the accounting policies for revenue in Note 45. This note also details the methods used to recognise revenue for performance obligations satisfied over time.

ED 295:23.32

Contract assets arising from contracts with customers giving rise to revenue are disclosed as part of 'trade and other receivables'.

Source	5. Investment income and finance costs	30/06/2020	30/06/2019
		$'000	$'000
	Investment income		
	Interest on financial assets not measured at fair value through profit or loss:		
	- *[Describe]*		
ED 295:11.48(b)			
	Other investment income *{describe]*		
ED 295:Aus11.48 (a)(v)	- Dividends received from equity investments designated at fair value through other comprehensive income		
	- Other *[describe]*		
	Finance costs		
ED 295:11.48(b)	Interest on financial liabilities not measured at fair value through profit or loss:		
	- Interest on bank overdrafts and loans		
	- Interest on convertible loan notes		
	- Interest on obligations under leases		
	- Other *[describe]*		
	Less: amounts included in the cost of qualifying assets		
ED 295:11.48(b)			
	Unwinding of discounts on provisions		
	Net interest expense on defined benefit obligations		
	Other finance costs *{describe]*		

6. Other gains and losses

Source		30/06/2020 $'000	30/06/2019 $'000
	Gain on disposal of property, plant and equipment		
	Gain arising on effective settlement of legal claim against the distribution business		
ED 295:16.10(e)(ii)	Change in fair value of investment property		
	Gain recognised on disposal of interest in former associate		
ED 295:11.48(a)(i)	Net gain/(loss) on financial assets measured at fair value through profit or loss (i)		
ED 295:11.48(a)(ii)	Net gain/(loss) on financial liabilities measured at fair value through profit or loss (ii)		
ED 295:11.48(a)(iii)	Net gain/(loss) from the derecognition of financial assets measured at amortised cost		
ED 295:11.48(a)(iii)	Net gain/(loss) from the derecognition of financial liabilities measured at amortised cost		
ED 295:Aus11.48 (a)(vi)	Net gain/(loss) from the reclassification of financial assets from fair value through other comprehensive income to fair value through profit and loss		
ED 295:24.6(a)	Government grants received for staff re-training		
ED 295:30.25(a)	Net foreign exchange gains/(losses)		
ED 295:12.29(e)	Hedge ineffectiveness on cash flow hedges		
	Hedge ineffectiveness on net investment hedges		
ED 295:11.48(c)	Impairment losses on financial assets:		
ED 295:11.48(c)	- Trade receivables		
ED 295:11.48(c)	- Other financial assets measured at amortised cost		
ED 295:11.48(c)	- Debt investments measured at fair value through other comprehensive income		
ED 295:11.48(c)	- Loss allowance on amounts due from contract assets		
ED 295:11.48(c)	- *[describe]*		

Muck of the information illustrated in this note is explicitly required under the proposals in ED 295. Some of these disclosures may have been previously included in special purpose financial statements in accordance with the general or specific requirements of AASB 101 *Presentation of Financial Statements*, depending upon the entity's circumstances.

Source	7. Income tax	30/06/2020 $'000	30/06/2019 $'000
ED 295:29.39	**Income tax expense (income) comprises:**		
	Current tax expense (income):		
ED 295:29.39(a)	- Current year		
ED 295:29.39(b)	- Adjustments in respect of prior years		
	Deferred tax expense (income) relating to:		
ED 295:29.39(c)	- Origination and reversal of temporary differences		
ED 295:29.39(d)	- Changes in tax rates and the imposition of new taxes		
ED 295:29.39(e)	- Benefit of previously unrecognised tax losses, tax credits or temporary differences		
ED 295:29.39(f)	- Adjustments due to changes in tax status of the entity or its shareholders		
ED 295:29.39(g)	- Write-down (reversal) of deferred tax assets		
ED 295:29.39(h)	Tax expense (income) relating to changes in accounting policies and errors included in profit or loss		
ED 295:29.40(c)	**Reconciliation of prima-facie income tax to tax expense**		
	Profit before tax		
	Tax at the rate of ___ % (2019: ___ %)		
	Tax effect of share of result of associates and joint ventures		
ED 295:29.40(c)	Expenses not deductible in determining taxable profit		
ED 295:29.40(c)	Non-assessable income		
	Tax effect of tax losses and tax credits not previously recognised		
	Change in unrecognised deferred tax assets		
	Effect of different tax rates of subsidiaries operating in other tax jurisdictions		
	Other *[describe]*		
	Tax expense for the year		

ED 295:29.40(c) The proposals in ED 295 would require the disclosure of "an explanation of any significant differences between the tax expense (income) and accounting profit multiplied by the applicable tax rate". In these model financial statements, this explanation has been provided by way of a numeric reconciliation as illustrated above. Alternative methods, including a narrative description, may also be sufficient.

ED 295:29.40(d) The standard rate of corporation tax applied to taxable profit is ___ % (2019: ___ %).
The applicable rate has changed following the substantive enactment of the *[describe]*.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Source

7. Income tax (continued)

Income tax recognised outside of profit or loss

		30/06/2020	30/06/2019
		$'000	$'000
	Aggregate current and deferred tax related to:		
ED 295:29.40(a)	- Items that are recognised in other comprehensive income		
ED 295:29.40(b)	- Items charged or credited directly to equity		

8. Disposal of assets

Binding agreement to dispose of the *[describe]* business

ED 295:4.14(a)
ED 295:4.14(b)

On *[date]* 2020, the directors announced a plan to dispose of the Group's *[describe]* business (2019: none). The disposal is consistent with the Group's long-term policy to focus its activities in the electronic equipment and other leisure goods markets. The Group entered into a binding agreement on *[date]* to dispose of the business and expects to complete the sale by *[date]*. The Group has not recognised any impairment losses in respect of the *[describe]* business.

ED 295:4.14(c) **Carrying amounts of assets and liabilities to be disposed**

		30/06/2020	30/06/2019
		$'000	$'000
ED 295:4.14(c)	Goodwill		
ED 295:4.14(c)	Property, plant and equipment		
ED 295:4.14(c)	Inventories		
ED 295:4.14(c)	Trade receivables		
ED 295:4.14(c)	Contract assets		
ED 295:4.14(c)	Cash and bank balances		
	Assets of *[describe]* business to be disposed		
ED 295:4.14(c)	Trade payables		
ED 295:4.14(c)	Current tax liabilities		
ED 295:4.14(c)	Deferred tax liabilities		
	Liabilities of *[describe]* business to be disposed		
	Net assets of *[describe]* to be disposed		

Source	9. Trade and other receivables	30/06/2020	30/06/2019
		$'000	$'000
	Current		
ED 295:11.41(b)	Trade receivables at amortised cost:		
ED 295:11.41(b)	- Due from related parties		
ED 295:11.41(b)	- Due from other parties		
	Loss allowance		
ED 295:23.32			
ED 295:4.11(b)	Contract assets from contracts with customers		
	Deferred sales proceeds:		
	Operating lease receivable		
ED 295:11.41(b)	Amounts due from related parties		
	Other receivables		
	Other *[describe]*		

Source

10. Finance lease receivables

		30/06/2020	30/06/2019
		$'000	$'000
	Finance lease receivables		
ED 295:20.23(d)	Less: Accumulated allowance for uncollectable minimum lease payments receivable		
	Current (recoverable within 12 months)		
	Non-current (recoverable after 12 months)		

Description of the Group's finance lease arrangements

ED 295:20.23(f) The Group enters into finance lease 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.

ED 295:20.23(c) Residual value risk on requirement under lease is not significant, because of the existence of a secondary market with respect to the equipment.

ED 295:20.23(e) During the year, income of $ ____ (2019: $ ____) was recognised in relation to variable lease payments which were not included in the measurement of the net investment in the lease

ED 295:20.23 **Amounts receivable under finance leases**

		Investment in the lease		Minimum lease payments	
		30/06/2020	30/06/2019	30/06/2020	30/06/2019
		$'000	$'000	$'000	$'000
ED 295:20.23(a)(i)	Not later than one year				
ED 295:20.23(a)(ii)	Later than one year and not later than five years				
ED 295:20.23(a)(iii)	Later than five years				
ED 295:20.23(b)	Less: unearned finance income				
ED 295:20.23	Present value of minimum lease payments receivable				
	Impairment loss allowance				
	Net investment in the lease				

Source	11. Other financial assets	30/06/2020 $'000	30/06/2019 $'000
ED 295:11.41(a)	**Financial assets measured at fair value through profit or loss (FVTPL)**		
	Shares		
	Foreign currency forward contracts		
	Interest rate swaps		
	Commodity options		
	Other [describe]		
ED 295:Aus11.41(g)(i)	**Investments in debt instruments classified as at fair value through other comprehensive income (FVTOCI)**		
	Redeemable notes		
	Other [describe]		
ED 295:Aus11.41(g)(ii)	**Investments in equity instruments designated as at FVTOCI**		
	Investment in unlisted shares		
	Other [describe]		
ED 295:11.41(b)	**Financial assets measured at amortised cost**		
	Bills of exchange		
	Debentures		
	Loans to related parties		
	Loans to other entities		

	30/06/2020 $'000	30/06/2019 $'000
Current		
Non-current		

Source

11. Other financial assets (continued)

Financial assets measured at fair value

ED 295:11.43 Some of the Group's financial assets 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 are determined (in particular, the valuation technique(s) and inputs used).

Financial asset	Valuation technique(s) and key inputs(s)
Shares	Quoted bid prices in an active market.
Foreign currency forward contracts and interest rate swaps	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.
Commodity options	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 percent of a year), implied volatility of the commodity and the relevant risk-free rate.
Redeemable notes	Discounted cash flow at a discount rate of ___ % (2019: ___ %) that reflects the current market rate at the end of the reporting period.
Investment in unlisted shares	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.

Derecognition

ED 295:11.45 If the entity has transferred financial assets to another party in a transaction that does not qualify for derecognition (see paragraph 3.2.15 of AASB 9 *Financial Instruments*), the entity discloses the following for each class of such financial assets

- The nature of the assets
- The nature pf the risks and rewards of ownership to which the entity remains exposed
- The carrying amounts of the assets and of any associated liabilities that the entity continues to recognise.

Source			
ED 295:13.22	**12. Inventories**		
		30/06/2020	**30/06/2019**
		$'000	**$'000**
ED 295:4.11(c)(i)	Finished goods		
ED 295:4.11(c)(ii)	Work in process		
ED 295:4.11(c)(iii)	Raw materials and supplies		
ED 295:13,22(b)			
	Other information		
ED 295:13.22(c)	Amount of inventories recognised as an expense during the period		
ED 295:13.22(d)	Impairment losses recognised (reversed) in profit or loss		
ED 295:13.22(e)	Total carrying amount of inventories pledged as security for liabilities		

ED 295:27.33(a)	**Impairment losses/(reversals of impairment losses)**		
		30/06/2020	**30/06/2019**
		$'000	**$'000**
ED 295:27.32(a)	Impairment losses recognised in profit or loss during the period (i)		
ED 295:27.32(b)	Reversals of impairment losses recognised in profit or loss during the period (ii)		

ED 295:27.32(a) (i) The impairment losses arising in the current period have been included in the profit or loss in the [*other expenses/cost of sales]* line item in the consolidated statement of comprehensive income.

ED 295:27.32(a) (ii) The reversals of impairment losses arising in the prior period have been included in the profit or loss in the [*other expenses/cost of sales]* line item in the consolidated statement of comprehensive income.

Source	13. Investments in associates	30/06/2020 $'000	30/06/2019 $'000
	Measured using the equity method		
	Measured using the cost method		
	Measured at fair value		
ED 295:14.12(b)			

	Other information about associates measured using the equity method
ED 295:14.12(c)	Fair value of investments in associates for which there are published price quotations
ED 295:14.14	Share of discontinued operations of associates
ED 295:14.13	For investments in associates accounted for by the cost model, an investor discloses the amount of dividends and other distributions recognised as income
ED 295:14.15	For investments in associates accounted for by the fair value model, an investor makes disclosures about financial instruments (i.e. in accordance with ED 295:11.41-11.43)
ED 295:27.33(e)	**Impairment losses/(reversals of impairment losses)**

		30/06/2020 $'000	30/06/2019 $'000
ED 295:27.32(a)	Impairment losses recognised in profit or loss during the period (i)		
ED 295:27.32(b)	Reversals of impairment losses recognised in profit or loss during the period (ii)		

ED 295:27.32(a) (i) The impairment losses arising in the current period have been included in the profit or loss in the [*other expenses]* line item in the consolidated statement of comprehensive income.

ED 295:27.32(a) (ii) The reversals of impairment losses arising in the prior period have been included in the profit or loss in the [*other expenses]* line item in the consolidated statement of comprehensive income.

Source	14. Investments in joint ventures	30/06/2020 $'000	30/06/2019 $'000
	Measured using the equity method		
	At fair value		
ED 295:15.19(b)			

Other information

ED 295:15.19(c)	Fair value of investments in joint ventures for which there are published price quotations*	
ED 295:15.20	Share of discontinued operations of associates*	
ED 295:15.19(d)	Aggregate amount of commitments relating to joint ventures	
	- Capital commitments incurred jointly with other venturers	
	- Capital commitments of the joint ventures themselves	

* *This disclosure is only required for investments in joint ventures accounted for using the equity method.*

ED 295:27.33(f) **Impairment losses/(reversals of impairment losses)**

		30/06/2020 $'000	30/06/2019 $'000
ED 295:27.32(a)	Impairment losses recognised in profit or loss during the period (i)		
ED 295:27.32(b)	Reversals of impairment losses recognised in profit or loss during the period (ii)		

ED 295:27.32(a) (i) The impairment losses arising in the current period have been included in the profit or loss in the [*other expenses]* line item in the consolidated statement of comprehensive income.

ED 295:27.32(a) (ii) The reversals of impairment losses arising in the prior period have been included in the profit or loss in the [*other expenses]* line item in the consolidated statement of comprehensive income.

ED 295:15.21 For investments in associates accounted for by the fair value model, the venturer makes disclosures about financial instruments (i.e. in accordance with ED 295:11.41-11.43)

Source	15. Property, plant and equipment	30/06/2020	30/06/2019
		$'000	$'000
	Carrying amounts		
ED 295:4.11(a)	Freehold land:		
ED 295:17.31(a),(d)	- At cost		
ED 295:17.31(d)	- Accumulated depreciation and impairment		
ED 295:4.11(a)	Buildings		
ED 295:17.31(a),(d)	- At fair value		
ED 295:17.31(d)	- Accumulated depreciation and impairment		
ED 295:4.11(a)	Plant and equipment		
ED 295:17.31(a),(d)	- At cost		
ED 295:17.31(d)	- Accumulated depreciation and impairment		

	Movement in carrying amount	Freehold land at fair value	Buildings at fair value	Plant and equipment at cost	Total
		$'000	$'000	$'000	$'000
ED 295:17.31(e)	***Balance at 1 July 2019***				
ED 295:17.31(e)(i)	Additions (1)				
ED 295:17.31(e)(ii)	Disposals				
ED 295:17.31(e)(iii)	Acquisitions through business combinations				
ED 295:17.31(e)(iv)	Increases/ (decreases) from revaluations				
ED 295:17.31(e)(v)	Transfers (to) from investment property				
ED 295:17.31(e)(vi)	Impairment losses				
ED 295:17.31(e)(vii)	Depreciation				
ED 295:17.31(e)(viii)	Other changes *[describe]*				
ED 295:17.31(e)	***Balance at 30 June 2020***				

ED 295:17.31((e)	The above reconciliation need not be presented for prior periods
ED 295:25.3.1	(1) Includes $ ___ (2019: $ ___) of capitalised borrowing costs

Source

15. Property, plant and equipment (continued)

Depreciation

ED 295:17.31(b) Depreciation of the building and plant and equipment is recognised on a straight-line basis in accordance with the accounting policy in Note 45.

ED 295:17.31(c) The following useful lives are used in the calculation of depreciation:

- Buildings 20 – 30 years
- Plant and equipment 5 – 15 years

ED 295:27.33(b) **Impairment losses/(reversals of impairment losses)**

	30/06/2020	30/06/2019
	$'000	$'000
ED 295:27.32(a) Impairment losses recognised in profit or loss during the period (i)		
ED 295:27.32(b) Reversals of impairment losses recognised in profit or loss during the period (ii)		

ED 295:27.32(a) (i) The impairment losses arising in the current period have been included in the profit or loss in the [*other expenses/cost of sales]* line item in the consolidated statement of comprehensive income.

ED 295:27.32(a) (ii) The reversals of impairment losses arising in the prior period have been included in the profit or loss in the [*other expenses/cost of sales]* line item in the consolidated statement of comprehensive income.

Fair value measurement of the Group's freehold land and buildings

ED 295:17.33 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.

ED 295:17.33(a)-(c) The fair value measurements of the Group's freehold land and buildings as at 30 June 2020 and 30 June 2019 were performed by [Name of valuers], independent valuers not related to the Group. *[Name of valuers]* are members of the Institute of Valuers of *[A Land]*, 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.

ED 295:17.33(c) 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]*.

ED 295:17.33(c) 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.]*

There has been no change to the valuation technique during the year.

Assets pledged as security

ED 295:17.32(a) Freehold land and buildings with a carrying amount of $ ___ (2019: $ ___) have been pledged to secure borrowings of the Group. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Commitments

ED 295:17.32(b) The Group has the following contractual commitments for the acquisition of property, plant and equipment: *[describe]*

Source		
ED 295:20.31	**16. Investment property**	
		30/06/2020
		$'000
	At fair value	
ED 295:16.10(e)	Opening balance at 1 July 2019	
ED 295:16.10(e)(i)	Additions:	
ED 295:16.10(e)(i)	- Direct acquisitions	
ED 295:16.10(e)(i)	- Arising from business combination	
ED 295:16.10(e)(ii)	Net gains (losses) from fair value adjustments	
ED 295:16.10(e)(iii)	Transfers:	
ED 295:16.10(e)(iii)	- (To)/from investment property carried at cost	
ED 295:16.10(e)(iii)	- (To)/from inventories	
ED 295:16.10(e)(iii)	- (To)/from owner-occupied property	
ED 295:16.10(e)(v)	Other changes *[describe]*	
	Closing balance at 30 June 2020	

ED 295:16.10((e) The above reconciliation need not be presented for prior periods

Group as lessor in operating leases

ED 295:20.30(c) The Group's properties held for rental purposes, are expected to generate rental yields of ____ % on an ongoing basis. All of the properties held have committed tenants for the next *[number]* years. 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.

ED 295:20.30(a) At reporting date, the Group had contracts with tenants for the following future minimum lease payments:

		30/06/2020	30/06/2019
		$'000	**$'000**
ED 295:20.30(a)(i)	Within one year		
ED 295:20.30(a)(ii)	In the second to fifth years inclusive		
ED 295:20.30(a)(iii)	Later than five years		
ED 295:20.23(b)	Income from variable lease payments not included in the measurement of the lease		

Other information

ED 295:16.10(a) In estimating the fair value of the properties, the highest and best use of the properties is their current use. *[Describe the methods and significant assumptions applied in determining the fair value of investment property]*.

ED 295:16.10(b) The fair value of the Group's investment property at 31 December 2018 has been arrived at on the basis of a valuation carried out at that date by *[Name of valuers],* independent valuers not connected with the Group. The valuation conforms to International Valuation Standards. The fair value was determined *[based on the market comparable approach that reflects recent transaction prices for similar properties/other methods [describe]].*

Source

ED 295:20.31

16. Investment property (continued)

Other information (continued)

ED 295:16.10(c) The Group has pledged all of its investment property to secure general banking facilities granted to the Group. In accordance with the terms of these banking facilities, the Group cannot realise more than 25% of its investment property portfolio in any financial year without permission from the financier.

ED 295:16.10(d) The Group has entered into a contract for the maintenance of its investment property for the next five years, which will give rise to an annual charge of $ ____ ..

ED 295:17.32(c_ If the entity has investment property whose fair value cannot be measured reliably is discloses that fact and the reasons why fair value cannot be measured reliably for those items of investment property

17. Right-of-use assets

		30/06/2020	30/06/2019
		$'000	$'000
ED 295:20.14	**Carrying amounts**		
	Buildings		
ED 295:17.31(a),(d)	- At fair value		
ED 295:17.31(d)	- Accumulated depreciation and impairment		
ED 295:20.13(a)			
	Plant		
ED 295:17.31(a),(d)	- At cost		
ED 295:17.31(d)	- Accumulated depreciation and impairment		
ED 295:20.13(a)			
	Equipment		
ED 295:17.31(a),(d)	- At cost		
ED 295:17.31(d)	- Accumulated depreciation and impairment		
ED 295:20.13(a)			

ED 295:20.14 **Movement in carrying amount**

		Buildings	Plant	Equipment	Total
		$'000	$'000	$'000	$'000
ED 295:17.31(e)	***Balance at 1 July 2019***				
ED 295:17.31(e)(i)	Additions				
ED 295:17.31(e)(ii)	Disposals				
ED 295:17.31(e)(iii)	Acquisitions through business combinations				
ED 295:17.31(e)(iv)	Increases/ (decreases) from revaluations				
ED 295:17.31(e)(v)	Transfers (to) from investment property				
ED 295:17.31(e)(vi)	Impairment losses				
ED 295:17.31(e)(vii)	Depreciation				
ED 295:17.31(e)(viii)	Other changes *[describe]*				
ED 295:17.31(e)	***Balance at 30 June 2020***				

ED 295:17.31((e) The above reconciliation need not be presented for prior periods

Source

17. Right-of-use assets (continued)

Depreciation

ED 295:17.31(b) Depreciation of the right-of-use assets is recognised on a straight-line basis in accordance with the accounting policy in Note 45.

ED 295:17.31(c) The following useful lives are used in the calculation of depreciation:

- Buildings 20 – 30 years
- Plant and equipment 5 – 15 years

Additional disclosures

ED 295:20.14 In addition to the above disclosures, the lessee in an lease is required to provide equivalent disclosures to those required for property, plant and equipment and/or intangible assets (depending on the nature of the underlying asset), including:

- The amount of contractual commitments for the acquisition of property, plant and equipment or intangible assets in respect of right-of-use assets
- Details where a right-of-use asset is measured at revalued amounts
- Details of Individually material leases of intangible assets
- Details of restricted title
- Information about the impairment of right-of-use assets.

Illustrative examples of these requirements can be found in the relevant notes.

18. Biological assets

		30/06/2020	30/06/2019
		$'000	$'000
ED 295:34.7(a)	**At fair value less costs to sell**		
	Crops		
	Livestock		
	Other *[describe]*		

ED 295:34.7(c) **Movement in carrying amount**

		Crops	Livestock	Other	Total
		$'000	$'000	$'000	$'000
ED 295:34.7(c)	***Balance at 1 July 2019***				
ED 295:34.7(c)(i)	Gain (loss) arising from changes in fair value less costs to sell				
ED 295:34.7(c)(ii)	Purchases				
ED 295:34.7(c)(iii)	Decreases from harvests				
ED 295:34.7(c)(iv)	Increases from business combinations				
ED 295:34.7(c)(v)	Exchange differences				
ED 295:34.7(c)(vi)	Other changes *[describe]*				
ED 295:34.7(c)	***Balance at 30 June 2020***				

ED 295:34.7(c) The above reconciliation need not be presented for prior periods

Source

18. Biological assets (continued)

Additional information

ED 295:34.7(b) An entity discloses the methods and significant assumptions applied in determining the fair value of each category of agricultural produce at the point of harvest and each category of biological assets.

Biological assets measured using the cost model

ED 295:34.10 An entity discloses the following with respect to its biological assets measured using the cost model:

- A description of each class of its biological assets
- An explanation of why fair value cannot be measured reliably
- The depreciation method used
- The useful lives or the depreciation rates used
- The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period.

19. Goodwill

	30/06/2020	30/06/2019
	$'000	$'000
Carrying amount (at cost)		
Gross carrying amount		
Accumulated impairment losses		

The above breakdown of carrying amount is not strictly required by ED 295, but is included in these illustrative financial statements for consistency with other notes of a similar nature.

Movement in carrying amount

		30/06/2020
		$'000
ED 295:19.26	***Balance at 1 July 2019***	
ED 295:19.26(a)	Changes arising from business combinations	
ED 295:19.26(b)	Impairment losses	
ED 295:19.26(c)	Disposals of previously acquired businesses	
ED 295:19.26(d)	Other changes *[describe]*	
ED 295:19.26	***Balance at 30 June 2020***	

ED 295:19.26 The above reconciliation need not be presented for prior periods

ED 295:27.33(c) **Impairment losses**

	30/06/2020	30/06/2019
	$'000	$'000
ED 295:27.32(a) Impairment losses recognised in profit or loss during the period (i)		

ED 295:27.32(a) (i) The impairment losses arising in the current period have been included in the profit or loss in the *[other expenses]* line item in the comprehensive statement of comprehensive income.

Source

20. Other intangible assets

		30/06/2020	30/06/2019
		$'000	$'000
	Carrying amount		
	Capitalised development		
ED 295:18.27(c),	- At cost		
ED 295:18.27(c),	- Accumulated depreciation and impairment		
	Patents		
ED 295:18.27(c),	- At cost		
ED 295:18.27(c),	- Accumulated depreciation and impairment		
	Trademarks		
ED 295:18.27(c),	- At cost		
ED 295:18.27(c),	- Accumulated depreciation and impairment		
	Licences		
ED 295:18.27(c),	- At cost		
ED 295:18.27(c),	- Accumulated depreciation and impairment		

Movements in carrying amount

		Capitalised development	Patents	Trade-marks	Licences	Total
		$'000	$'000	$'000	$'000	$'000
ED 295:18.27(e)	***Balance at 1 July 2019***					
ED 295:18.27(e)(i)	Additions					
ED 295:18.27(e)(ii)	Disposals					
ED 295:18.27(e)(iii)	Acquisitions through business combinations					
ED 295:18.27(e)(iv)	Amortisation					
ED 295:18.27(e)(v)	Impairment losses					
ED 295:18.27(e)(vii)	Other changes *[describe]*					
	Balance at 30 June 2020					

ED 295:18.27(e) The above reconciliation need not be presented for prior periods

Source

20. Other intangible assets (continued)

Material intangibles

ED 295:18.28(a) The Group holds a patent for the manufacture of its Z Series Electronic Equipment. The carrying amount of the patent of $ ___ (2019: $ ____) will be fully amortised in 14 years (2019:: 15 years).

Intangible assets acquired through government grant

ED 295:18.28(b) During the year, the Group obtained a *[describe the intangible asset]* by way of government grant under a government business development program (2019: no grant). This intangible was recognised at its fair value of $ ___ on the acquisition date and has a carrying amount of $ ___ at 30 June 2020 (2019: $ nil).

Amortisation

ED 295:18.27(b) Amortisation of intangible assets is recognised on a straight-line basis in accordance with the accounting policy in Note 45.

ED 295:18.27(a) The following useful lives are used in the calculation of amortisation.

- Capitalised development 5 years
- Patents 10 – 20 years
- Trademarks 20 years
- Licences 20 years

ED 295:18.27(d) The amortisation expense is recognised in the 'Depreciation and amortisation expenses' line in the consolidated statement of comprehensive income.

The above wording should reflect the actual line item used, and refer to the version of the consolidated statement of comprehensive income that is prepared

ED 295:27.33(d) **Impairment losses/(reversals of impairment losses)**

		30/06/2020	30/06/2019
		$'000	$'000
ED 295:27.32(a)	Impairment losses recognised in profit or loss during the period (i)		
ED 295:27.32(b)	Reversals of impairment losses recognised in profit or loss during the period (ii)		

ED 295:27.32(a) (i) The impairment losses arising in the current period have been included in the profit or loss in the [*other expenses/cost of sales]* line item in the consolidated statement of comprehensive income.

ED 295:27.32(b) (ii) The reversals of impairment losses arising in the prior period have been included in the profit or loss in the [*other expenses/cost of sales]* line item in the consolidated statement of comprehensive income.

Commitments

ED 295:18.28(d) The Group has the following contractual commitments for the acquisition of intangible assets: *[describe]*

Research and development

ED 295:19.29 An entity discloses the aggregate amount of research and development expenditure recognised as an expense during the period. Research and development expenditure comprises all expenditure that is directly attributable to research or development activities (see paragraphs 66 and 67 of AASB 138 *Intangible Assets* for guidance on the type of expenditure to be included for the purpose of this disclosure requirement).

Source

20. Other intangible assets (continued)

Intangible assets measured on the revaluation basis

ED 295:Aus18.29.1 If items of intangible assets are stated at revalued amounts, an entity discloses the following:

- The effective date of the revaluation
- Whether an independent valuer was involved
- The methods and significant assumptions applied in estimating the items' fair values
- The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders
- Increases or decreases during the period resulting from revaluations and for impairment losses recognised or reversed in other comprehensive income accordance with AASB 136 *Impairment of Assets*.

Intangible assets with indefinite useful lives

ED 295:Aus18.29.2 An entity discloses for an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life. In giving those reasons, the entity describes the factor(s) that played a significant role in determining that the asset has an indefinite useful life.

Restricted title and pledged assets

ED 295:18.28(c) The entity discloses the existence and carrying amount of intangible assets to which the entity has restricted title or that are pledged as security for liabilities.

21. Other assets

		30/06/2020	30/06/2019
		$'000	$'000
	Prepayments	-	-
ED 295.4.11(b)	Arising in relation to revenue from contracts with customers:		
ED 295:23.32	- Contract assets		
ED 295:23.32	- Costs to obtain a contract		
	Other [describe]	-	-
		-	-
	Current	-	-
	Non-current	-	-
		-	-

Source

22. Trade and other payables

		30/06/2020 $'000	30/06/2019 $'000
ED 295:4.11(d)	Amounts payable to trade suppliers		
ED 295:4.11(d)	Payables to related parties		
ED 295:4.11(d) ED 295.23.32	Contract liabilities from contracts with customers		
ED 295:4.11(d)	Accruals		
ED 295:26.23(b)	Cash-settled share-based payments		
	Other *[describe]*		

23. Lease liabilities

	30/06/2020 $'000	30/06/2019 $'000
Secured		
Current		
Non-current		

Significant leasing arrangements

ED 295:20.13(c) Lease liabilities are secured by the assets leased and represent the discounted future rentals payable by the Group for:

- Certain of its office properties and leased property, plant and equipment. These leases are negotiated for an average term of *[number]* years and rentals are fixed for an average of *[number]* years with an option to extend for a further [number] years at the then prevailing market rate
- Leases of plant and equipment used in the Group's manufacturing facilities. These are negotiated on an average term not exceeding 10 years and are priced on a mix of variable and fixed interest rates.

Future minimum lease payments

ED 295:20.13(b) The future minimum lease payments arising under the Group's lease contracts at the end of the reporting period are as follows:

		30/06/2020 $'000	30/06/2019 $'000
ED 295:20.13(b)(i)	Not later than one year		
ED 295:20.13(b)(ii)	Later than one year and not later than five years		
ED 295:20.13(b)(iii)	Later than five years		

Short-term leases and leases of low value assets

ED 295:20.16 A lessee makes the following disclosures for short-term leases and leases of low-value assets that are not recognised as right-of-use assets under the exemption in paragraph 6 of AASB 16 *Leases*:

- Lease payments recognised as an expense
- The amount of its lease commitments for short-term leases if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed relates.

Source

24. Other borrowings

		30/06/2020	30/06/2019
		$'000	$'000
ED 295:11.41(e)	**Unsecured – at amortised cost**		
	Bank overdrafts (i)		
	Bills of exchange (ii)		
	Loans from:		
	- related parties (iv)		
	- government (v)		
	Perpetual notes (vi)		
	Other *[describe]*		
ED 295:11.41(e)	**Secured – at amortised cost**		
	Bank overdrafts (i)		
	Bank loans (iii)		
	Other *[describe]*		
	Current		
	Non-current		

Information about the Group's borrowings

ED 295:11.42 The principal features of the Group's borrowings are as follows:

ED 295:11.46 (i) Bank overdrafts are repayable on demand. Overdrafts of $ ___ (2019: $ ____) 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 $ ___ (2019:: $ ____). The average effective interest rate on bank overdrafts approximates ___ % (2019: ___ %) per annum and are determined based on ___ % plus prime rate.

(ii) Bills of exchange with a variable interest rate were issued on [date]. The current weighted average effective interest rate on the bills is ___ % (2019: ___ %) per annum.

ED 295:11.42 (iii) The Group has two principal bank loans:

ED 295:11.46

- A loan of $ ___ (2019: $ ____). 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 $ ___ (2019: $ ____). The Group is required to maintain trade receivables that are neither past due nor impaired with carrying value of $ ___ as security for the loan. The loan carries interest rate at % above the relevant 3-month prime rate.
- An unsecured loan of $ ___ (2019: $ ____). This loan was advanced on [date] and is due for repayment in full on *[date]*. The bank loan carries fixed interest rate at ___ % (2017: %) 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 $ ___ (2019: $ ____).

Source

24. Other borrowings (continued)

Information about the Group's borrowings (continued)

(iv) Amounts repayable to related parties of the Group carry interest of ___ % to ___ % (2019: ___ % to ___ %) per annum charged on the outstanding loan balances.

(v) On *[date]*, the Group received an interest-free loan of $ ___ from the government of *[country]* to finance *[*description *of what loan is for]*. The loan is repayable in full at the end of a two-year period. Using prevailing market interest rates for an equivalent loan of ___ %, the fair value of the loan is estimated at $ ___. The difference of $ ___ 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 ($ ____) and 2022 ($ ____).

(vi) Perpetual notes of $ ___ carrying interest of ___ % were issued on [date] at principal value. Issue costs of $ ___ were incurred.

Defaults and breaches on loans payable

ED 295:11.47

For loans recognised at the reporting date for which there is a breach of terms or a default of principal, interest, sinking fund or redemption terms that have not been remedied by the reporting date, an entity discloses the following:

- Details of that breach or default
- The carrying amount of the related loans payable at the reporting date
- Whether the breach or default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue.

25. Other financial liabilities

	30/06/2020	30/06/2019
	$'000	$'000
ED 295:12.27(b) **Derivatives that are designated and effective as hedging instruments carried at fair value**		
Foreign currency forward contracts		
Interest rate swaps		
Currency swaps		
Other [describe]		
ED 29511.41(d) **Financial liabilities carried at fair value through profit or loss (FVTPL)**		
Redeemable preference shares		
Other *[describe]*		
Contingent consideration in a business combination		
Current		
Non-current		

Source

25. Other financial liabilities (continued)

Redeemable preference shares

ED 295:11.42 Redeemable cumulative preference shares of $ ___ were issued on *[date]* at an issue price of $ ___ per share. The shares carry ___ % non-discretionary dividends and are mandatorily redeemable on [date] at $ ____ 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 pay-floating, receive-fixed interest rate swap to reduce the fair value risk of changing interest rates. The swap's notional is $ ___ and matches the principal of the preference shares. The swap matures on *[date]*.

To mitigate the accounting mismatch arising on measuring the liability as 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 revaluation reserve. The cumulative amount change in fair value due to credit risk was $ ___ (2019: $ ____).. 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 $ ___ (2019: $ ____).

Financial liabilities measured at fair value

ED 295:11.43 Some of the Group's 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 liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial liability	Valuation technique(s) and key inputs(s)
Foreign currency forward contracts and interest rate swaps and currency swaps	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.
Redeemable cumulative preference shares	Discounted cash flow at a discount rate of ___ % (2019: ___ %) that reflects the Group's current borrowing rate at the end of the reporting period.
Contingent consideration in a business combination	Discounted cash flow method was used to capture the present value of the Group arising from the contingent consideration.

Source

26. Provisions

		30/06/2020	30/06/2019
		$'000	$'000
	Carrying amount		
ED 295:4.11(e)	Employee benefits		
ED 295:4.11(e)	Warranty provision		
ED 295:4.11(e)	Restoration provision		
ED 295:4.11(e)	Other *[describe]*		
	Current		
	Non-current		

Movements in provisions

		Warranty provision	Restoration provision	Other *[describe]*
		$'000	$'000	$'000
ED 295:21.14(a)(i)	Carrying amount as at 1 July 2019			
ED 295:21.14(a)(ii)	Additions			
ED 295:21.14(a)(iii)	Amounts charged			
ED 295:21.14(a)(iv)	Unused amounts reversed			
	Other *[describe]*			
ED 295:21.14(a)(i)	Carrying amount as at 30 June 2020			

ED 295:21.14 Comparative information for prior periods is not required for the above reconciliation

Additional information

ED 295:21.14(b) The warranty provision represents management's best estimate of the Group's liability under 12-month warranties.

ED 295:21.14(b),(c) The restoration provision has been created upon the enactment of new environmental legislation in *[A Land]* on *[date]* 2020 which requires companies in *[A Land]* 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 Group 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 $ ____. 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.

ED 295:21.14(b),(c) The *[describe 'other' provision, including a brief description of the nature of the obligation and the expected amount and timing of any resulting payments, and an indication of the uncertainties about the amount or timing of those outflows.]*

Expected reimbursements

ED 295:21.14(d) Where the entity has a right of reimbursement from a third party in respect of a provision, the amount of any expected reimbursement is required to be disclosed, including stating the amount of any asset that has been recognised for that expected reimbursement.

Prejudicial disclosures

ED 295:21.17 In extremely rare cases, disclosure of some or all of the information required can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision. In such cases, an entity need not disclose the information, but discloses the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.

Source

27. Deferred tax

Analysis of deferred tax assets and liabilities

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

		Depreciation differences $'000	Revaluation of assets $'000	Provisions $'000	Other *[describe]* $'000	Total $'000
ED 295:29.40(e)						
	As at 1 July 2018					
ED 295:29.40(e)(ii)	Changed to profit or loss					
ED 295:29.40(e)(ii)	Charged to other comprehensive income					
ED 295:29.40(e)(ii)	Charged directly to equity					
ED 295:29.40(e)(ii)	Business combinations					
ED 295:29.40(e)(ii)	Changes in accounting policies					
ED 295:29.40(e)(ii)	Exchange differences					
	As at 1 July 2019					
ED 295:29.40(e)(ii)	Changed to profit or loss					
ED 295:29.40(e)(ii)	Charged to other comprehensive income					
ED 295:29.40(e)(ii)	Charged directly to equity					
ED 295:29.40(e)(ii)	Business combinations					
ED 295:29.40(e)(ii)	Changes in accounting policies					
ED 295:29.40(e)(ii)	Exchange differences					
ED 295:29.40(e)(i)	As at 30 June 2020					

ED 295:29.40(e)(ii) The proposals in ED 295 would require the disclosure of "an analysis of the change in deferred tax liabilities and deferred tax assets during the period". In these model financial statements, this analysis has been provided by way of a numeric reconciliation as illustrated above. Alternative methods may also be suitable.

ED 295:29.40(f) **Unrecognised deferred tax assets**

The following deductible temporary differences, unused tax losses and unused tax credits have not been recognised as deferred tax assets in the consolidated statement of financial position

	30/06/2020 $'000	30/06/2019 $'000
Tax losses – revenue	-	-
Tax losses – capital	-	-
Foreign tax credits	-	-
Temporary differences	-	-
Other	-	-
ED 295:29.40(f)		
	-	-

ED 295:29.40(f) All of the above amounts can be carried forward indefinitely, subject to meeting certain criteria of the relevant taxation law, with the exception of $ ___ (2019: $ _____) of revenue tax losses which have been incurred in *[A Land]* and which expire in ___ years (2019: ___ years).

Source

28. Deferred government grants

	30/06/2020	30/06/2019
	$'000	$'000
Current		
Non-current		

Additional information

ED 295:24.6(a) The deferred income arises as a result of:

- The benefit received from an interest-free government loan received in June 2020. The revenue will be offset against training costs to be incurred in 2020 ($____) and 2019 ($____)
- The obtaining of a *[describe the intangible asset]* by way of government grant under a government business development program (2019: no grant). The revenue will be offset against the amortisation of the asset

ED 295:24.6(b) There are no unfulfilled conditions or other contingencies attaching to the government grants that have been recognised as income.

ED 295:24.6(c) In addition to the above grants, the Group also benefits from the other forms of government assistance: *[describe]*

ED 295:24.7 Government assistance is action by government designed to provide an economic benefit to an entity or range of entities qualifying under specified criteria. Examples include free technical or marketing advice, the provision of guarantees and loans at nil or low interest rates.

29. Other liabilities

	30/06/2020	30/06/2019
	$'000	$'000
Refund liability		
Other *[describe]*		
Current		
Non-current		

Source

30. Issued capital

		30/06/2020	30/06/2019
		$'000	$'000
ED 295:4.12(a)(ii)	_____ fully paid ordinary shares (2019: _____)		

ED 295:4.12(a)(i)
ED 295:4.12(a)(iii)
The Company is incorporated under the *Corporations Act 2001* and accordingly, does not have a limited amount of authorised capital and issued shares do not have a par value.

ED 295:4.12(a)(v)
The entity discloses the rights, preferences and restrictions attaching to each class of share capital, including restrictions on the distribution of dividends and the repayment of capital.

Fully paid ordinary shares

		Number of shares	Share capital
		'000	$'000
ED 295:4.12(a)(iv)	***Balance at 1 July 2019***		
	Issue of shares		
	Share buy-back		
	Share buy-back costs		
	Income tax relating to share buy-back costs		
	Balance at 30 June 2020		

ED 295:4.12(a)(iv)
The above reconciliation need not be presented for prior periods.

ED 295:4.12(a)(vii)
Fully paid ordinary shares carry one vote per share and carry a right to dividends.

Shares reserved under options and contracts for the sale of sales

ED 295:4.12(a)(vii)
An entity is required to disclose shares reserved for issue under options and contracts for the sale of shares, including the terms and amounts.

An entity with other share options may wish to use the following illustrative wording as an example:

'As at 30 June 2020, the Company has ____ share options on issue (2019: ___), exercisable on a 1:1 basis for ____ ordinary shares of the Company (2019: ___) at an exercise price of $____. The options expire between *[date]* and *[date]* (2019: *[date]* and *[date]*), and carry no rights to dividends and no voting rights.'

Shares held by the entity, subsidiaries or associates

ED 295:4.12(a)(vi)
An entity discloses shares in the entity that are held by the entity, or by its subsidiaries or associates.

Entities without share capital

ED 295:4.13
An entity without share capital, such as a partnership or trust, discloses information equivalent to that required above, showing changes during the period in each category of equity, and the rights, preferences and restrictions attaching to each category of equity.

Source

ED 295:4.12(b)

31. Reserves

		30/06/2020	30/06/2019
		$'000	**$'000**
ED 295:17.33(e)	Properties revaluation (1)		
ED 295:4.11(f)	Investments revaluation (2)		
ED 295:4.11(f)	Contributions (3)		
ED 295:4.11(f)	Cash flow hedging (4)		
ED 295:4.11(f)	Foreign currency translation (5)		
ED 295:4.11(f)	Option premium on convertible notes (6)		
ED 295:4.11(f)	Other *[describe]*		

ED 295:4.12(b)
ED 295:17.33(e)

(1) 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 are not reclassified subsequently to profit or loss. Distribution of amounts from the reserve is subject to the relevant distribution requirements of the *Corporations Act 2001*

ED 295:4.12(b)

(2) The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

ED 295:4.12(b)

(3) The contributions reserve is used to separately account for the grant of share options to employees of the Group under the employee share option plan. Share options are granted to employees over the shares of the entity's parent company, who is responsible for the granting of those share options. An agreement is in place with the parent company whereby no reimbursement for costs associated with the grant of options will be sought from the entity. As such, amounts relating to grants are recorded as an equity contribution from the parent company in its capacity as owner. Items included in the contribution reserve will not be reclassified to profit or loss.

ED 295:4.12(b)

(4) The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

ED 295:4.12(b)

(5) Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Company's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Gains and losses on hedging instruments that are designated as hedging instruments for hedges of net investments in foreign operations are included in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

ED 295:4.12(b)

(6) The option premium on convertible notes represents the equity component (conversion rights) of the *[number]* ____% convertible notes issued during the year

Source			
	31. Reserves (continued)		
	Movement in property revaluation reserve		
		30/06/2020	**30/06/2019**
		$'000	**$'000**
	Balance at the beginning of the year		
ED 295:17.33(e)	Revaluation increase/(decrease) on land and buildings		
ED 295:17.33(e)	Change in deferred tax liability on revaluation of land and buildings		
ED 295:17.33(e)	Effect of change in tax rate		
ED 295:17.33(e)	Transferred to retained earnings on depreciation of buildings		
ED 295:17.33(e)	Balance at end of year		

	Movement in cash flow hedging reserve		
		30/06/2020	**30/06/2019**
		$'000	**$'000**
	Balance at beginning of year		
ED 295:12.29(c)	Gain/(loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges		
ED 295:12.29(d)	Cumulative (gain)/loss arising on changes in fair value of hedging instruments reclassified to profit or loss		
	Transferred to initial carrying amount of hedged item		
	Other *[describe]*		
	Balance at end of year		

	Movement in foreign currency translation reserve		
		30/06/2020	**30/06/2019**
		$'000	**$'000**
	Balance at beginning of year		
ED 295:30.25(b)	Exchange differences arising on translating the foreign operations (net of tax)		
ED 295:30.25(a)	(Gain)/loss reclassified to profit or loss on disposal of foreign operations (net of tax)		
	Loss on hedging instrument designated in hedges of the net assets of foreign operations		
	Other *[describe]*		
	Balance at end of year		

Source

32. Dividends on equity instruments

	Year ended 30/06/2020		Year ended 30/06/2019	
	Cents per share	**Total $'000**	**Cents per share**	**Total $'000**
Recognised amounts				
Fully paid ordinary shares				
Interim dividend				
Final dividend				
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend				

The above information is not explicitly required under ED 295, but may be useful to users of the financial statements.

ED 295:32.10

On *[date]*, the directors declared an unfranked final dividend of ___ cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2020. This dividend has not been included as a liability in these financial statements and will be paid to shareholders on *[date]*. The total estimated dividend to be paid is $ ___.

Source

33. Business combinations

Details of acquisitions

ED 295:19.25(a)-(c) On [date], the Group acquired 80 % of the issued share capital of *[SubSix Pty Limited]*, thereby obtaining control of *[SubSix Pty Limited]*. *[SubSix Pty Limited]* is a *[describe operations of company acquired]*.

ED 295:19.25(a)-(c) On *[date]*, the Group acquired 100 % of the issued share capital of *[SubSeven Limited]*, obtaining control of *[SubSeven Limited]*. *[SubSeven Limited]* is a *[describe operations of company acquired]*.

Consideration transferred

		SubSix Pty Limited	SubSeven Limited	Total
		$'000	$'000	$'000
ED 295:19.25(d)	Cash			
ED 295:19.25(d)	Equity instruments)			
ED 295:19.25(d)	Debt instruments			
ED 295:19.25(d)	Contingent consideration arrangement			
	Total			

Assets acquired and liabilities assumed at the date of acquisition

		SubSix Pty Limited	SubSeven Limited	Total
		$'000	$'000	$'000
ED 295:19.25(e)	Cash and cash equivalents			
ED 295:19.25(e)	Financial assets			
ED 295:19.25(e)	Inventories			
ED 295:19.25(e)	Plant and equipment			
ED 295:19.25(e)	Identifiable intangible assets			
ED 295:19.25(e)	Trade and other payables			
ED 295:19.25(e)	Financial liabilities			
ED 295:19.25(e)	Deferred tax liabilities			
ED 295:19.25(e)	Contingent liabilities			
	Total identifiable assets			
ED 295:19.25(e)	Goodwill (i)			
ED 295:19.25(f)	(Excess recognised in profit or loss)			
ED 295:Aus19.25(h)	Non-controlling interest (ii)			

ED 295:19.25(g) (i) The goodwill of $ ____ arising from the acquisition of *[SubSeven Limited]* consists of *[describe factors that make up goodwill recognised]*. None of the goodwill is expected to be deductible for income tax purposes.

ED 295:Aus19.25(h) (ii) The non-controlling interests arising in respect of the acquisition of *[Subsix Pty Limited]* have been measured at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets at the acquisition date.

Source

33. Business combinations (continued)

Net cash outflow on acquisition of businesses

	30/06/2020	30/06/2019
	$'000	$'000
Consideration paid in cash		
Less: cash and cash equivalent balances acquired		
Net outflow of cash per the statement of cash flows		

The above reconciliation is not strictly required under ED 295, but may be useful to users of the financial statements.

34. Notes to the statement of cash flows

Reconciliation of cash

ED 295:7.20 For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	30/06/2020	30/06/2019
	$'000	$'000
Cash and bank balances		
Bank overdraft		

ED 295:7.20 An entity is not required to present the above reconciliation if the amount of cash and cash equivalents presented in the statement of cash flows is identical to the amount similarly described in the statement of financial position.

Cash balances not available for use

ED 295:7.21 An entity discloses, together with commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the entity. Cash and cash equivalents held by an entity may not be available for use by the entity because of, among other reasons, foreign exchange controls or legal restrictions.

Non-cash transactions

ED 295:7.18 During the current year, the Group entered into the following non-cash investing and financing activities which are not reflected in the statement of cash flows:

- The Group disposed of property, plant and equipment with an aggregate fair value of $___ to acquire *[describe]*.
- Proceeds in respect of the Group's disposal of *[describe]* ($ ___) had not been received in cash at the end of the reporting period
- The Group acquired $ ___ of equipment under lease in 2020 (2019: nil).

Source

35. Share-based payment

Equity-settled share option plan

ED 295:26.18(a) The Group has a share option plan for all employees of the Group. In accordance with the terms of the plan, as approved by the directors, 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 Group 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 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 determined by a theoretical listed price of the entity's shares if it were a listed entity. 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.

Details of the share options outstanding during the year are as follows.

		30/06/2020		30/06/2019	
		Number of share options	**Weighted average exercise price**	**Number of share options**	**Weighted average exercise price**
ED 295:26.18(b)(i)	Outstanding at the beginning of the year				
ED 295:26.18(b)(ii)	Granted during the year				
ED 295:26.18(b)(iii)	Forfeited during the year				
ED 295:26.18(b)(iv)	Exercised during the year				
ED 295:26.18(b)(v)	Expired during the year				
ED 295:26.18(b)(vi)	Outstanding at the end of the year				
ED 295:26.18(b)(vii)	Exercisable at the end of the year				

ED 295:26.19 The fair value of the options granted were measured using an *[specify model]* model. The inputs used in the model include notional share prices, expected volatility, expected life of the option, relevant risk-free rates and expected dividend yields. This model was chosen as it is a generally accepted valuation methodology for pricing financial instruments, incorporating all factors and assumptions that knowledgeable, willing market participants would consider setting the price.

Source

35. Share-based payment (continued)

Cash-settled share option plan

ED 295:26.20
ED 295:26.23(a)
ED 295:26.23(b)

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 $ ___ and $ ___ in 2020 and 2019. Fair value of the SARs is determined by using the *[specify model]* model using the same inputs as noted above for the equity settled share option plan above. The Group recorded total expenses of $ ___ and $ ___ in 2020 and 2019, respectively. The total intrinsic value at 31 December 2018 and 2017 was $ ___ and $ ___ respectively.

Modifications

ED 295:26.21

Where share-based payment arrangements are modified during the period, the entity discloses an explanation of those modifications.

36. Employee benefits

Defined contribution plans

	30/06/2020	30/06/2019
	$'000	$'000
ED 295:28.40 Amount recognised as an expense for defined benefit plans		

Defined benefit plans

ED 295:28.40
ED 295:28.41

If an entity treats a defined benefit multi-employer plan as a defined contribution plan because sufficient information is not available to use defined benefit accounting (see paragraph 34 of AASB 119 *Employee Benefits*), it discloses the fact that it is a defined benefit plan and the reason why it is being accounted for as a defined contribution plan, along with any available information about the plan's surplus or deficit and the implication, if any , for the entity. The disclosures below in respect of defined benefit plans are not required in required for such plans.

ED 295:28.41(a)

The Group sponsors defined benefit plans for qualifying employees of its subsidiaries in *[D Land]* and previously for the employees of *[name of company]*. The defined benefit plans are administered by a separate fund that is legally separated from the Group.

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.

ED 295:28.41(e)

Movement in defined benefit obligation

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:

	30/06/2020
	$'000
Defined benefit obligation as at 1 July 2019	
Contributions	
ED 295:28.41(e) Benefits paid	
Other *[describe]*	
Defined benefit obligation as at 30 June 2020	

The above reconciliation need not be given for prior periods

Source	
	36. Employee benefits (continued)
	Defined benefit plans (continued)
	Plan assets
ED 295:28.41(f)	Movements in the fair value of plan assets during the year were as follows:

		30/06/2020
		$'000
	Fair value of plan assets as at 1 July 2019	
ED 295:28.41(f)(ii)	Contributions	
ED 295:28.41(f)(ii)	Benefits paid	
ED 295:28.41(j)	Actual return on plan assets	
ED 295:28.41(f)(iii)	Other changes in plan assets *[describe]*	
	Fair value of plan assets as at 30 June 2020	

The above reconciliation need not be given for prior periods

ED 295:28.41(h) The major classes of plan assets are as follows:

		30/06/2020	30/06/2019
		$'000	$'000
ED 295:28.41(h)	Equity instruments (1)		
ED 295:28.41(h)	Debt instruments		
ED 295:28.41(h)	Property (2)		
ED 295:28.41(h)	Other assets *[describe]*		

ED 295:28.41(i)(i) (1) Included in the total carrying amount of equity instruments is an amount of $ ___ (2019: $ ___) of investments in the *[describe]* class of the Group's own financial instruments.

ED 295:28.41(i)(ii)) (2) Included in the total carrying amount of property is an amount of $ ___ (2019: $ ___) of property that is leased to the Group.

ED 295:28.41(k) ***Assumptions used***

The most recent actuarial valuations of the plan assets and the present value of the defined benefit liability were carried out at 30 June 2020 by Mr _____, 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.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

		30/06/2020	30/06/2019
ED 295:28.41(k)(i)	Discount rates		
ED 295:28.41(k)(ii)	Expected rates of return on plan assets		
ED 295:28.41(k)(iii)	Expected rates of salary increases		
ED 295:28.41(k)(iv)	Medical cost trend rates		
ED 295:28.41(k)(v)	Other *[describe, e.g. average longevity at retirement age)*		

Source

36. Employee benefits (continued)

ED 295:28.41(g) ***Total cost***

The total cost relating to defined benefit plans during the period are as follows:

		30/06/2020	30/06/2019
		$'000	**$'000**
ED 295:28.41(g)(i)	Amounts recognised in profit or loss as an expense		
ED 295:28.41(g)(ii)	Amounts included in the cost of assets		
ED 295:28.41(g)	Total cost of defined benefit plans		

Subsidiaries within groups

ED 295:28.41 A subsidiary that recognises and measures employee benefit expense on the basis of a contractual agreement or stated policy for charging the net defined benefit cost or based on their contributions payable for the period (see paragraph 41 of AASB 119 *Employee Benefits*), in its separate financial statements describes the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy, the policy for determining the contributions to be paid by the entity and makes the disclosures above for the plan as a whole.

Other long-term benefits

ED 295:28.42 The Group's employees in Australia who are full-time, part-time, and in some States and Territories, casuals, are entitled to long service leave after a period of continuous service varying from 10 to 15 years. Eligible employees are entitled to between 8.667 weeks 13 weeks leave on full pay for the period of service, with additional entitlements accruing on a yearly basis thereafter. Depending on the State or Territory, eligible employees may be entitled to a pro-rata payment on ceasing employee after a shorter period of service. The Group's obligation for long service leave at 30 June 2020 is $ ___ (2019: $ ___) and is included in the employee benefits liability shown in Note 26. Payments for long service leave are funded out of working capital.

ED 295:28.42 For each category of other long-term benefits that an entity provides to its employees, the entity discloses the nature of the benefit, the amount of its obligation and the extent of funding at the reporting date

Termination benefits

ED 295:28.43 For each category of termination benefits that an entity provides to its employees, the entity discloses the nature of the benefit, the amount of its obligation and the extent of funding at the reporting date.

ED 295:28.44 When there is uncertainty about the number of employees who will accept an offer of termination benefits, a contingent liability exists. An entity discloses information about its contingent liabilities unless the possibility of an outflow in settlement is remote.

Source

37. Hedges

Fair value hedges

ED 295:12.27 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 option 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.

ED 295:12.27 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. 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.

The following information relates to the Group's fair value hedges

		30/06/2020	30/06/2019
		$'000	$'000
ED 295:22.28(a)	Change in fair value of hedging instruments recognised in profit or loss		
ED 295:12.28(b)	Change in fair value of hedged items recognised in profit or loss		

Cash flow hedges

ED 295:12.27
ED 295:12.29(a)
Foreign exchange forward contracts 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 ____ % to ____ % of the exposure generated. Basis adjustments are made to the initial carrying amounts of inventories when the anticipated purchases take place.

ED 295:12.27
ED 295:12.29(a)
The Group has entered into contracts to supply goods to customers in *[B Land]*. 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.

ED 295:12.27
ED 295:12.29(a)
The Group has entered into contracts to purchase raw materials from suppliers in *[B Land]* and *[C Land]*. 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.

ED 295:12.29(a) 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.

Source

37. Hedges (continued)

Cash flow hedges (continued)

The following information relates to the Group's cash flow hedges:

		30/06/2020	30/06/2019
		$'000	$'000
ED 295:12.29(c)	Change in fair value of hedging instruments recognised in other comprehensive income		
ED 295:12.29(d)	Amount reclassified to profit or loss for the period		
ED 295:12.29(e)	Hedge ineffectiveness recognised in profit or loss		

ED 295:12.27(b) Foreign currency forward contract assets and liabilities are presented in the line 'Derivative financial instruments' (either as asset or as liabilities) within the statement of financial position.

ED 295:12.29(b) In addition, the entity discloses a description of any forecast transaction for which hedge accounting had previously been used, but which is not longer expected to occur.

Net investment hedges

ED 295:12.27 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 ___% 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.

ED 295:12.27 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 Parent's functional currency. However, the Group ceased to hedge this investment a few years ago 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

38. Related parties

ASIC-CI 2016/191

An entity considers the extent to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* permits information about related parties to be rounded.

ED 295:33.8

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. Examples of related party transactions include, but are not limited to:

- Transactions between an entity and its principal owners
- Transactions between an entity and another entity when both entities are under common control of a single entity or person
- Transactions in which an entity or person that controls the reporting entity incurs expenses directly that otherwise would have been borne by the reporting entity.

Information about the parent and subsidiaries

ED 295:33.5

Relationships between a parent and its subsidiaries are disclosed irrespective of whether there have been related party transactions. An entity discloses the name of its parent and, if different, the ultimate controlling. If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so (if any) is also disclosed

Note that the ultimate controlling party does not need to be a company, trust or other incorporated entity and may be an individual.

ED 295:33.5

Tier 2 Comprehensive Pty Limited is a wholly-owned subsidiary of *[Parent name]*, incorporated in *[F Land]*. *[Parent name]* is itself wholly-owned by *[Intermediate parent name]*, incorporated in *[G Land]*. Financial statements of *[Intermediate parent company]* are publicly available at *[web site or other location]*.

The ultimate controlling entity is *[Ultimate controlling name]*, incorporated in *[H Land]*.

ED 295:33.5

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 other related parties are disclosed below.

Remuneration of key management personnel

	30/06/2020	30/06/2019
	$	$
ED 295:33.7 Aggregate key management personnel compensation		

ED 295:Aus33.7.1
ED 295:Aus33.7.2

If an entity obtains key management personnel services from another entity (the 'management entity'), the entity is not required to disclose the total key management personnel compensation paid or payable by the management entity to the management entity's employees or directors. Instead, amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity are disclosed.

The ultimate controlling party does not need to be a company, trust or other incorporated entity and may be an individual.

Source

38. Related parties (continued)

Transactions with related parties

During the year, Group entities entered into the following transactions with related parties who are not members of the Group

ED 295:33.9(a)

	Sale of goods		Purchase of goods	
	30/06/2020 $'000	30/06/2019 $'000	30/06/2020 $'000	30/06/2019 $'000
[Ultimate parent company name]				
Associates				
[Describe nature of each related party relationship]				

During the year, Group entities entered into the following transactions with related parties who are not members of the Group:

ED 295:33.9(b)

	Amounts owed by related parties		Amounts owed to related parties	
	30/06/2020 $'000	30/06/2019 $'000	30/06/2020 $'000	30/06/2019 $'000
[Ultimate parent company name]				
Associates				
ED 295:33.10 *[Describe nature of each related party relationship]*				
ED 295:33.9(c) Less: Allowance for uncollectable amounts				

ED 295:33.9 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.

ED 295:33.9(b)
ED 295:33.9(d)

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. During the period, an expense of $ ___ (2019: $ ___) for an allowance for doubtful debts in respect of the amounts owed by related parties was recognised. Amounts repayable to X Holdings carry interest of ___ % to ___ % (2019: ___ % to ___ %) per annum charged on the outstanding loan balances.

Source

38. Related parties (continued)

Loans to related parties

ED 295:33.9(b) The following loans to related parties

		30/06/2020	30/06/2019
		$'000	$'000
ED 295:39.10(a)	Loans to entities with control or joint control, or significant influence over the entity *[describe]*		
ED 295:33.9(c)	Less: Allowance for uncollectable receivables		
ED 295:33.10(b)	Loans to associates		
ED 295:33.9(c)	Less: Allowance for uncollectable receivables		
ED 295:33.10(c)	Loans to key management personnel		
ED 295:33.9(c)	Less: Allowance for uncollectable receivables		
ED 295:33.10(d)	Loans to other related parties *[describe]*		
ED 295:33.9(c)	Less: Allowance for uncollectable receivables		
ED 295:33.7			

ED 295:33.9
ED 295:33.9(a) During the period, the Group has provided its associates with short-term loans of $ ____ (2019: $ ____) at rates comparable to the average commercial rate of interest.

ED 295:33.9 *[Provide additional information necessary for an understanding of each related party relationship on the financial statements.]*

Other related party transactions

ED 295:33.8
ED 295:33.9 The following additional related party transactions occurred during the current and prior periods:

- The provision of office space and office management services (including IT resources) at no cost by *[related party]*
- Transfer of income tax payables *[tax losses]* to *[related party]* under the provisions of tax-consolidation applying in Australia, and the corresponding accrual of a related party payable *[receivable]* of $ ____ (2019: $ ____)

Source

39. Contingent liabilities and contingent assets

Contingent liabilities

ED 295:21.15

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 $ ____ (2019: nil) and this amount is being claimed from the Group.

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.

Contingent assets

ED 295:21.16

If an inflow of economic benefits is probable (more likely than not) but not virtually certain, an entity discloses a description of the nature of the contingent assets at the end of the reporting period and an estimate of the their financial effect, measuring using the principles set out in paragraphs 36-51 of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. Where any of the information required is not disclosed because it is not practicable to do so, that fact is stated.

Prejudicial disclosures

ED 295:21.17

In extremely rare cases, disclosure of some or all of the information required can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the contingent liability or contingent asset. In such cases, an entity need not disclose the information, but discloses the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.

40. Subsequent events

ED 295:32.4

An entity adjusts the amounts recognised in its financial statements, including related disclosures, to reflect adjusting events after the end of the reporting period.

ED 295:32.10

An entity disclosures the following for each category of non-adjusting event after the end of the reporting period:

- The nature of the event
- An estimate of its financial effect or a statement that such an estimate cannot be made.

ED 295:32.11

The following are examples of non-adjusting events after the end of the reporting period that would generally result in disclosure. The disclosures will reflect information that becomes known after the end of the reporting period but before the financial statements are authorised for issue:

- A major business combination
- Announcement of a plan to discontinue an operation
- Major purchases of assets, disposals or plans to dispose of assets, or expropriation of major assets by government
- The destruction of a major production plant by a fire
- Announcement, or commencement of the implementation, of a major restructuring
- Issues or repurchases of an entity's debt or equity instruments
- Abnormally large changes in asset prices or foreign exchange rates
- Changes in tax rates or tax laws enacted or announced that have a significant effect on current and deferred tax assets and liabilities
- Entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees
- Commencement of a major litigation arising solely out of events that occurred after the end of the reporting period.

Source

41. Subsidiaries

ASIC-CI 2016/785.6(v)

In addition to the requirement of AASB 10XX *Simplified Disclosures for Tier 2 Entities*, the disclosures below illustrate the requirements of *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* in respect of the consolidated financial statements.

Details of the Group's material subsidiaries at the end of the reporting period are as follows.

ED 295:33.5

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
		30/06/2020	30/06/2019
Subzero Limited	A Land	Nil	100%
Subone Limited	A Land	90%	100%
Subtwo Limited (i)	A Land	45%	45%
Subthree Limited (ii), (iii)	A Land	100%	100%
Subfour Limited	B Land	70%	70%
Subfive Limited (ii)	C Land	100%	100%
Subsix Limited	A Land	80%	Nil
Subseven Limited (ii), (iii)	A Land	100%	Nil

ED 295:9:23(c)

(i) Although the Group holds less than 50% of the ownership interests in Subtwo Limited, the directors have identified that the entity is a subsidiary of the Group (see further discussion at Note 3)

ED 295:33.5

(ii) These companies are members of the tax-consolidated group. Tier 2 Comprehensive Pty Limited is the head entity within 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 Tier 2 Comprehensive Pty 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 *[date]* 2020.

ED 295:33.5

ED 295.33.5 requires the entity to disclose the relationships between a parent and its subsidiaries irrespective of whether there have been related party transactions. For the purposes of these illustrative disclosures, the example above shows information about the entity's own subsidiaries and the members of the tax-consolidated group. The level of detail provided is not specified.

In addition, the entity discloses the name of its parent and, if different, the ultimate controlling party. These are illustrated in Note 38.

Details required for entities relying on *ASIC Corporations Instrument 2016/785*

ASIC-CI 2016/785

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.

Source

41. Subsidiaries (continued)

Additional disclosures

The entity discloses:

ED 295:9.23(c)
- Any difference in the reporting date of the financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements

ED 295:9.23(d)
- The nature and extent of any significant restrictions (for example resulting from borrowing arrangements or regulatory requirements) on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans.

Consolidated income statement, consolidated statement of financial position and movements in consolidated retained earnings of entities party to the deed of cross guarantee

ASIC-CI 2016/785.6(v) The disclosures below are required in consolidated financial statements of the 'holding entity' cover entities which are not members of the 'closed group' or which are not parties to the deed of cross guarantee (for the purposes of the Corporations Instrument).

For instance, these disclosures would be required where the holding entity for the purposes of the Corporations Instrument has partly-owned subsidiaries (as is the case in these illustrative disclosures).

ASIC-CI 2016/785 s.6(v) The consolidated income statement and consolidated statement of financial position of the entities which are parties to the deed of cross guarantee are:

	30/06/2020 $'000	30/06/2019 $'000
Statement of comprehensive income		
Revenue		
Cost of sales		
Gross profit		
Investment income		
Other gains and losses		
Distribution expenses		
Marketing expenses		
Occupancy expenses		
Administration expenses		
Other expenses		
Net finance costs		
Share of profits of associates and joint ventures		
Profit before tax		
Income tax expense		
Profit for the year from continuing operations		
Profit for the year from discontinued operations		
Profit for the year		

Source

41. Subsidiaries (continued)

	30/06/2020 $'000	30/06/2019 $'000
Other comprehensive Income		
Items that will not be reclassified subsequently to profit or loss:		
- Gain on revaluation of property		
- Remeasurement of defined benefit obligation		
- Share of other comprehensive income of associates		
- Fair value gain/(loss) on investments in equity instruments designated at fair value through other comprehensive income		
- Fair value gain/(loss) on financial liabilities designated at fair value through profit or loss, attributable to changes in credit risk		
- Other *[describe]*		
Items that may be reclassified subsequently to profit or loss:		
- Exchange differences on translating foreign operations		
- Net fair value gain/(loss) on investments in debt instruments measured at fair value through other comprehensive income		
- Net fair value gain on hedging instruments entered into for cash flow hedges		
- Share of other comprehensive income of associates		
- Other *[describe]*		
Other comprehensive income for the year		
Total comprehensive Income for the year		

	30/06/2020 $'000	30/06/2019 $'000
Statement of financial position		
Current assets		
Cash and cash equivalents		
Trade and other receivables		
Finance lease receivables		
Other financial assets		
Inventories		
Current tax assets		
Other assets		
Total current assets		

Source

41. Subsidiaries (continued)

	30/06/2020 $'000	30/06/2019 $'000
Non-current assets		
Finance lease receivables		
Other financial assets		
Investments in associates		
Investments in joint ventures		
Investments in subsidiaries		
Property, plant and equipment		
Investment property		
Right of use assets		
Biological assets		
Goodwill		
Other intangible assets		
Other assets		
Total non-current assets		
Total assets		
Current liabilities		
Trade and other payables		
Lease liabilities		
Other borrowings		
Other financial liabilities		
Provisions		
Deferred government grants		
Current tax liabilities		
Other liabilities		
Total current liabilities		
Non-current liabilities		
Lease liabilities		
Borrowings		
Other financial liabilities		
Provisions		
Deferred tax liabilities		
Deferred government grants		
Other liabilities		
Total non-current liabilities		
Total liabilities		
Net assets		
Equity		
Share capital		
Reserves		
Retained earnings		
Total equity		

Source

41. Subsidiaries (continued)

	30/06/2020 $'000	30/06/2019 $'000
Retained earnings		
Retained earnings as at beginning of the financial year		
Net profit		
Dividends provided for or paid		
Share buy-back		
Retained earnings as at end of the financial year		

ASIC-CI 2016/785 s.6(v)

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.

Note: The information disclosed in this illustrative note has been conformed with the proposed presentation requirements in ED 295, so that the basis of presentation of the information is consistent with the remainder of the illustrative disclosures in these model financial statements, rather than AASB 101 'Presentation of Financial Statements' which is referred to in Corporations Instrument 2016/785. However, should the Corporations Instrument not be amended prior to the application of AASB 10XX, the disclosures should be presented in accordance with the requirements with the Corporations Instrument.

Source

42. Parent entity information

s.295(3)(a)
Reg2M.3.01

Where an entity prepares consolidated financial statements in accordance with s.295(2)(b) of the *Corporations Act 2001*, the *Corporations Regulations 2001* prescribe additional information that must be disclosed in the notes to the financial statements.

As these model financial statements includes consolidated information in accordance with AASB 10XX *Simplified Disclosures for Tier 2 Entities*, the parent entity disclosures are required for entities preparing financial reports under Part 2M.3 of the *Corporations Act 2001*.

Accounting policies

ED 295:8.5

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 45 for a summary of the significant accounting policies relating to the Group.

Investments in subsidiaries, associates and joint ventures

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.

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.

ED 295:33.5
ED 295:33.9

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.*

42. Parent entity information (continued)

	Financial position	**30/06/2020 $'000**	**30/06/2019 $'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		
	- Properties revaluation		
	- Investments revaluation		
	- Contributions		
	- Cash-flow hedging		
	- Foreign currency translation		
	- Option premium on convertible notes		
	- Other *[describe]*		
	Total equity		

Financial performance

		Year ended	
		30/06/2020 $'000	**30/06/2019 $'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**

	30/06/2020 $'000	**30/06/2019 $'000**
Guarantee provided under the deed of cross guarantee (i)		

(i) Tier 2 Comprehensive Pty Limited has entered into a deed of cross guarantee with two of its wholly-owned subsidiaries. Refer to Note 41 for more information, including the identities of the subsidiaries.

42. Parent entity information (continued)

Reg2M.3.01(i), (k)

Contingent liabilities of the parent entity

	30/06/2020 $'000	30/06/2019 $'000
[describe]	-	-

Reg2M.3.01(j), (k)

Commitments for the acquisition of property, plant and equipment by the parent entity

	30/06/2020 $'000	30/06/2019 $'000
Plant and equipment		
Not longer than 1 year		
Longer than 1 year and not longer than 5 years		
Longer than 5 years		

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 subregulation (1) must be calculated in accordance with accounting standards in force in the financial year to which the disclosure relates.

(3) In this 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.

43. Authorisation of the financial statements

ED 295:32.9

The financial statements were approved by the board of directors and authorised for issue on 13 October 2020.

44. Remuneration of auditors

ASIC-CI 2016/191

An entity considers the extent to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* permits information about the remuneration of auditors to be rounded.

		30/06/2020	30/06/2019
		$	$
	Auditor of the Company		
ED 295:Aus8.7.1	Audit or review of the financial statements		
ED 295:Aus8.7.2	Preparation of the tax return		
	All other services *[describe]*		
ED 295:Aus8.7.1	**Network firm of the Company auditor**		
ED 295:Aus8.7.2	All other services *[describe]*		

The auditor of Tier 2 Comprehensive Pty Limited is Deloitte Touche Tohmatsu.

APES 110

'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:

- That is aimed at co-operation, and
- 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 290.14-26 of APES 110.

Source

45. Significant accounting policies

ED 295:8.5

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 Accounting Standards, but that is selected and applied in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

For completeness, in these model financial statements accounting policies have been provided for some immaterial items, although this is not required under Accounting Standards.

Basis of accounting

ED 295:8.2(a)
ED 295:8.5

The financial statements have been prepared on the basis of historical cost, except for 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 values of the consideration given in exchange for goods and services.

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 financial statements is determined on such a basis, except for:

- Share-based payment transactions that are within the scope of AASB 2 *Share Based Payments*
- Leasing transactions that are within the scope of AASB 16 *Leases*
- Measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 *Inventories* or value in use in AASB 136 *Impairment of Assets*.

Source

45. Significant accounting policies (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based 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 in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability.

Early adoption of Accounting Standards

The following disclosure is recommended where an Accounting Standard has been adopted early:

'The directors have elected under s.334(5) of the *Corporations Act 2001* to apply Accounting Standard AASB XX *[title]* for this financial year, even though the Standard is not required to be applied until annual reporting periods beginning on or after [date].'

In accordance with s.334(5) of the *Corporations Act 2001*, the election must be made in writing by directors.

ED 295:8.5 The principal accounting policies are set out below.

Functional and presentation currencies

ED 295:30.26 An entity discloses the currency in which the financial statements are presented. When the presentation currency is different from the functional currency, an entity states that fact and discloses the functional currency and the reason for a different presentation currency.

ED 295:30.27 When there is a change in the functional currency of either the reporting entity or a significant foreign operation, the entity discloses that fact and the reason for the change in functional currency.

ED 295:30.24 References to 'functional currency' in the paragraphs above apply, in the case of a group, to the functional currency of the parent.

Hyperinflation

ED 295:31.15 An entity to which AASB 129 *Financial Reporting in Hyperinflationary Economies* applies discloses the following:

- The fact that the financial statements and other prior period data have be restated for changes in the general purchasing power of the functional currency
- The identity and level of the price index at the reporting date and changes during the current reporting period and the previous reporting period.

ED 295:Aus31.15.1 An entity applying AASB 129 also discloses whether the financial statements are based on a historical cost approach or a current cost approach.

Source	
	45. Significant accounting policies (continued)
	Going concern basis
ED 295:3.8	When preparing financial statements, the management of an entity makes an assessment of the entity's ability to continue as a going concern. An entity is a going concern unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. In assessing whether the going concern basis is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the reporting date.
ED 295:3.9	When management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern, the entity discloses those uncertainties.
ED 295:3.9	When an entity does not prepare financial statements on a going concern basis, it discloses that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.
	Example accounting policies
	The following illustrations are quoted by way of example only, and do not necessarily represent the only treatment which may be appropriate for the item concerned and does not cover all items that should be considered for inclusion in the summary of accounting policies.
	For example, an entity may elect, in accordance with the recognition and measurement requirements of Australian Accounting Standards and the presentation and disclosure requirements of AASB 10XX *Simplified Disclosures for Tier 2 Entities*, to:
AASB 9:4.1.4	• Make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income
AASB 9:3.1.2	• Recognise financial assets on settlement date or on trade date
AASB 112.78	• Present exchange differences on deferred foreign tax liabilities or assets recognised in the statement of profit or loss and other comprehensive income as deferred tax expense (income)
AASB 116.30, 31	• Measure property, plant and equipment after initial recognition on either the cost or revaluation (fair value) basis
AASB 138.74, 75	• Measure intangible assets after initial recognition on either the cost or revaluation (fair value) basis, where conditions for doing so are me
AASB 140.6	• Measure investment property under either the cost model or the fair value model
AASB 120.23	• Account for government grants in the form of a non-monetary asset at a nominal amount
AASB 120.24	• Present government grants related to assets as a deduction from the carrying amount of the asset
AASB 120.2	• Deduct government grants received and recognised in the statement of profit or loss and other comprehensive income in reporting the related expense
ED 295:3.18	• Present a single statement of income and retained earnings in place of the statement of comprehensive income and statement of changes in equity (where certain requirements are met)
ED 295:7.7	• Prepare the statement of cash flows using either the direct or the indirect method.
	Entities may also need to disclose the manner in which they account for:
	• Business combinations involving entities under common control
AASB 141	• Biological assets or agricultural produce
AASB 6	• Exploration and evaluation activities.

Source

45. Significant accounting policies (continued)

Basis of consolidation

ED 295:9.23(a)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to the reporting date.

Control is achieved when the Company:

- 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 affects its returns.

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.

When the Group 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 Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Group 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group 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 Group gains control until the date when the Group ceases to control the subsidiary.

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

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 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. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Source

45. Significant accounting policies (continued)

Basis of consolidation (continued)

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 Australian Accounting 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 AASB 9 *Financial Instruments* 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 AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* 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 AASB 2 *Share-Based Payments* at the acquisition date (see below)
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard
- Right-of-use asset assets and lease liabilities for leases are recognised in accordance with AASB 16, except that right-of use assets and leases are not recognised for leases for which the lease term ends within 12 months of the acquisition date, or for which the underlying asset is of low value
- Reacquired rights are recognised as an intangible asset on the basis of the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals when measuring fair value.

Source

45. Significant accounting policies (continued)

Business combinations (continued)

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 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 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.

Source

45. Significant accounting policies (continued)

Goodwill

Goodwill is initially recognised and measured as set out above.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination

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 the relevant 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 or joint venture is described below.

Investments in associates and joint ventures

ED 295:14.12(a), 15.19(a)

An associate is an entity over which the Group has significant influence. 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.

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, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the 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.

Source

45. Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

The requirements of AASB 9 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 AASB 136 *Impairment of Assets* 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 forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 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, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or 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 AASB 9.

The difference between the carrying amount of the associate or 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 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 or joint venture on the same basis as would be required if that associate or joint venture 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 equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

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 financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Source

45. Significant accounting policies (continued)

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 the Group 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, revenues and expenses relating to its interest in a joint operation in accordance with the Accounting Standards applicable to the particular assets, liabilities, revenues 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.

Source

45. Significant accounting policies (continued)

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 disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

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, and the Group ceases to apply the equity method in relation to the portion that is classified a 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', maintenance included in the price of products sold, as well as warranties granted under local legislation
- Installation of computer software for specialised business applications
- Construction of residential properties.

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.

The revenue accounting policies that follow are generic and must be adapted to suit the specific circumstances of each entity. The entity should disclose the accounting policies adopted for each significant category of revenue recognised in the period including the methods adopted to determine the stage of completion of transactions involving the rendering of services.

Source

45. Significant accounting policies (continued)

Revenue recognition (continued)

Sale of leisure goods

ED 295:23,.30(a)

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 AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

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 on-selling 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.

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.

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.

Sale of electronic equipment

ED 295:23,30(a)

The Group sells electronic equipment to the wholesale market and directly to customers both through its own retail outlets and through internet sales.

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.

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.

Source

45. Significant accounting policies (continued)

Revenue recognition (continued)

'Maxi-Points' customer loyalty programme

ED 295:23,30(a)

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.

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.

Maintenance relating to electronic equipment

ED 295:23,30(a)
ED 295:23.31

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.

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. Discounts are not considered as they are only given in rare circumstances and are never material.

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).

Installation of software services

ED 295:23,30(a)
ED 295:23.31

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.

Construction of residential properties

ED 295:23,30(a)
ED 295:23.31

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 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.

Source

45. Significant accounting policies (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

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. 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.

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.

If the Group uses its incremental borrowing rate, it must explain how the rate is determined. The rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability compromise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives
- 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.

The lease liability is presented as a separate line in the consolidated statement of financial position.

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.

Source

45. Significant accounting policies (continued)

Leases (continued)

The Group as lessee (continued)

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liabilities is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised leased payments using the initial 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)

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 by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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 AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and 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. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 *Impairment of Assets* 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.

Variable rents that do not depend on an index or rate are not included in the measurement of 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 the statement of profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associates non-lease component as a single arrangement. The Group has not used this practical expedient.

Source

45. Significant accounting policies (continued)

Leases (continued)

The Group as lessor

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.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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.

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.

When a contract includes lease and non-lease components, the Group applies AASB 15 *Revenue from Contracts from Customers* to allocate the consideration under the contract to each component.

Foreign currencies

The financial statements of the Group are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Group are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated 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 on monetary items 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 in order to hedge certain foreign currency risks (see 3.25 below for hedging accounting policies)
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (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 repayment of the monetary items.

Source

45. Significant accounting policies (continued)

Foreign currencies (continued)

For the purpose of presenting these financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in 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 equity in respect of that operation attributable to the Group are reclassified to profit or loss.

For 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 to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. 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 impacts 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.

Source

45. Significant accounting policies (continued)

ED 295:Aus24.6(d)

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.

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 are recognised as deferred revenue in the 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.

Government assistance which does not have conditions attached specifically relating to the operating activities of the Group is recognised in accordance with the accounting policies above.

Retirement benefits 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 the statement of comprehensive income in the period in which they occur. Remeasurements recognised in the statement of 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.

Net interest expense or income is recognised within finance costs.

Source

45. Significant accounting policies (continued)

Retirement benefits costs (continued)

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.

[If applicable or include alternative explanation about rights to refunds – The Trust Deed provides International GA AP 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 Group can no longer withdraw the offer of the termination benefit and when the Group 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 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 Group reduces service cost by attributing the contributions to periods of service using the attribution method required by AASB 119:70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Group 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 AASB 119:70].

Short-term and 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.

Source

45. Significant accounting policies (continued)

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 Group 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 of goodwill or 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off 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.

Source

45. Significant accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

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 AASB 112 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.

Current 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.

Additional information on accounting policies should be included where the entity has other material tax balances not covered by the above analysis, such as in relation to tax deductible share-based payment arrangements, or impacts of tax consolidation.

Property, plant and equipment

ED 295:17.31(a)

Land and buildings held for use in the production or supply of goods or services, 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 subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

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

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, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

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. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Source

45. Significant accounting policies (continued)

Property, plant and equipment (continued)

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

ED 295:17.31(b)

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. 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.

Depreciation rates and methods are reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. 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.

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.

Source

45. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite 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. 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.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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 have been demonstrated:

- 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.

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.

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.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

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.

Derecognition of intangible assets

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.

Source

45. Significant accounting policies (continued)

Intangible assets(continued)

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 tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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 in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, 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 indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication 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.

When 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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

ED 295:13.22(a)

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.

Source

45. Significant accounting policies (continued)

ED 295:11.40

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. 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.

Financial assets

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.

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.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- 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); and
- 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).

Source

45. Significant accounting policies (continued)

Financial instruments (continued)

Classification of financial assets (continued)

(i) Amortised cost and effective interest method

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.

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.

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.

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.

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.

Interest income is recognised in profit or loss and is included in the "investment income" line item.

(ii) Debt instruments classified as at FVTOCI

The redeemable notes held by the Group are classified as at FVTOCI. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these redeemable notes 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 redeemable notes 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.

Source

45. Significant accounting policies (continued)

Financial instruments (continued)

Classification of financial assets (continued)

(iii) Equity instruments designated as at FVTOCI

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.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- 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; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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 be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with AASB 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'investment income' line item in profit or loss.

(iv) Financial assets at FVTPL

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:

- 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.

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 5). Fair value is determined in the manner described in note 62(a)(i) .

Source

45. Significant accounting policies (continued)

Financial instruments (continued)

Foreign exchange gains and losses

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;

- 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 5)
- 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 5). Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve
- 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 (note 5)
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

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.

Impairment of financial assets

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.

The Group always recognises lifetime 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.

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.

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.

Source

45. Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

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.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating
- 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
- 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;
- An actual or expected significant deterioration in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- 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.

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.

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:

1. The financial instrument has a low risk of default
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term
3. 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.

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 is no past due amounts. .

Source

45. Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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 contracts, the Group considers the changes in the risk that the specified debtor will default on the contract

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.

(ii) Definition of default

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:

- When there is a breach of financial covenants by the debtor; or
- 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).

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.

(iii) Credit-impaired financial assets

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:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event (see (ii) above);
- 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;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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.

Source

45. Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses

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 drawn down as at the reporting date, together with any additional amounts expected to be drawn down 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.

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 AASB 17 *Leases*.

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.

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 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.

Source

45. Significant accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets (continued)

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 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 Group'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 Group'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 Group'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 profits/other equity [describe]]. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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.

Source

45. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities

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.

Financial liabilities at FVTPL

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.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- 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; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

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:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- 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; or
- 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.

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 5) in profit or loss.

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.

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.

Source

45. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities measured subsequently at amortised cost

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.

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 at 3.9 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 5) 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.

Source

45. Significant accounting policies (continued)

Financial instruments (continued)

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 the 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 rate is at least 10 % 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 should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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.

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 legal right and intention to offset. 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 expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

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.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of AASB 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of AASB 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.

Source

45. Significant accounting policies (continued)

Financial instruments (continued)

Embedded derivatives (continued)

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.

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.

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.

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.

Hedge accounting

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.

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:

- 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.

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.

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.

Source

45. Significant accounting policies (continued)

Hedge accounting (continued)

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 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.

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.

Source

45. Significant accounting policies (continued)

Hedge accounting (continued)

Cash flow hedges (continued)

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 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 hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of 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.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

Provisions

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 the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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 (where the effect of the time value of money is material).

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.

Restructurings

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 Group.

Warranties

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.

Onerous contracts

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 from the contract.

Source

45. Significant accounting policies (continued)

Provisions (continued)

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. 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 AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 15 *Revenue from Contracts with Customers*.

Own shares

Own shares represent the shares of the parent company (Tier 2 Comprehensive Pty Limited) that are held in treasury or by the Employee Benefit Trust. Own shares are recorded at cost and deducted from equity.

Share-based payment

Share-based payment transactions of the Group

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 conditions.

ED 295:26.21

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 Group obtains the goods or the counterparty renders the service.

ED 295:26.20

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 Company's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with AASB 2 *Share-based Payment* ("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.

Source

45. Significant accounting policies (continued)

Share-based payment (continued)

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

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 AASB 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.

Goods and services tax

The following policy is applicable in Australia due to Interpretation 1031 *Accounting for the Goods and Services Tax (GST)*

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 statement of cash flows 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.

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