



Model Tier 2 Simplified Disclosures  
financial statements

Reporting periods ending on or  
after 31 December 2020

# About the model Tier 2 Simplified Disclosures financial statements

## About these illustrative disclosures

### Comprehensive example

This document contains an illustrative example of general purpose financial statements prepared in accordance with AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) on the basis the entity:

- Has subsidiaries, joint ventures and associates
- Is applying Australian Accounting Standards – Simplified Disclosures for the first time before the mandatory application date
- Previously prepared special purpose financial statements as separate financial statements where investments in subsidiaries, joint ventures and associates were accounted for on the cost basis in accordance with AASB 127 *Separate Financial Statements*
- Otherwise has complied with all relevant recognition and measurement requirements of Australian Accounting Standards in its previous special purpose financial statements
- Has elected to apply AASB 1 *First-time Adoption of Australian Accounting Standards* (AASB 1) on transition, as it is transitioning from separate special purpose financial statements to consolidated Tier 2 general purpose financial statements<sup>1</sup>
- Is not electing to use the optional relief for early adopters in Appendix E of AASB 1053 *Application of Tiers of Australian Accounting Standards* (AASB 1053).

This example includes the disclosures required by AASB 1060, either in illustrative or narrative form, in so far as those disclosures relate to **private sector for-profit entities**. This version provides access to the full ambit of the disclosures required by AASB 1060 (subject to the limitations noted below).

Entities with other circumstances should ensure they comply with the relevant disclosures and transition requirements of AASB 1053 and AASB 1060.

## Understanding the impacts of adopting AASB 1060 for the first time

In order to assist readers to understand the impacts of AASB 1060, common differences in disclosures between special purpose financial statements and general purpose financial statements prepared in accordance with AASB 1060, 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 AASB 1060 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. For these purposes, it is assumed that investments in subsidiaries, joint ventures and associates were measured at cost in the stand-alone financial statements.

---

<sup>1</sup> The application of AASB 1 on transition to Tier 2 financial statements under AASB 1060 is only permitted the entity either (1) did not previously apply recognition and measurement requirements of all relevant Australian Accounting Standards or (2) did not previously present consolidated financial statements on the basis that neither the parent nor the group was a reporting entity (AASB 1053.18A).

## Purpose

This model annual report has been designed by Deloitte Touche Tohmatsu to assist in the preparation of **general purpose financial statements** of a **for-profit large proprietary company**<sup>2</sup> in accordance with:

- Australian Accounting Standard AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (as amended)
- The recognition and measurement requirements of all Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB)
- Provisions of the *Corporations Act 2001*, insofar as they relate to the primary financial statements and notes to the financial statements
- Other requirements and guidelines, 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.

The versions of the above pronouncements referred to in this publication are those on issue at 12 March 2021.

## 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 additional disclosures do not have source references included in the left-hand column.

### For-profit entity disclosures

The illustrative disclosures show general purpose financial statements prepared for a **private sector for-profit entity**. Paragraph 214 of AASB 1060 contains a summary of specific disclosures for not-for-profit entities and public sector entities. Illustrative examples of these disclosures are not included in this publication, nor are details of those specific disclosures outlined. Readers interested in the extent of those disclosures should refer to AASB 1060.

### Showing 'nil' amounts

The disclosures included in this publication are illustrated without amounts. 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 disclosure requirement, examination of the source of the disclosure requirement is recommended.

---

<sup>2</sup> Although the illustrative disclosures in this document are based on the example entity being a large proprietary company, the document can be used as the basis for developing disclosures for other entities. The key differences for other entities will be the contents of the accompanying documents to the financial statements (e.g. the directors' report) and the basis of preparation in Note 1 where the entity is not reporting in accordance with the *Corporations Act 2001*. Other differences may result from the nature of the entity, e.g. its capital structure.

## Abbreviations

Abbreviations used in this publication are as follows:

Term	Meaning
s.	Section of the <i>Corporations Act 2001</i>
Reg	Regulation of the <i>Corporations Regulations 2001</i>
AASB	Australian Accounting Standard issued by the Australian Accounting Standards Board
AASB 1060	Australian Accounting Standard AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i>
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 <i>Corporations Act 2001</i>
ASIC-RG	Australian Securities and Investments Commission Regulatory Guide
ED	AASB Exposure Draft

Tier 2 Pty Limited

ACN 123 456 789

Annual report for the financial year ended  
31 December 2020

# Contents

Directors' report	3
Auditor's independence declaration	11
Independent auditor's report	13
Directors' declaration	15
Index to the financial statements	16

# Directors' report

## Source

The directors of Tier 2 Pty Limited submit herewith the annual report of the company for the financial year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

### s.300(1)(c)

The names of the directors of the company during or since the end of the financial year are:

Mr C.J. Chambers	Mr B.M. Stavrinidis
Mr P.H. Taylor	Mr W.K. Flinders
Ms F.R. Ridley	Ms S.M. Saunders
Mr A.K. Black	

### s.300(1)(c)

The above named directors held office during the whole of the financial year and since the end of the financial year except for:

- Mr W.K. Flinders – resigned 17 June 2020
- Ms S.M. Saunders – appointed 3 February 2020, resigned 16 January 2021
- Mr A.K. Black – appointed 15 January 2020.

## Former partners of the audit firm

### s.300(1)(ca)

The directors' report must disclose the name of each person who:

- Is an officer of the company, registered scheme or disclosing entity at any time during the year
- Was a partner in an audit firm, or a director of an audit company, that is an auditor of the company, disclosing entity or registered scheme for the year
- Was such a partner or director at a time when the audit firm or the audit company undertook an audit of the company, disclosing entity or registered scheme.

## Principal activities

### s.299(1)(c)

The company's principal activities in the course of the financial year were *[describe]*.

During the financial year the company sold its *[describe]* business. Details of the sale are contained in the notes to the financial statements.

**Source**

s.299(1)(a)

**Review of operations**

The directors' report must contain a review of the company's operations during the financial year and the results of those operations.

ASIC-RG 247

**ASIC Regulatory Guide 247 *Effective disclosure in an operating and financial review***

In preparing this disclosure, entities may wish to refer to ASIC Regulatory Guide 247 *Effective disclosure in operating and financial review* (RG 247, available at [www.asic.gov.au](http://www.asic.gov.au)) and the ASX Guidance Note 10 *Review of Operations and Activities: Listing Rule 4.10.17* and to the G100's *Guide to Review of Operations and Financial Condition*. These documents provide guidance on the form and content of a listed entity's review of operations and the results of those operations, including specific guidance on items which might be appropriately included in such a review.

Although the guidance has been issued with respect to listed companies it represents best practice and may provide guidance to directors when complying with the disclosure requirements of the *Corporations Act 2001*.

ASIC-RG 230

**Non-IFRS financial information**

If the directors consider it appropriate to include non-IFRS financial information in the OFR, the directors' report or another document in the annual report, the guidelines in Section D of Regulatory Guide 230 *Disclosing non-IFRS financial information* should be followed to assist in reducing the risk of non-IFRS financial information being misleading<sup>3</sup>.

Important considerations include that:

- IFRS financial information should be given equal or greater prominence compared to non-IFRS financial information, in particular IFRS profit
- Non-IFRS information should:
  - Be explained and reconciled to IFRS financial information
  - Be calculated consistently from period to period
  - Be unbiased and not used to remove 'bad news'.

Entities should refer to the complete document when preparing their reports as it provides detailed guidance for presenting non-IFRS financial information.

A clear statement should be made about whether the non-IFRS financial information has been audited or reviewed in accordance with Australian Auditing Standards.

s.299(1)(b)

**Changes in state of affairs**

During the financial year, the company disposed of its [*describe*] business. The company is also seeking to dispose of its bicycle business, in order to focus its operations towards the manufacture and distribution of electronic equipment and leisure goods. Other than the aforementioned changes, there was no significant change in the state of affairs of the company during the financial year.

s.299(1)(d)

**Subsequent events**

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Otherwise, describe the matter(s) or circumstance(s).

<sup>3</sup> Non-IFRS financial information is financial information presented other than in accordance with all relevant accounting standards.



**Source**

s.299(1)(e), s.299(3)

**Future developments**

Directors must bring likely developments in the operations of the entity in future financial years and the expected results of those operations to the attention of the users of the annual report. These disclosures are not required where they would result in unreasonable prejudice to the entity.

ASIC RG 247

**Use of the 'unreasonable prejudice' exemption**

In determining whether any information should be omitted in the case of 'unreasonable prejudice', ASIC RG 247 *Effective disclosure in an operating and financial review* suggests that:

- Unreasonable prejudice means the consequence would be unreasonable if, for example, disclosing the information is likely to give third parties (such as competitors, suppliers and buyers) a commercial advantage, resulting in a material disadvantage to the entity
- Likely means 'more than a possibility' or 'more probable than not'.

Even where the exemption is relied upon it is still expected that some information should be able to be disclosed about an entity's business strategies and prospects.

s.299(1)(f)

**Environmental regulations**

If the entity's operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory, the directors' report should disclose details of the entity's performance in relation to the environmental regulation.

ASIC-RG 68.74

The ASIC has provided the following guidance on completing environmental regulations disclosures:

- Prima facie, the requirements would normally apply where an entity is licensed or otherwise subject to conditions for the purposes of environmental legislation or regulation
- The requirements are not related specifically to financial disclosures (e.g. contingent liabilities and capital commitments) but relate to performance in relation to environmental regulation. Hence, accounting concepts of materiality in financial statements are not applicable
- The information provided in the directors' report cannot be reduced or eliminated because information has been provided to a regulatory authority for the purposes of any environmental legislation
- The information provided in the directors' report would normally be more general and less technical than information which an entity is required to provide in any compliance reports to an environmental regulator.

**Dividends**

s.300(1)(a)

In respect of the financial year ended 31 December 2019, as detailed in the directors' report for that financial year, a final dividend of \_\_\_ cents per share franked to \_\_\_ % at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 6 April 2018.

s.300(1)(a)

In respect of the financial year ended 31 December 2020, an interim dividend of \_\_\_ cents per share franked to \_\_\_ % at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 5 September 2018.

s.300(1)(a)

In respect of the financial year ended 31 December 2020, an interim dividend of \_\_\_ cents per share franked to \_\_\_ % at 30% corporate income tax rate was paid to the holders of redeemable cumulative preference shares on 20 December 2018.

s.300(1)(b)

In respect of the financial year ended 31 December 2020, the directors recommend the payment of a final dividend of \_\_\_ cents per share franked to \_\_\_ % at 30% corporate income tax rate to the holders of fully paid ordinary shares on 3 April 2018.

**Source****Dividends (continued)**

Where no dividends have been paid or declared since the start of the financial year, and/or the directors do not recommend the payment of a dividend in respect of the financial year, the directors' report should disclose that fact.

AASB 110.13

If dividends are declared (i.e. the dividends are appropriately authorised and no longer at the discretion of the entity) after the reporting date but before the financial statements are authorised for issue, the dividends are not recognised as a liability at the reporting date because no obligations exist at that time. Such dividends are disclosed in the notes to the financial statements in accordance with AASB 101 *Presentation of Financial Statements*.

**Share options**

Where the entity has share options over unissued shares or interests of the company, registered scheme or disclosing entity, examples of the required disclosures noted below are illustrated in the Deloitte *Australian financial reporting guide*. These requirements however do not apply to options over shares in the entity's parent.

s.300(3)

The disclosures required by s.300(1)(d), s.300(1)(e) and s.300(1)(f) (illustrated in section 10 of the Deloitte *Australian financial reporting guide*.) cover:

- Options over unissued shares and interests of the company, registered scheme or disclosing entity
- If financial statements are required – options over unissued shares and interests of any controlled entity that is a company, registered scheme or disclosing entity.

**Share options granted to directors and senior management**

s.300(1)(d)

The directors' report should include details of options that are:

- Granted over unissued shares or unissued interests during or since the end of the financial year
- Granted to any of the directors or any of the 5 most highly remunerated officers of the company (other than the directors)
- Granted to them as part of their remuneration.

s.300(5)

The details of an option granted during or since the end of the financial year should include:

- The identity of the company, registered scheme or disclosing entity granting the option
- The name of the person to whom the option is granted
- The number and class of shares or interests over which the option is granted.

**Shares under option or issued on exercise of options**

The directors' report should include details of:

s.300(1)(f)

- Shares or interests issued during or since the end of the financial year as a result of the exercise of an option over unissued shares or interests

s.300(1)(e)

- Unissued shares or interests under option as at the date of the directors' report.

s.300(6)

The details of unissued shares or interests under option should include:

- The company, registered scheme or disclosing entity that will issue shares or interests when the options are exercised
- The number and classes of those shares or interests
- The issue price, or the method of determining the issue price, of those shares or interests
- The expiry date of the options
-

## Source

**Shares under option or issued on exercise of options (continued)**

Any rights that option holders have under the options to participate in any share issue or interest issue of the company, registered scheme or disclosing entity or of any other body corporate or registered scheme.

s.300(7)

The details of shares and interests issued as a result of the exercise of any option should include:

- The company, registered scheme or disclosing entity issuing the shares or interests
- The number of shares or interests issued
- If the company, registered scheme or disclosing entity has different classes of shares or interests, the class to which each of those shares or interests belongs
- The amount unpaid on each of those shares or interests
- The amount paid, or agreed to be considered as paid, on each of those shares or interests.

**Indemnification of officers and auditors**

s.300(1)(g), s.300(8), s.300(9)

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Mr A.B. Grey, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as an officer or auditor.

Where the company has not indemnified or agreed to indemnify an officer or auditor against a liability incurred, or paid an insurance premium in respect of a contract insuring against a liability incurred by an officer or auditor, the following disclosure is encouraged:

'During or since the end of the financial year the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.'

**Registered schemes [registered schemes only]**

s.300(13)

The directors' report for a registered scheme should disclose details of:

- The fees paid to the responsible entity and its associates out of scheme property during the financial year
- The number of interests in the scheme held by the responsible entity or its associates as at the end of the financial year
- Interests in the scheme issued during the financial year
- Withdrawals from the scheme during the financial year
- The value of the scheme's assets as at the end of the financial year, and the basis for the valuation
- The number of interests in the scheme as at the end of the financial year.

**Source**

s.300(14)

**Proceedings on behalf of the company**

The directors' report should disclose, with respect to persons applying for leave under s.237 to bring, or intervene in, proceedings on behalf of the company, the applicant's name and a statement whether leave was granted.

s.300(15)

Where leave is granted under s.237, the directors' report should disclose the following details of any proceedings that a person has brought, or intervened in, on behalf of the company:

- The person's name
- The names of the parties to the proceedings
- Sufficient information to enable members to understand the nature and status of the proceedings (including the cause of action and any orders made by the court).

s.298(1AA)(c)

**Auditor's independence declaration**

The auditor's independence declaration is included on page 11.

s.298(1A)

**True and fair view**

If the financial statements for a financial year include additional information under s.295(3)(c) to give a true and fair view of financial position and performance, the directors' report for the financial year must also:

- Set out the directors' reasons for forming the opinion that the inclusion of that additional information was necessary to give a true and fair view required by s.297
- Specify where that additional information can be found in the financial statements.

ASIC-CI 2016/191.5(f)

**Rounding off of amounts**

If the company is of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and consequently the amounts in the directors' report and the financial statements are rounded, that fact must be disclosed in the financial statements or the directors' report.

Where the conditions of the Corporations Instrument are met, entities may round to the nearest dollar, nearest thousand dollars, nearest hundred thousand dollars, or to the nearest million dollars, depending upon the total assets of the entity. The appropriate rounding should be included in the disclosure below:

ASIC-CI 2016/191

The company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest [dollar / thousand dollars / hundred thousand dollars / million dollars], unless otherwise indicated.

ASIC-CI 2016/191

Where the Corporations Instrument is applied, certain amounts in the directors' report and financial report are required to be rounded to differing levels of precision (e.g. details of indemnities given and insurance premiums paid for officers or auditors, share-based payments, remuneration of auditors, compensation of key management personnel and certain related party information). It is important to ensure these amounts are shown using the correct level of precision and column headings and narrative information uses the correct level of rounding as required by the Corporations Instrument.

**Source**  
s.298(2)

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors

*(Signature)*

C.J. Chambers  
Director

Sydney, 13 April 2021

## Source

s.300(2)

**Transfer of information from the directors' report into another document forming part of the annual report**

Information required by s.300 need not be included in the directors' report where such information is disclosed in the financial statements.

ASIC-CI 2016/188

Information required by s.298(1AA)(c), s.298(1AB)(b), s.298(1A), s.299 to s.300 (other than s.300(11B) and (11C)) and s.300B to the extent that these sections require certain information to be included in the directors' report (or in the financial report under s.300(2)) may be transferred to a document attached to the directors' report and financial report where a prominent cross reference to the pages containing the excluded information exists and certain conditions are satisfied. The information required by s.298(1A), s.299, s.299A and s.306(2) may not be transferred into the financial report.

Where information is transferred into the financial report it will be subject to audit.

**Application to different types of entities**

This model financial report is intended to illustrate the minimum information to be disclosed in the annual report of a **large proprietary company** in order to satisfy the reporting requirements of the *Corporations Act 2001*.

s.300(10)

If the annual report is being prepared for a **public company** that is not a wholly owned subsidiary of another company, the following additional disclosures should be included in the directors' report:

s.300(10)(a)

- Each director's qualifications, experience and special responsibilities

s.300(10)(b)

- The number of meetings of the board of directors held during the year and each director's attendance at those meetings

s.300(10)(c)

- The number of meetings of each board committee held during the year and each director's attendance at those meetings

s.300(10)(d)

- The qualifications and experience of each person who is a company secretary of the company as at the end of the year.

These disclosures are illustrated in our *Tier 1 model financial statements*, available at [www.deloitte.com/au/models](http://www.deloitte.com/au/models).

s.1308(7)

**Inclusion of additional information in the directors' report**

Where the directors' report contains information in addition to that required by the *Corporations Act 2001*, the information will be regarded as part of the directors' report for the purposes of s.1308 'False or misleading statements'.

# Auditor's independence declaration

## Source

**Deloitte.**

Deloitte Touche Tohmatsu  
ABN 74 490 121 060

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
PO Box N250 Grosvenor Place  
Sydney NSW 1219 Australia

DX: 10307SSE  
Tel: +61 (0) 2 9322 7000  
Fax: +61 (0) 2 9322 7001

The Board of Directors  
Tier 2 Pty Limited  
167 Second Terrace  
SYDNEY NSW 2000

13 April 2021

Dear Board Members,

## Tier 2 Pty Limited

s.306(1A), s.307C,  
ASIC-CI 2016/188

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of SPFS Holdings (Australia) Pty Limited.

As lead audit partner for the audit of the financial statements of Tier 2 Pty Limited for the financial year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely  
DELOITTE TOUCHE TOHMATSU

T.L. Green  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

**Source**

s.307C(1), (3)

If an audit firm, audit company or individual auditor conducts an audit or review of the financial statements for the financial year, the lead auditor must give the directors of the company, registered scheme or disclosing entity a written declaration that, to the best of the individual or lead auditor's knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit or review
- No contraventions of any applicable code of professional conduct in relation to the audit or review.

Alternatively, if contraventions have occurred, the auditor is required to set out those contraventions in a written declaration that, and include a statement in the declaration that to the best of the individual or lead auditor's knowledge and belief, those contraventions are the only contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit or review, or
- Any applicable code of professional conduct in relation to the audit or review.

s.307C(5)(a)

The auditor's independence declaration must be given when the audit report is given to the directors of the company, registered scheme or disclosing entity (other than when the conditions in s.307(5A) are satisfied – see below) and must be signed by the person making the declaration.

s.307C(5A)

A declaration under s.307C(1) or s.307C(3) in relation to financial statements for a financial year satisfies the conditions in subsection 307C if:

- The declaration is given to the directors of the company, registered scheme or disclosing entity before the directors pass a resolution under s.298(2) in relation to the directors' report for the financial year
- A director signs the directors' report within 7 days after the declaration is given to the directors
- The auditors' report on the financial statements is made within 7 days after the directors' report is signed
- The auditors' report includes either of the following statements:
  - A statement to the effect that the declaration would be in the same terms if it had been given to the directors at the time that auditors' report was made
  - A statement to the effect that circumstances have changed since the declaration was given to the directors and setting out how the declaration would differ if it had been given to the directors at the time the auditor's report was made.

s.307C(5B)

An individual auditor or lead auditor is not required to give a declaration under s.307C(1) and s.307C(3) in respect of a contravention if:

- The contravention was a contravention by a person of s.324CE(2) or s.324CG(2) (strict liability contravention of specific independence requirements by individual auditor or audit firm), or s.324CF(2) (contravention of independence requirements by members of audit firms)
- The person does not commit an offence because of s.324CE(4), s.324CF(4) or s.324CG(4) (quality control system defence).



# Independent auditor's report

## Source

An independent auditor's report shall be prepared by the auditor in accordance with Australian Auditing Standards.

### Duty to form an opinion

The auditor is required to form an opinion on the following:

s.307(a), s.308(1)

- Whether the financial statements are in accordance with the Corporations Act, including:
  - Whether the financial statements comply with Accounting Standards
  - Whether the financial statements give a true and fair view of the financial performance and position of the entity (or consolidated entity)

s.307(aa)

- If the financial statements include additional information under s.295(3)(c) (information included to give true and fair view of financial position and performance) – whether the inclusion of that additional information was necessary to give the true and fair view required by s.297

s.307(b)

- Whether the auditor has been given all information, explanations and assistance necessary for the conduct of the audit

s.307(c)

- Whether the company, registered scheme or disclosing entity has kept financial records sufficient to enable financial statements to be prepared and audited

s.307(d)

- Whether the company, registered scheme or disclosing entity has kept other records and registers as required by the Corporations Act.

s.308(3)(b)

The auditor is required to include in the audit report particulars of any deficiency, failure or shortcoming in respect of any matter referred to in s.307(b), (c) or (d) above (see 'Duty to report' below).

### Qualified audit opinions

s.308(2)

Where, in the auditor's opinion, there has been a departure from a particular Australian Accounting Standard, the audit report must, to the extent that is practicable to do so, quantify the effect that non-compliance has on the financial statements. If it is not practicable to quantify the effect fully, the report must say why.

**Source**

s.308(3)

**Duty to report**

The auditor's report must describe:

s.308(3)(a)

- Any defect or irregularity in the financial report

s.308(3)(b)

- Any deficiency, failure or shortcoming in respect of the matters referred to in s.307(b), (c) or (d), i.e.:

s.307(b)

- Whether the auditor has been given all information, explanations and assistance necessary for the conduct of the audit

s.307(c)

- Whether the company, registered scheme or disclosing entity has kept financial records sufficient to enable financial statements to be prepared and audited

s.307(d)

- Whether the company, registered scheme or disclosing entity has kept other records and registers as required by the Corporations Act.

s.308(3A)

The audit report must include any statements or disclosures required by the auditing standards.

s.308(3B)

If the financial statements include additional information under s.295(3)(c) (information included to give true and fair view of financial position and performance), the audit report must also include a statement of the auditor's opinion on whether the inclusion of that additional information was necessary to give the true and fair view required by s.297.

**Duty to inform**

s.311

The auditor must inform the ASIC in writing if the auditor is aware of circumstances that:

- The auditor has reasonable grounds to suspect amount to a contravention of the *Corporations Act 2001*, or
- Amount to an attempt, in relation to the audit, by any person to unduly influence, coerce, manipulate or mislead a person involved in the conduct of the audit, or
- Amount to an attempt, by any person, to otherwise interfere with the proper conduct of the audit.

s.311

The auditor is required to notify ASIC in writing of the circumstances of the matters outlined above as soon as practicable and in any case within 28 days, after the auditor becomes aware of those circumstances.

ASIC-RG 34

ASIC Regulatory Guide 34 *Auditor's obligations: Reporting to ASIC* provides guidance on the procedures to be followed by registered company auditors in complying with s.311 of the *Corporations Act 2001*, including specific reference to evidence of a contravention, examples of contraventions and timing of notification.

# Directors' declaration

## Source

The directors declare that:

s.295(4)(c)

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

s.295(4)(d)

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Where the entity and its closely-held entities have entered into a deed of cross guarantee pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, the following statements must be included in order to be compliant with the conditions of the Instrument:

ASIC-CI 2016/785,  
s.6(w)

At the date of this declaration, the company is within the class of companies affected by *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* applies, as detailed in note 41 to the financial statements will, as a group, be able to meet any liabilities to which they are, or may become, subject because of the deed of cross guarantee.

s.295(5)

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

*(Signature)*

C.J. Chambers  
Director

Sydney, 13 April 2021

# Index to the financial statements

	<b>Page</b>		
<b>Consolidated statement of profit or loss and other comprehensive income</b>			
- Alternative 1: Presentation as a single statement, with expenses analysed by function	17		
- Alternative 2: Presentation as two statements, with expenses analysed by nature	19		
- Alternative 3: Statement of income and retained earnings	22		
<b>Consolidated statement of financial position</b>	24		
<b>Consolidated statement of changes in equity</b>	27		
<b>Consolidated statement of cash flows</b>			
- Alternative 1: Direct method of reporting cash flows from operating activities	28		
- Alternative 2: Indirect method of reporting cash flows from operating activities	30		
<b>Notes to the financial statements</b>			
	<b>Page</b>	<b>Page</b>	
1. General information	38	24. Other borrowings	84
2. Changes in accounting policies and changes in estimates	40	25. Other financial liabilities	86
3. Judgements and key sources of estimation uncertainty	54	26. Provisions	88
4. Revenue	58	27. Deferred tax	89
5. Investment income and finance costs	61	28. Government grants	90
6. Other gains and losses	62	29. Other liabilities	92
7. Income tax	63	30. Issued capital	92
8. Assets held for sale	64	31. Reserves	94
9. Trade and other receivables	65	32. Dividends on equity instruments	96
10. Finance lease receivables	66	33. Business combinations	97
11. Other financial assets	67	34. Notes to the statement of cash flows`	98
12. Inventories	69	35. Share-based payment	99
13. Investments in associates	70	36. Employee benefits	100
14. Investments in joint ventures	71	37. Hedges	103
15. Property, plant and equipment	72	38. Related parties	105
16. Investment property	74	39. Contingent liabilities and contingent assets	108
17. Right-of-use assets	76	40. Subsequent events	109
18. Biological assets	77	41. Subsidiaries	110
19. Goodwill	78	42. Parent entity information	115
20. Other intangible assets	79	43. Authorisation of the financial statements	117
21. Other assets	81	44. Remuneration of auditors	118
22. Trade and other payables	82	45. Significant accounting policies	120
23. Lease liabilities	82		

# Consolidated statement of comprehensive income

For the year ended 31 December 2020

[Alternative 1 – Single statement, expenses by function]

## Source

AASB 1060.31(c)

AASB 1060.31(d), (e)

	Notes	Year ended 31/12/2020 \$'000	Year ended 31/12/2019 \$'000 (restated)
<b>Continuing operations</b>			
AASB 1060.52(a)	Revenue	4	
AASB 1060.58(b)	Cost of sales		
<b>Gross profit</b>			
	Investment income	5	
	Other gains and losses	6	
AASB 1060.58(b)	Distribution expenses		
AASB 1060.58(b)	Marketing expenses		
AASB 1060.58(b)	Occupancy expenses		
AASB 1060.58(b)	Administration expenses		
AASB 1060.58(b)	Other expenses		
AASB 1060.52(b)	Finance costs	5	
AASB 1060.52(c), 127	Share of profits of associates and joint ventures		
<b>Profit before tax</b>			
AASB 1060.52(d) AASB 112.77	Income tax expense	7	
<b>Profit for the year from continuing operations</b>			
<b>Discontinued operations</b>			
AASB 1060.52(e)	Profit for the year from discontinued operations	8	
<b>PROFIT (LOSS) FOR THE YEAR</b>			
<b>Other comprehensive income, net of income tax</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
AASB 1060.52(g)(i)	Gain on revaluation of property		
	Remeasurement of defined benefit obligation		
	Share of other comprehensive income of associates		
AASB 1060.119(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 <i>[describe]</i>		

Source	Notes	Year ended 31/12/2020 \$'000	Year ended 31/12/2019 \$'000 (restated)
AASB 1060.31(c)			
AASB 1060.31(d), (e)			
AASB 1060.52(g)(ii)	<b>Items that may be reclassified subsequently to profit or loss:</b>		
	Exchange differences on translating foreign operations		
AASB 1060.119(a)(vi)	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		
	Other <i>[describe]</i>		
AASB 1060.52(h)	<b>Arising from investments accounted for by the equity method<sup>4</sup>:</b>		
AASB 1060.52(h)	Share of other comprehensive income of associates		
AASB 1060.52(h)	Share of other comprehensive income of joint ventures		
	<b>Other comprehensive income for the year</b>		
AASB 1060.52(i)	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		
AASB 1060.53(a)	<b>Profit (loss) for the period attributable to:</b>		
AASB 1060.53(a)(ii)	- Owners of parent		
AASB 1060.53(a)(i)	- Non-controlling interest		
AASB 1060.53(b)	<b>Total comprehensive income attributable to:</b>		
AASB 1060.53(b)(ii)	- Owners of parent		
AASB 1060.53(b)(i)	- Non-controlling interest		

Additional sources: AASB 1060.25(b)(i), 28, 29, 31(b), 49(a)

<sup>4</sup> AASB 1060.52(h) does not explicitly require that the share of other comprehensive income of associates and joint ventures accounted for by the equity method to be split between amounts that will not be reclassified subsequently to profit and loss and that will be reclassified subsequently to profit and loss when specific conditions arise (as is required by AASB 1060.52(g)). Entities may wish to provide additional information to provide this split if considered necessary.

# Consolidated statement of profit or loss

For the year ended 31 December 2020

[Alternative 2 – Separate statements, expenses by nature]

## Source

AASB 1060.31(c)

AASB 1060.31(d), (e)

		Notes	Year ended 31/12/2020 \$'000	Year ended 31/12/2019 \$'000 (restated)
<b>Continuing operations</b>				
AASB 1060.52(a)	Revenue	4		
	Investment income	5		
	Other gains and losses	6		
AASB 1060.52(c)	Share of profits of associates and joint ventures			
AASB 1060.58(a)	Changes in inventories of finished goods and work in progress			
AASB 1060.58(a)	Raw materials and consumables used			
AASB 1060.58(a)	Depreciation and amortisation expenses			
AASB 1060.58(a)	Employee benefits expense			
AASB 1060.52(b)	Finance costs	5		
AASB 1060.58(a)	Consulting expense			
AASB 1060.58(a)	Other expenses			
<b>Profit before tax</b>				
AASB 1060.52(d)	Income tax expense	7		
AASB 112.77				
<b>Profit for the year from continuing operations</b>				
<b>Discontinued operations</b>				
AASB 5.33A				
AASB 1060.52(e)	Profit (loss) for the year from discontinued operations	8		
AASB 1060.52(f)	<b>PROFIT (LOSS) FOR THE YEAR</b>			

Additional sources: AASB 1060.25(b)(ii), 28, 29, 31(b), 49(b), 54

# Consolidated statement of comprehensive income

For the year ended 31 December 2020

[Alternative 2 – Separate statements]

## Source

AASB 1060.31(c)

AASB 1060.31(d), (e)

AASB 1060.25(b)(ii)

AASB 1060.52(g)(i)

AASB 1060.52(g)(i)

AASB 1060.52(g)(i)

AASB 1060.52(g)(i)

AASB 1060.52(g)(i)

AASB 1060.52(g)(i)

AASB 1060.52(g)(i)

AASB 1060.52(g)(i)

AASB 1060.52(g)(i)

AASB 1060.52(g)(ii)

AASB 1060.52(g)(ii)

AASB 1060.52(g)(ii)

AASB 1060.52(g)(ii)

AASB 1060.52(g)(ii)

AASB 1060.52(g)(ii)

AASB 1060.52(g)(ii)

## Profit for the year

## Other comprehensive income

### **Items that will not be reclassified subsequently to profit or loss:**

Remeasurements of defined benefit plans

Gain on revaluation of property

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 as at FVTPL attributable to changes in credit risk

Fair value gain/(loss) on hedging instruments entered into for cash flow hedges subject to basis adjustment

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

Income tax relating to items that will not be reclassified subsequently to profit or loss

### **Items that may be reclassified subsequently to profit or loss:**

Foreign currency translation, net of investment hedges of foreign operations

Fair value gain/(loss) on investments in debt instruments at fair value through other comprehensive income

Costs of hedging not subject to basis adjustment

Changes in the value of the time value of options when separating the intrinsic value for hedging purposes

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

Year ended  
31/12/2020  
\$'000

Year ended  
31/12/2019  
\$'000  
(restated)



**Source**

		Year ended 31/12/2020 \$'000	Year ended 31/12/2019 \$'000 (restated)
AASB 1060.31(c)			
AASB 1060.31(d), (e)			
AASB 1060.52(h)	<b>Arising from investments accounted for by the equity method<sup>5</sup>:</b>		
AASB 1060.52(h)	Share of other comprehensive income of associates		
AASB 1060.52(h)	Share of other comprehensive income of joint ventures		
	Related income tax		
	<b>Other comprehensive income for the year, net of income tax</b>		
AASB 1060.52(i)	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		
AASB 1060.53(a)	<b>Profit (loss) for the period attributable to:</b>		
AASB 1060.53(a)(ii)	- Owners of parent		
AASB 1060.53(a)(i)	- Non-controlling interest		
AASB 1060.53(b)	<b>Total comprehensive income attributable to:</b>		
AASB 1060.53(b)(ii)	- Owners of the parent		
AASB 1060.53(b)(i)	- Non-controlling interests		

Additional sources: AASB 1060.25(b)(ii), 28, 29, 31(b), 49(b), 54

<sup>5</sup> AASB 1060.52(h) does not explicitly require that the share of other comprehensive income of associates and joint ventures accounted for by the equity method to be split between amounts that will not be reclassified subsequently to profit and loss and that will be reclassified subsequently to profit and loss when specific conditions arise (as is required by AASB 1060.52(g)). Entities may wish to provide additional information to provide this split if considered necessary.

# Consolidated statement of income and retained earnings

For the year ended 31 December 2020

[Alternative 3 – Combined statement, available in certain circumstances]

<b>Source</b>		<b>Notes</b>	<b>Year ended 31/12/2020 \$'000</b>	<b>Year ended 31/12/2019 \$'000 (restated)</b>
AASB 1060.31(c)				
AASB 1060.31(d), (e)				
	<b>Continuing operations</b>			
AASB 1060.52(a)	Revenue	4		
	Investment income	5		
	Other gains and losses	6		
AASB 1060.52(c)	Share of profits of associates and joint ventures			
AASB 1060.58(a)	Gain recognised on disposal of interest in former associate			
AASB 1060.58(a)	Changes in inventories of finished goods and work in progress			
AASB 1060.58(a)	Raw materials and consumables used			
AASB 1060.58(a)	Depreciation and amortisation expenses			
AASB 1060.58(a)	Employee benefits expense			
AASB 1060.52(b)	Finance costs	5		
AASB 1060.58(a)	Consulting expense			
AASB 1060.58(a)	Other expenses			
	<b>Profit before tax</b>			
AASB 1060.52(d) AASB 112.77	Income tax expense	8		
	<b>Profit for the year from continuing operations</b>			
AASB 5.33A	<b>Discontinued operations</b>			
AASB 1060.52(e) AASB 1060.52(f)	Profit for the year from discontinued operations			
	<b>Profit (loss) for the year</b>			
AASB 1060.63(a)	<b>Retained earnings at the beginning of the financial year</b>			
AASB 1060.63(b)	Dividends			
AASB 1060.63(c)	Restatements for corrections of prior period errors			
AASB 1060.63(d)	Restatements for changes in accounting policies			
AASB 1060.63(e)	<b>Retained earnings at the end of the financial year</b>			

Source

AASB 1060.26

**Alternates available in certain circumstances**

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.

AASB 1060.27

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 a statement of profit or loss or it may present a statement of comprehensive income in which the 'bottom line' is labelled 'profit or loss'

AASB 1060.50

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* applies.

AASB 1060.30

An entity may use titles for the financial statements other than those used in AASB 1060 as long as they are not misleading.

# Consolidated statement of financial position

For the financial year ended 31 December 2020

## Source

AASB 1060.31(c)

AASB 1060.31(d),(e)

		Notes	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
<b>Assets</b>				
<b>Current assets</b>				
AASB 1060.37	Cash and cash equivalents	28		
AASB 1060.35(a)	Trade and other receivables	9		
AASB 1060.35(b)	Finance lease receivables	10		
AASB 1060.35(c)	Other financial assets	11		
AASB 1060.35(d)	Inventories	12		
AASB 1060.35(m)	Current tax assets			
AASB 1060.36	Other assets	21		
AASB 1060.35(r) AASB 5.38	Assets classified as held for sale	8		
<b>Total current assets</b>				
<b>Non-current assets</b>				
AASB 1060.37	Finance lease receivables	10		
AASB 1060.35(c), 36	Other financial assets	11		
AASB 1060.35(i)	Investments in associates	13		
AASB 1060.35(j)	Investments in joint ventures	14		
AASB 1060.35(e)	Property, plant and equipment	15		
AASB 1060.35(f)	Investment property	16		
AASB 16.47	Right of use assets	17		
AASB 1060.35(h)	Biological assets	18		
	Goodwill	19		
AASB 1060.35(g)	Other intangible assets	20		
AASB 1060.36	Other assets	21		
<b>Total non-current assets</b>				
<b>Total assets</b>				

**Source**

AASB 1060.31(c)

AASB 1060.31(d),(e)

		Notes	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
<b>Liabilities</b>				
<b>Current liabilities</b>				
AASB 1060.37	Trade and other payables	22		
AASB 1060.35(k)	Lease liabilities	23		
AASB 1060.36	Other borrowings	24		
AASB 1060.36	Other financial liabilities	25		
AASB 1060.35(l)	Provisions	26		
AASB 1060.35(o)	Deferred government grants	28		
AASB 1060.36	Current tax liabilities			
AASB 1060.35(m)	Other liabilities	29		
AASB 1060.36				
AASB 1060.35(s)	Liabilities directly associated with assets classified as held for sale	8		
AASB 5.38				
<b>Total current liabilities</b>				
<b>Non-current liabilities</b>				
AASB 1060.37	Lease liabilities	23		
AASB 1060.36	Borrowings	24		
AASB 1060.36	Other financial liabilities	25		
AASB 1060.35(l)	Provisions	26		
AASB 1060.35(o)	Deferred tax liabilities	27		
AASB 1060.36	Deferred government grants	28		
AASB 120.24	Other liabilities	29		
AASB 1060.36				
<b>Total non-current liabilities</b>				
<b>Total liabilities</b>				
<b>Net assets</b>				
<b>Equity</b>				
AASB 1060.44(f)	Issued capital	30		
AASB 1060.44(f)	Reserves	31		
AASB 1060.44(f)	Retained earnings			
<b>Equity attributable to owners of the parent</b>				
AASB 1060.35(q)	Non-controlling interests			
AASB 1060.35(p)				
<b>Total equity</b>				

Additional references: AASB 1060.31(b), 34

**Source**

AASB 1060.37

**Current/non-current distinction**

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 38-41, 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).

AASB 1060.38

An entity shall classify an asset as current when:

- It expects to realise the asset, or intends to sell or consume it, in the entity's normal operating cycle
- It holds the asset primarily for the purpose of trading
- It expects to realise the asset within twelve months after the reporting date, or
- The asset is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

AASB 1060.39

An entity shall classify all other assets as non-current. When the entity's normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

AASB 1060.40

An entity shall classify a liability as current when:

- It expects to settle the liability in the entity's normal operating cycle
- It holds the liability primarily for the purpose of trading
- The liability is due to be settled within twelve months after the reporting date, or
- The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

AASB 1060.41

An entity shall classify all other liabilities as non-current.

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

AASB 1060.42

AASB 1060 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
- 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.

AASB 1060.43

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 31 December 2020

## Source

AASB 1060.31(c)

	Share capital \$'000	Properties revaluation reserve \$'000	Investments revaluation reserve \$'000	Share-based payments reserve \$'000	Cash flow hedging reserve \$'000	Foreign currency translation reserve \$'000	Option premium on convertible notes \$'000	Retained earnings \$'000	Attributable to owners of the parent \$'000	Non- controlling interest \$'000	Total equity \$'000
<b>Balance at 1 January 2019 (as previously reported)</b>											
AASB 1060.61(b) Effect of change in accounting policy on adoption of Australian Accounting Standards – Simplified Disclosures (Note 2)											
AASB 1060.61(b) Effect of change in accounting policy for <i>[insert as relevant]</i>											
<b>Balance at 1 January 2019 (as restated)</b>											
AASB 1060.61(c)(i) Profit for the year											
AASB 1060.61(c)(ii) Other comprehensive income for the year, net of income tax											
AASB 1060.61(a) Total comprehensive income for the year											
AASB 1060.61(c)(iii) Payment of dividends											
AASB 1060.61(c)(iii) Recognition of share-based payments											
<b>Balance at 31 December 2019</b>											
AASB 1060.61(c)(i) Profit for the year											
AASB 1060.61(c)(ii) Other comprehensive income for the year, net of income tax											
AASB 1060.61(a) Total comprehensive income for the year											
AASB 1060.61(c)(iii) Recognition of share-based payments											
AASB 1060.61(c)(iii) Payment of dividends											
AASB 1060.61(c)(iii) Issue of ordinary shares under employee share option plan											
AASB 1060.61(c)(iii) Issue of ordinary shares for consulting services performed											
AASB 1060.61(c)(iii) Issue of convertible non-participating preference shares											
AASB 1060.61(c)(iii) Issue of convertible notes											
AASB 1060.61(c)(iii) Share issue costs											
AASB 1060.61(c)(iii) Buy-back of ordinary shares											
AASB 1060.61(c)(iii) Share buy-back costs											
AASB 1060.61(c)(iii) Transfer to retained earnings											
AASB 1060.61(c)(iii) Income tax relating to transactions with owners											
AASB 1060.61(c)(iii) Other <i>[describe]</i>											
<b>Balance at 31 December 2020</b>											

Additional sources: AASB 1060.31, 60

Note: This statement is not required to be included where the entity is eligible to adopt 'Alternative 3' illustrated on page 22.







# Consolidated statement of cash flows

For the year ended 31 December 2020

[Alternative 2 – Indirect method]

## Source

	Notes	Year ended 31/12/2020 \$'000	Year ended 31/12/2019 \$'000 (restated)
<b>Cash flows from operating activities</b>			
<b>Profit for the year</b>			
Adjustments for:			
AASB 1060.71(b)	-		
	Depreciation and amortisation of non-current assets		
AASB 1060.71(b)	-		
	Net foreign exchange (gain)/loss		
AASB 1060.71(b)	-		
	Share of profits of associates and joint ventures		
AASB 1060.71(c)	-		
	Income tax expense recognised in profit or loss		
AASB 1060.71(c)	-		
	Finance costs recognised in profit or loss		
AASB 1060.71(c)	-		
	Investment income recognised in profit or loss		
AASB 1060.71(c)	-		
	Gain on disposal of property, plant and equipment		
AASB 1060.71(c)	-		
	Gain arising on changes in fair value of investment property		
AASB 1060.71(c)	-		
	Gain on disposal of business		
AASB 1060.71(c)	-		
	Gain on disposal of interest in former associate		
AASB 1060.71(c)	-		
	Net (gain)/loss arising on financial liabilities designated as at fair value through profit or loss		
	Net (gain)/loss arising on financial assets classified as held for trading		
AASB 1060.71(c)	-		
	Hedge ineffectiveness on cash flow hedges		
AASB 1060.71(c)	-		
	Net (gain)/loss on disposal of available-for-sale financial assets		
AASB 1060.71(c)	-		
	Impairment loss recognised on trade receivables		
AASB 1060.71(c)	-		
	Reversal of impairment loss on trade receivables		
AASB 1060.71(c)	-		
	Impairment of non-current assets		
AASB 1060.71(c)	-		
	Amortisation of financial guarantee contracts		
AASB 1060.71(c)	-		
	Gain arising on effective settlement of claim against the distribution business		

## Source

	Notes	Year ended 31/12/2020 \$'000	Year ended 31/12/2019 \$'000 (restated)
<b>Movements in working capital</b>			
AASB 1060.71(a)	- Increase in trade and other receivables		
AASB 1060.71(a)	- (Increase)/decrease in inventories		
AASB 1060.71(a)	- (Increase)/decrease in contract costs		
AASB 1060.71(a)	- (Increase)/decrease in other assets		
AASB 1060.71(a)	- Decrease in trade and other payables		
AASB 1060.71(a)	- Increase/(decrease) in provisions		
AASB 1060.71(a)	- Increase/(decrease) in deferred government grants		
AASB 1060.71(a)	- Increase in contract liabilities		
AASB 1060.71(a)	- Increase/(decrease) in refund liability		
AASB 1060.71(a)	- (Decrease)/increase in other liabilities		
<b>Cash generated from operations</b>			
AASB 1060.82	Interest paid		
AASB 1060.82	Interest received		
AASB 1060.67(e), 85	Payments (refunds) of income tax		
<b>Net cash generated by operating activities</b>			
<b>Cash flows from investing activities</b>			
AASB 1060.66, 74			
AASB 1060.68(a)	Payments to acquire property, plant and equipment		
AASB 1060.68(b)	Receipts from the sale of property, plant and equipment		
AASB 1060.74	Government grants towards purchase of property, plant and equipment		
AASB 1060.68(c)	Payments to acquire equity or debt instruments		
AASB 1060.68(d)	Receipts from the sale of equity or debt instruments		
AASB 1060.68(c)	Payments to acquire interests in joint ventures		
AASB 1060.68(d)	Payments from the sale of interests in joint ventures		
AASB 1060.68(e)	Advances and loans made to other parties		
AASB 1060.68(f)	Repayments of advances and loans to other parties		
AASB 1060.68(g)	Payments for derivatives (other than those held for dealing or trading)		
AASB 1060.68(h)	Receipts from derivatives (other than those held for dealing or trading)		
AASB 1060.74	Payments for investment property		
AASB 1060.74	Proceeds from disposal of investment property		
AASB 1060.74	Net cash outflow on acquisition of businesses	34	
AASB 1060.74	Net cash inflow on disposal of businesses`		
<b>Net cash (used in)/generated by investing activities</b>			



# Notes to the consolidated financial statements

## Source

AASB 1060.90

### General requirements for the financial statements

#### Scope

Notes contain information in addition to that presented in the statement of financial position, the statement of profit or loss and other comprehensive income (if presented), the statement of profit or loss and the statement of comprehensive income (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.

AASB 1060.91

#### Structure

The notes:

- Present information about the basis of preparation of the financial statements and the specific accounting policies used
- Disclose the information required by AASB 1060
- Provide information that is not presented elsewhere in the financial statements but is relevant to an understanding of any of them.

AASB 1060.92

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.

AASB 1060.94

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.

AASB 1060.93

#### Order

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.

## Source

**General requirements for the financial statements (continued)****Comparative information**

AASB 1060.20

Except when AASB 1060 permits or requires otherwise, an entity discloses comparative information in respect of the previous comparable period for all amounts presented in the current period's financial statements. An entity includes comparative information for narrative and descriptive information when it is relevant to an understanding of the current period's financial statements.

**Relief where AASB 1060 is applied early**

AASB 1053.E4

Notwithstanding the above requirements, entities that elect to apply AASB 1060 to periods beginning before 1 July 2021 (i.e. early application) need not present comparative information in the notes if the entity did not disclose the comparable information in its most recent previous financial statements.

AASB 1053.E5

A for-profit private sector entity that elects to apply AASB 1060 to periods beginning before 1 July 2021 (i.e. early application) and also applies AASB 1 *First-time Application of Australian Accounting Standards* in preparing its first Australian -Accounting-Standards financial statements (Tier 2):

AASB 1053.E6

- Need not restate comparative information in the entity's first Australia-Accounting-Standards financial statements (Tier 2)

AASB 1053.E7

- Where the entity elects not to restate comparative information, it is not required to provide the reconciliations normally required by AASB 1060 paragraphs 201(b) (reconciliation of equity) and (c) (reconciliation of profit or loss). Instead, alternate information and reconciliations are provided. More information about this is provided in Note 2.

AASB 1060.E2

If an entity applies one or more of these exemptions, it is required to disclose that fact.

**Definitions and presentation**

AASB 1060.2

Except to the extent specifically addressed in AASB 1060, the definitions and presentation requirements of other Australian Accounting Standards continue to apply. Entities are permitted to refer to other Standards for guidance on the requirements in this Standard, including AASB 7 *Financial Instruments: Disclosures*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows* and AASB 124 *Related Party Disclosures*.

**Materiality**

AASB 1060.23

AASB 1060 specifies information that is required to be included in the financial statements, which include the notes. An entity need not provide a specific disclosure if the information resulting from that disclosure is not material. This is the case even if AASB 1060 contains a list of specific requirements or describes them as minimum requirements.

**Disclosures in separate financial statements**

AASB 1060.105

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.

## Source

AASB 1060.2

**General requirements for the financial statements (continued)****Presentation requirements of other Australian Accounting Standards**

Except to the extent specifically addressed in AASB 1060, the definitions and presentation requirements of other Australian Accounting Standards continue to apply. Entities are permitted to refer to other Standards for guidance on the requirements in AASB 1060, including:

- AASB 7 *Financial Instruments: Disclosures*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 124 *Related Party Disclosures*.

AASB 1060.IG1

In addition to the disclosure requirements of AASB 1060, entities applying Australian Accounting Standards – Simplified Disclosures are therefore required to comply with the presentation requirements and associated guidance of a number of Australian Accounting Standards:

- AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* – paragraphs 31, 32, 33A, 34, 36 and 37-40
- AASB 6 *Exploration for and Evaluation of Mineral Resources* – paragraphs 15-17
- AASB 15 *Revenue from Contracts with Customers* – paragraphs 105-109
- AASB 16 *Leases* – paragraphs 47-50 and 88
- AASB 112 *Income Taxes* – paragraphs 71-78
- AASB 119 *Employee Benefits* – paragraphs 131-134
- AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* – paragraphs 24-31
- AASB 132 *Financial Instruments: Presentation*
- AASB 1050 *Administered Items* – paragraphs 9-21 and 23-25
- AASB 1055 *Budgetary Reporting* – paragraph 9-15
- Interpretation 17 *Distributions of Non-current Assets to Owners* – paragraph 15.

In some cases, the presentation requirements outlined above refer to other requirements of Australian Accounting Standards that are not applicable in financial statements prepared in accordance with AASB 1060. For example, many of these presentation requirements refer to AASB 101 *Presentation of Financial Statements*, even though that Standard does not apply to entities applying Australian Accounting Standards – Simplified Disclosures.

In these cases, we believe that entities applying Australian Accounting Standards – Simplified Disclosures should instead refer to the equivalent requirements in AASB 1060, which the guidance in those other Standards referred to as guidance.

## Source

## General requirements for the financial statements (continued)

### Presentation and disclosure requirements in special purpose financial statements no longer required

The 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 1060 include the following:

#### Related to the statement of financial position

- 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
- The amount of assets and liabilities expected to be recovered or settled after more than twelve months where 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))

- 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
- Separate disclosure of the other comprehensive income of associates and joint ventures accounted for using the equity method between those amounts that will and will not be reclassified subsequently to profit or loss
- 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 1060, e.g. movements in the property revaluation reserve, and elements of movements in the cash flow hedging reserve and foreign currency translation reserve
- Separate disclosure of the nature and amounts of items of income or expense that are material
- Disclosure of additional information on the nature of expenses where an entity classifies expenses by function

#### Related to statement of cash flows

- 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)
- 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

- Information about the impact of new or revised Accounting Standards that have been issued but are not yet effective
- Some comparative information, e.g. movement in share capital
- 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 101.40A

AASB 101.61

AASB 101.82

AASB 101.82A(b)

AASB 101.90  
AASB 101.106AAASB 101.97  
AASB 101.104

AASB 107.44A-44E

AASB 1054.16

AASB 108.30

AASB 101.79(a)(iv)  
AASB 101.38AASB 101.107  
AASB 101.137



## Source

**General requirements for the financial statements (continued)****Presentation and disclosure requirements of AASB 1060 which are not required under existing Australian Accounting Standards**

Presentation and disclosure requirements required by AASB 1060, but not required under Australian Accounting Standards, include the following:

**Additional disclosures compared to the existing RDR framework**

- AASB 1060.32(a),(b) • Domicile, legal form and description of the nature of the entity's operations and principal activities
- AASB 1060.122(a) • The periods when cash flows associated with cash flow hedges and hedges of a net investment in a foreign operation are expected to occur and when they are expected to affect profit and loss
- AASB 1060.126 • For investments in associates accounted for by the cost model, the amount of dividends and other distributions recognised as income
- AASB 1060.142(g) • Qualitative description of the factors that make up recognised goodwill
- AASB 1060.144(b) • Maturity analysis of future lease payments
- AASB 1060.148(b) • Variable lease payments recognised as income by lessors with operating leases
- AASB 1060.185 • Requirement to adjust disclosures as a result of adjusting events
- AASB 1060.189 • Disclosure of the parent-subsidiary relationship by government-related entities
- AASB 1060.206-213 • Various disclosures related to transition

As part of preparing the Exposure Draft which lead to AASB 1060, the AASB staff prepared a comparison of RDR disclosures and those proposed for Australian Accounting Standards – Simplified Disclosures. This summary is available at [www.aasb.gov.au](http://www.aasb.gov.au).

**Additional disclosures compared to the Tier 1 (full compliance with Australian Accounting Standards)**

- AASB 1060.63(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
- AASB 1060.121(a)(b) • Separate disclosure of the amount of change in fair value of the hedging instrument and hedged item for fair value hedges
- AASB 1060.147(d) • The loss allowance for uncollectable minimum lease payment receivables for lessors with finance leases
- AASB 1060.174-175 • Information about the nature of termination benefits and other long-term benefits, the amount of the obligations and extent of funding

**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, although some changes may be required, e.g. where the entity is transitioning from separate to consolidated financial statements. Entities may wish to present accounting policies earlier in the notes to the financial statements, or together with the relevant notes.**

## Source

AASB 1060.91(a), 94

AASB 1060.11(a)

AASB 1060.31(b)

AASB 1060.11(b)

AASB 1060.31(d)

AASB 1060.181

AASB 1060.181

AASB 1060.182

AASB 1060.179

AASB 1060.183

AASB 1060.184

AASB 1060.9

AASB 1060.10

## 1. General information

### Basis of preparation

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.

The financial statements comprise the consolidated financial statements of Tier 2 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.

The presentation currency used in these financial statements is Australian dollars (\$). Amounts in these financial statements are stated in Australian dollars unless otherwise noted.

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.

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.

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

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 been 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
- The amount of gain or loss on monetary items.

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

### Statement of compliance

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.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

## Source

## 1. General information (continued)

### Rounding off of amounts

ASIC-CI 2016/191,  
Clause 5(f)

If the company is of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and consequently the amounts in the directors' report and the financial report are rounded, that fact must be disclosed in the relevant eligible report.

Where the conditions of the Corporations Instrument are met, entities may round to the nearest dollar, nearest thousand dollars, nearest hundred thousand dollars, or to the nearest million dollars, depending upon the total assets of the entity.

ASIC-CI 2016/191,  
Clause 5(v)  
AASB 1060.31(e)

The company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in this directors' report are rounded off to the nearest [*dollar / thousand dollars / hundred thousand dollars / million dollars*], unless otherwise indicated.

ASIC-CI 2016/191,  
Clause 4, 5(g)

Where the Corporations Instrument is applied, certain amounts are required to be rounded to differing levels of precision. It is important to ensure these amounts are shown using the correct level of precision and column headings and narrative information uses the correct level of rounding as required by the Corporations Instrument. The relevant eligible report must clearly disclose on each page where amounts have been rounded and the extent to which those amounts have been rounded.

### Information about the Company

AASB 1060.31(a)

Tier 2 Pty Limited is a proprietary company incorporated in Australia under the *Corporations Act 2001*.

AASB 1060.31(a)

[*The Company changed its name from \_\_\_\_\_ Pty Limited on \_\_\_\_\_*].

AASB 1060.32(a)

The addresses of its registered office and principal place of business are as follows:

#### Registered office

10<sup>th</sup> Floor  
ALD Centre  
255 Deloitte Street  
SYDNEY NSW 2000  
Tel: (03) 9332 7000

#### Principal place of business

1<sup>st</sup> Floor  
167 Admin Ave  
SYDNEY NSW 2000  
Tel: (02) 9332 5000

AASB 1060.32(b)

The nature of the Group's operations and its principal activities are [*describe*].

### Going concern basis

AASB 1060.14

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.

AASB 1060.15

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.

AASB 1060.15

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.

## Source

## 2. Changes in accounting policies and changes in estimates

### Overview of requirements on transition to AASB 1060

#### Summary of transition requirements where SPFS were previously prepared

Entities moving from SPFS to Tier 2 (SD) GPFS have a complex transition roadmap.

In general:

- Entities that have complied with all recognition and measurement requirements (including consolidation where relevant), are required to directly apply AASB 1060, including the restatement of comparatives in accordance with AASB 108 (unless eligible for the relief from comparatives for new note disclosure on early adoption). The recognition and measurement requirements do not change for these entities, they are not permitted any additional transitional relief, but will generally have additional disclosures
- Entities that have not fully complied with all recognition and measurement requirements are able to apply AASB 1 or AASB 108, and can take advantage of additional relief in either the first year of mandatory application, or on early adoption
- Entities previously preparing 'stand-alone' SPFS that are required to prepare consolidated GPFS under Tier 2 (SD) have the option of applying AASB 1 or AASB 108. This choice is allowed even if the stand-alone SPFS otherwise complied with all recognition and measurement requirements. These entities are also entitled to additional relief on early adoption.

It is important to note that most private sector for-profit entities preparing SPFS under the *Corporations Act 2001* should have applied the recognition and measurement requirements of all Australian Accounting Standards in accordance with the guidance in ASIC Regulatory Guide RG 85 *Reporting requirements for non-reporting entities* (available at [asic.gov.au](http://asic.gov.au)). RG 85 is also the reason many SPFS are currently prepared on a stand-alone basis, i.e. without consolidation, as in ASIC's view the "sole determining factor as to whether consolidated financial statements are required is whether the group is a reporting entity" (ASIC RG 85:5.5).

Entities able to apply AASB 1 will be able to take advantage of its mandatory and optional exceptions from full retrospective restatement, including an option to adopt a 'short cut' method for previously unconsolidated subsidiaries, resetting of the foreign currency translation reserve and the adoption of 'deemed cost' for assets. Entities applying AASB 108 will generally be required to fully retrospectively apply all requirements of Australian Accounting Standards

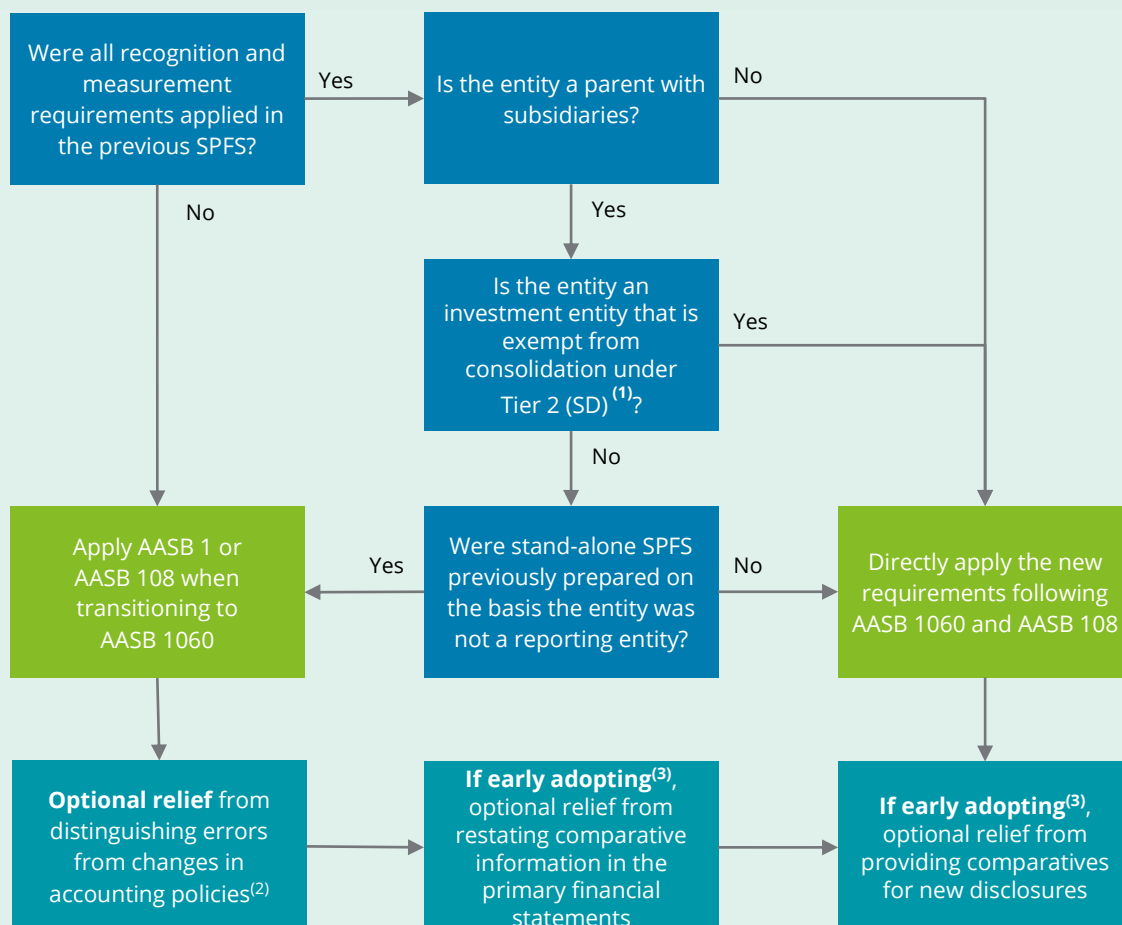
Source

## 2. Changes in accounting policies and changes in estimates (continued)

### Overview of requirements on transition to AASB 1060 (continued)

#### Summary of transition requirements where SPFS were previously prepared (continued)

The flowchart below (summarised from Appendix C in AASB 1053) outlines the decision making process on transitioning to Simplified Disclosures from special purpose financial statements:



(1) If the entity is an investment entity that is not permitted to present consolidated financial statements under Tier 2 (SD), whether the entity was previously considered a reporting entity or not does not result in a new requirement to consolidate on Transition to Tier 2 (SD). Accordingly, such entities continue to measure their subsidiaries at fair value and cannot apply AASB 1.

(2) Only applies to periods beginning before 1 July 2022.

(3) AASB 1060 applies to annual reporting period beginning on or after 1 January 2021. The early adoption requirements would only apply where AASB 1060 is applied to a reporting period beginning before 1 January 2021.

## Source

## 2. Changes in accounting policies and changes in estimates (continued)

### Overview of requirements on transition to AASB 1060 (continued)

#### Entities applying all recognition and measurement requirements

AASB 1053.18A(c)

Where an entity prepared its most recent previous financial statements in the form of special purpose financial statements and applied all applicable recognition and measurement requirements of Australian Accounting Standards, including, if a parent entity, presenting consolidated financial statements prepared in accordance with AASB 10 (unless exempt), it cannot apply AASB 1.

AASB 1053.18B

An entity applying paragraph 18A(c) continues applying the applicable recognition and measurement requirements of Australian Accounting Standards, whether it had previously initially applied recognition and measurement requirements consistent with AASB 1 or a predecessor to AASB 108, whichever was applicable at the time.

The following illustrative wording may be adopted (and updated as relevant) where the entity has previously applied all recognition and measurement requirements and is early adopting AASB 1060:

AASB 1060.B1(a)  
s.334(5)

"The directors have elected under s.334(5) of the *Corporations Act 2001* to apply the following Accounting Standards prior to their mandatory effective date (annual reporting periods beginning on or after 1 July 2021):

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.

As a result of the early application of these standards, these financial statements have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures.

AASB 1060.208  
AASB 1060.210

The entity previously prepared [*consolidated*] special purpose financial statements following the recognition and measurements requirements of all applicable Australian Accounting Standards [*including presenting consolidated financial statements prepared in accordance with AASB 10 'Consolidated Financial Statements'*]. Accordingly, the application of Australian Accounting Standards – Simplified Disclosures has not affected the reported financial position, financial performance and cash flows of the entity, but has impacted the disclosures included in these financial statements."

## Source

## 2. Changes in accounting policies and changes in estimates (continued)

### Overview of requirements on transition to AASB 1060 (continued)

#### Entities not applying all recognition and measurement requirements

##### Criteria

Entities may not have applied all applicable recognition and measurement requirements of Australian Accounting Standards in their previous financial statements prior to the adoption of Australian Accounting Standards – Simplified Disclosures. This includes entities that:

- AASB 1053.18A(a) • Did not apply, or only selectively applied, applicable recognition and measurement requirements of Australian Accounting Standards, including, if a parent entity, without presenting consolidated financial statements prepared in accordance with AASB 10 *Consolidated Financial Statements* (unless exempt)
- AASB 1053.18A(b) • Did not present consolidated financial statements, on the basis that neither the parent nor the group was a reporting entity (as defined in AASB 1057 *Application of Australian Accounting Standards*).

##### Choices and disclosures on transition

Entities falling into the above categories can choose to apply:

- AASB 1053.18A • All the relevant requirements of AASB 1 *First-time Adoption of Australian Accounting Standards* (AASB 1) – this provides mandatory and optional exemptions from full retrospective restatement of all Australian Accounting Standards on transition. These entities are required to comply with the simplified disclosures under AASB 1060 paragraphs 206-213 (i.e. the special transitional disclosures)
- AASB 1053.18C • Tier 2 reporting requirements directly using the requirements in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (AASB 108) – which generally requires full retrospective application of all Australian Accounting Standards. These entities are required to provide the disclosures under AASB 1060 paragraphs 106-110 (i.e. the normal disclosures on changes in accounting policies).

##### Additional choices on early adoption (before 1 July 2021) and in the first year of application

If an entity applies one or more of the following exemptions, it is required to disclose that fact.

AASB 1060.B1  
AASB 1060.E2  
AASB 1053.E3 For periods beginning before 1 July 2022, an entity that has not previously applied all recognition and measurement requirements of all applicable Australian Accounting Standards (i.e. they have applied paragraphs 18A(a) or 18A(b) of AASB 1053 as discussed above) need not distinguish the correction of errors and change in accounting policies if the entity becomes aware of errors made in its most recent previous special purpose financial statements.

AASB 1053.E5 An entity that elects to apply AASB 1060 to periods beginning before 1 July 2021 (i.e. early application) and also applies AASB 1 in preparing its first Australian -Accounting-Standards financial statements (Tier 2):

- AASB 1053.E6 • Need not restate comparative information in the entity's first Australia-Accounting-Standards financial statements (Tier 2). Under this approach, references to the 'date of transition to Australian Accounting Standards' in AASB 1 means the beginning of the first Australian-Accounting-Standards reporting periods.

Consequently, the entity recognises adjustments arising from any differences between the carrying amounts in its previous special purpose financial statements and its opening carrying amounts based on the retrospective application of Australian Accounting Standards directly in retained earnings (or, if appropriate, another category of equity) at the beginning of the first Australian-Accounting-Standards reporting period

## Source

## 2. Changes in accounting policies and changes in estimates (continued)

### Overview of requirements on transition to AASB 1060 (continued)

#### Entities not applying all recognition and measurement requirements (continued)

#### **Additional choices on early adoption (before 1 July 2021) and in the first year of application (continued)**

- Where the entity elects not to restate comparative information, it is not required to provide the reconciliations normally required by paragraphs 210(b) (reconciliation of equity) and (c) (reconciliation of profit or loss). Instead, the entity is required to:
  - Present two statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statement of cash flows and two statements of changes in equity and related notes, as follows:
    - The statements and related notes as at the end of the first Australian-Accounting-Standards reporting period, compliant with Australian Accounting Standards – Simplified Disclosures
    - The statements and related notes presented in its most recent previous special purpose financial statements (not necessarily compliant with Australian Accounting Standards)
  - Disclose a reconciliation of its equity presented in its most recent previous special purpose financial statements to its equity determined in accordance with Australian Accounting Standards – Simplified Disclosures
  - Disclose a description of the main adjustments that would have been required to make the comparative statements of profit or loss and other comprehensive income and separate statement of profit or loss (if presented) compliant with Australian Accounting Standards. The entity need not quantify those adjustments
  - Prominently label the comparative information that is not compliant with Australian Accounting Standards as such.

#### **Errors identified in most recent previous special purpose financial statements**

If an entity becomes aware it had claimed compliance with applicable recognition and measurement requirements of Australian Accounting Standards in error in its most recent previous special purpose financial statements, it is required to apply AASB 1053.18A(a), i.e.:

- All the relevant requirements of AASB 1, or
- Tier 2 reporting requirements directly using the requirements in AASB 108.

#### **Financial statements not presented for previous periods**

If an entity did not present financial statements for previous periods, it discloses that fact in its first financial statements that conform to Australian Accounting Standards – Simplified Disclosures.

AASB 1053.E7

AASB 1053.18D  
AASB 1060.18A(a)

AASB 1060.212



Source

## 2. Changes in accounting policies and changes in estimates (continued)

### Transitional approach illustrated in these financial statements

The pages that follow illustrate the disclosures that may be appropriate for an entity with a 31 December 2020 reporting date that:

- Has subsidiaries, joint ventures and associates
- Previously prepared special purpose financial statements as separate financial statements where investments in subsidiaries, joint ventures and associates were accounted for on the cost basis in accordance with AASB 127 *Separate Financial Statements*
- Otherwise has complied with all relevant recognition and measurement requirements of Australian Accounting Standards in its previous special purpose financial statements
- Applies AASB 1 *First-time Adoption of Australian Accounting Standards* on transition to Australian Accounting Standards – Simplified Disclosures
- Is applying Australian Accounting Standards – Simplified Disclosures before its mandatory application date (1 July 2021), but is not electing to use the optional relief for early adopters in Appendix E of AASB 1053.

## Source

## 2. Changes in accounting policies and changes in estimates (continued)

### Explanation of the transition to Australian Accounting Standards – Simplified Disclosures

#### Early adoption

s.334(5)

AASB 1060.B1(a)

The directors have elected under s.334(5) of the *Corporations Act 2001* to apply the following Accounting Standards prior to their mandatory effective date (annual reporting periods beginning on or after 1 July 2021):

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.

As a result of the early application of these standards, these financial statements have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures.

#### Previous reporting framework and transition adjustments

AASB 1060.210(a)

The entity previously prepared special purpose financial statements as separate financial statements. In those financial statements (the 'previous reporting framework'):

- The recognition and measurement requirements of all Australian Accounting Standards were applied in preparing the separate financial statements of the entity on a stand-alone basis
- The entity's investments in subsidiaries, joint ventures and associates were measured on the cost basis in accordance with AASB 127 *Separate Financial Statements*. Accordingly, the financial position and financial performance of those entities was not reflected in the prior financial statements.

AASB 1060.210(a)

On transition to Australian Accounting Standards – Simplified Disclosures, the entity has applied the recognition and measurement requirements of AASB 1 *First-Time Application of Australian Accounting Standards*. The date of transition at which AASB 1 has been applied is 1 January 2019<sup>6</sup>. In applying these requirements, the entity has made the adjustments outlined below.

<sup>6</sup> Where the entity is eligible to, and elects to apply, the relief from restating comparative information in AASB 1053.E5-E7, the date of transition for AASB 1 will be the beginning of the current period, rather than the beginning of the comparative period.

## Source

## 2. Changes in accounting policies and changes in estimates (continued)

### Explanation of the transition to Australian Accounting Standards – Simplified Disclosures (continued)

#### Previous reporting framework and transition adjustments (continued)

##### **Consolidation of subsidiaries**

The following adjustments have been made in respect of the entity's subsidiaries:

- AASB 1.D15(b)

  - All subsidiaries are consolidated in accordance with the recognition and measurement requirements of AASB 10 *Consolidated Financial Statements* (as described in Note 45)
- AASB 1.C4(j)

  - A deemed cost of the investment in subsidiaries was determined by reference to *[the existing carrying amount of the investment / the fair value of the investment at the date of transition]*<sup>7</sup>
- AASB 1.C4(j)

  - The carrying amount of each subsidiary's assets and liabilities was determined by reference to the amounts that Australian Accounting Standards would require in that subsidiary's statement of financial position at the date of transition of 1 January 2019 (including optional and mandatory transitional adjustments under AASB 1 where the subsidiary is not required to prepare financial statements in accordance with Australian Accounting Standards *[or did not comply with the full recognition and measurement requirements of all Australian Accounting Standards]*)
- AASB 1.C4(j)

  - In accordance with the optional transitional provisions for business combinations in AASB 1, a deemed cost of goodwill was determined at the date of transition (1 January 2019) as the difference between the parent's interest in the adjusted amounts and the cost in the parent's separate financial statements of the investment in the subsidiary (determined at deemed cost as noted above). An impairment test was applied to the resultant goodwill. Where the parent's interest in the adjusted amounts was greater than the cost of the investment, the excess was recognised directly in retained earnings
- AASB 1.C4(k)

  - Non-controlling interests and deferred taxes have been adjusted to reflect the remeasurement of other assets and liabilities<sup>8</sup>.

<sup>7</sup> In accordance with AASB 1.D15, an entity may measure an investment in a subsidiary, joint venture and associate at cost in accordance with AASB 127 *Separate Financial Statements* on transition by reference to the cost determined in accordance with AASB 127, or a deemed cost being either (1) the fair value at the entity's date of transition or (2) its previous GAAP carrying amount at that date. A first-time adopter may choose either (1) or (2) to measure its investment in each subsidiary, joint venture or associate that it elects to measure using a deemed cost.

<sup>8</sup> A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries except to the extent that both of the following conditions are met: (1) the parent is able to control the timing of the reversal of the temporary difference and (2) it is probable that the temporary difference will not reverse in the foreseeable future (AASB 112.39). A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries to the extent, and only to the extent, that it is probable that (1) the temporary difference will reverse in the foreseeable future and (2) taxable profit will be available against which the temporary difference can be utilised.

## Source

## 2. Changes in accounting policies and changes in estimates (continued)

### Explanation of the transition to Australian Accounting Standards – Simplified Disclosures (continued)

#### Previous reporting framework and transition adjustments (continued)

##### **Investments in joint ventures and associates**

The following adjustments have been made in respect of the entity's investments in associates and joint ventures:

- Investments in associates and joint ventures are measured using the equity method (as described in Note 45)
- AASB 1.D15(b) • A deemed cost of the investment in each associate and joint venture at the date of transition was determined by reference to *[the prior carrying amount of the investment / the fair value of the investment at the date of transition]*
- AASB 1.C4(j), C5 • The carrying amounts of each associate's and joint venture's assets and liabilities were adjusted to the amounts that Australian Accounting Standards would require in the investee's statement of financial position, as of the date of transition where the investee is not required to prepare financial statements in accordance with Australian Accounting Standards *[or did not comply with the full recognition and measurement requirements of all Australian Accounting Standards]*
- AASB 1.C4(j), C5 • The difference between the entity's share of the net assets of each associate and joint venture so adjusted and the cost of the investment (based on deemed cost in some cases as noted above) was considered the deemed cost of goodwill. Goodwill relating to an associate is included in the carrying amount of the investment, without subsequent amortisation
- AASB 1.C4(k) • Deferred taxes were recognised in respect of the changes in carrying amounts<sup>9</sup>.

AASB 1.C1

The exemptions for full restatement of pre-transition date business combinations in AASB 1 are optional. An entity may instead apply the requirements of AASB 3 *Business Combinations* and AASB 128 *Investments in Associates and Joint Ventures* on a fully retrospective basis, or to apply those requirements from a particular date. Each entity should explain how the transition has been made based on their particular facts, circumstances and choices made on transition.

##### **Foreign currency translation**

In accordance with the optional transitional adjustments permitted under AASB 1 at the date of transition:

- AASB 1.D13(a) • The Group's cumulative translation differences in respect of all foreign operations has been deemed to be zero at the date of transition
- AASB 1.C2 • The balances of goodwill determined in respect of subsidiaries, joint ventures and associates (noted above) have been treated as being stated in the functional currency of the parent rather than that of any foreign operation when translating the operation for the purposes of consolidation or applying the equity method.

<sup>9</sup> A deferred tax liability is recognised for all taxable temporary differences associated with investments in associates and interests in joint arrangements, except to the extent that both of the following conditions are met: (1) the investor is able to control the timing of the reversal of the temporary difference and (2) it is probable that the temporary difference will not reverse in the foreseeable future (AASB 112.39). An investor in an associate does not control that entity and is usually not in a position to determine its dividend policy. Therefore, in the absence of an agreement requiring that the profits of the associate will not be distributed in the foreseeable future, an investor recognises a deferred tax liability arising from taxable temporary differences associated with its investment in associate (AASB 112.42). A deferred tax asset is recognised for all deductible temporary differences arising from investments in associates and interests in joint arrangements to the extent, and only to the extent, that it is probable that (1) the temporary difference will reverse in the foreseeable future and (2) taxable profit will be available against which the temporary difference can be utilised.

## Source

## 2. Changes in accounting policies and changes in estimates (continued)

### Explanation of the transition to Australian Accounting Standards – Simplified Disclosures (continued)

#### **Deemed cost on transition**

AASB 1.D5

In accordance with the optional transitional adjustments permitted under AASB 1, certain items of property, plant and equipment associated with *[describe]* have been measured at their fair value at the date of transition and this fair value was deemed the cost of those items at the date of transition.

AASB 1.D5

An elect may elect to measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.

AASB 1.D6

A first-time adopter may elect to use a previous GAAP revaluation for an item of property, plant and equipment at, or before, the date of transition as deemed cost at the date of the revaluation if the revaluation was, at the date of the revaluation, broadly comparable to fair value or cost or depreciated cost in accordance with Australian Accounting Standards, adjusted to reflect for example, changes in a general or specific price index.

AASB 1.D7

These elections are also available for:

- Investment property, if an entity elects to use the cost model in AASB 140 *Investment Property*
- Right-of-use assets arising under AASB 16 *Leases*
- Intangible assets that meet both of the following:
  - The recognition criteria in AASB 138 *Intangible Assets* including reliable measurement of original cost)
  - The criteria in AASB 138 to adopt the revaluation basis (including the existence of an active market).

#### **Other exemptions from full retrospective restatement available on transition under AASB 1**

There are numerous exemptions, both mandatory and optional, from full retrospective restatement where AASB 1 is applied. Where other adjustments have been made, these should be explained and the financial effects reflected in the reconciliations below.

## Source

## 2. Changes in accounting policies and changes in estimates (continued)

### Explanation of the transition to Australian Accounting Standards – Simplified Disclosures (continued)

#### Reconciliation of equity

AASB 1060.210(b) The table below reconciles the equity of the entity determined under the previous financial reporting framework to equity determined in accordance with Australian Accounting Standards – Simplified Disclosures:

\$'000

AASB 1060.210(b)(i) **Equity under previous reporting framework at 1 January 2019**

Adjustments made at date of transition:

- AASB 1.D15(b) - Measurement of investments in certain subsidiaries at deemed cost (*fair value*)
- AASB 1.D15(b) - Measurement of investments in certain associates and joint ventures at deemed
- AASB 1.C4(j), C5 cost (*fair value*)
- AASB 1.C4(j) - Excess of the group's interest in the net assets of subsidiaries over the cost or deemed cost of investment in the subsidiary at the date of transition
- AASB 1.C4(j) - Recognition of impairment of goodwill and other assets at date of transition
- AASB 1.D5 - Increase due to measuring certain property, plant and equipment at deemed cost (fair value)
- AASB 1.C4(k) - Deferred taxes arising in respect of other adjustments

Total adjustments made at the date of transition

AASB 1060.210(b)(i) **Equity as at the date of transition to Australian Accounting Standards – Simplified Disclosures (1 January 2019)**

## Source

## 2. Changes in accounting policies and changes in estimates (continued)

### Explanation of the transition to Australian Accounting Standards – Simplified Disclosures (continued)

#### Reconciliation of equity (continued)

\$'000

AASB 1060.210(b)(ii) **Equity under previous reporting framework at 31 December 2019**

Adjustments made at date of transition (as above)

Subsequent adjustments:

- Impact of consolidating the profit and loss of subsidiaries for the period
- Impact of consolidating the other comprehensive income of subsidiaries for the period
- Impact of consolidating other equity movements of subsidiaries that are not eliminated on consolidation
- Impact of applying the equity method to associates and joint ventures
- Cumulative exchange differences arising in respect of foreign operations
- Impairment of goodwill
- Reversal of impairments of investments in subsidiaries held by the parent eliminated on consolidation
- Differences in the impairment loss recognised in respect of investments in associates and joint venturers due to the impact of applying the equity method to those investments
- Depreciation of property, plant and equipment of the parent due to differences between originally stated cost and deemed cost on acquisition
- Deferred tax adjustments arising in respect of other adjustments
- Other *[describe]*

Total of subsequent adjustments

AASB 1060.210(b)(ii) **Equity in accordance with Australian Accounting Standards – Simplified Disclosures as at the end of the latest period presented under the previous financial reporting framework (31 December 2019)**

Source

## 2. Changes in accounting policies and changes in estimates (continued)

### Explanation of the transition to Australian Accounting Standards – Simplified Disclosures (continued)

#### Reconciliation of profit or loss

AASB 1060.210(c)

The table below reconciles the profit or loss determined in accordance with the entity's previous financial reporting framework for the latest periods included in the entity's most recent annual financial statements to its profit or loss determined in accordance with Australian Accounting Standards – Simplified Disclosures.

	<b>31/12/2019</b>
	<b>\$'000</b>
<b><i>Profit or loss reported under the previous financial reporting framework</i></b>	
Adjustments:	
- Impact of consolidating the profit and loss of subsidiaries	
- Impairment of goodwill	
- Reversal of impairments of investments in subsidiaries held by the parent eliminated on consolidation	
- Impact of applying the equity method to associates and joint ventures	
- Differences in the impairment loss recognised in respect of investments in associates and joint venturers due to the impact of applying the equity method to those investments	
- Depreciation of property, plant and equipment of the parent due to differences between originally stated cost and deemed cost on acquisition	
- Deferred tax adjustments arising in respect of other adjustments	
- Other <i>[describe]</i>	
<b><i>Profit or loss in accordance with Australian Accounting Standards – Simplified Disclosures</i></b>	

AASB 1060.106

### Changes in accounting policies on initial application of Accounting Standards

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.

AASB 1060.107

Where an entity has selected a transition option under another Standard and there are specific transition disclosure requirements in that Standard, the entity applies the full transition disclosure requirements in that Standard instead of the above requirements.



## Source

## 2. Changes in accounting policies and changes in estimates (continued)

### Voluntary changes in accounting policies

AASB 1060.108

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

AASB 1060.109

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

AASB 1060.110

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.

AASB 1060.211

If, on transition to *Australian Accounting Standards – Simplified Disclosures*, an entity becomes aware of errors made under its previous financial reporting framework, the reconciliations required on transition (by paragraphs 210(b) and (c) of AASB 1060) are required, to the extent practicable, distinguish the correction of those errors from changes in accounting policies.

AASB 1053.E3

For periods beginning before 1 July 2022, an entity that has not previously applied all recognition and measurement requirements of all applicable Australian Accounting Standards (i.e. they have applied paragraphs 18A(a) or 18A(b) of AASB 1053 as discussed above) need not distinguish the correction of errors and change in accounting policies if the entity becomes aware of errors made in its most recent previous special purpose financial statements.

### Early adoption of Accounting Standards

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

s.334(5)

'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].'

## 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.

## AASB 1060.96

#### Judgements made in applying accounting policies

The following are the critical judgements, apart from those involving estimations 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 was required during 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)

#### Judgements made in applying accounting policies (continued)

##### Business model assessment

Classification and measurement of financial assets depends on the results of the 'solely payments of principal and interest' (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, expected credit losses (ECLs) 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

AASB 1060.104(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

AASB 1060.97

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

#### 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).

## Source

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

#### Key sources of estimation uncertainty (continued)

##### Calculation of loss allowance (continued)

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).

##### 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 December 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

	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
	<b>External revenue by product line</b>	
AASB 1060.157(b)	Electronic equipment – direct sale customers	
AASB 1060.157(b)	Electronic equipment – wholesale customers	
AASB 1060.157(b)	Electronic equipment – internet customers	
AASB 1060.157(b)	Leisure goods – wholesale customers	
AASB 1060.157(b)	Leisure goods – retail customers	
AASB 1060.157(b)	Computer software installation	
AASB 1060.157(b)	Construction	
	_____	_____
	_____	_____
	<b>External revenue by timing of revenue</b>	
AASB 1060.157(b)	Goods transferred at a point in time	
AASB 1060.157(b)	Goods transferred over time	
AASB 1060.157(b)	Services transferred at a point in time	
AASB 1060.157(b)	Services transferred over time	
	_____	_____
	_____	_____
AASB 1060.159	Contract assets arising from contracts with customers giving rise to revenue are disclosed as part of 'other assets' (see note 21).	
	<b>Information about revenue sources</b>	
AASB 1060.95	The Group recognises revenue from the following major sources:	
	<ul style="list-style-type: none"> <li>• 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</li> <li>• Installation of computer software for specialised business applications</li> <li>• Construction of residential properties.</li> </ul>	
AASB 1060.157(a) AASB 1060.158	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 as set out below.	

The revenue accounting examples that follow are generic and must be adapted to suit the specific circumstances of each entity. The entity should disclose information 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

**4. Revenue (continued)****Information about revenue sources (continued)****Sale of leisure goods (continued)**

AASB 1060.157(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**

AASB 1060.157(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.

**'Maxi-Points' customer loyalty programme**

AASB 1060.157(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.

## Source

**4. Revenue (continued)****Information about revenue sources (continued)****Maintenance relating to electronic equipment**

AASB 1060.157(a)  
AASB 1060.158

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**

AASB 1060.157(a)  
AASB 1060.158

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**

AASB 1060.157(a)  
AASB 1060.158

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

## 5. Investment income and finance costs

	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
<b>Investment income</b>		
AASB 1060.119(a)(iii)	Interest on financial assets measured at amortised cost:	
	- [Describe]	
AASB 1060.119(b)	Total interest income	
	Other investment income	
AASB 1060.119 (a)(v)	- Dividends received from equity investments designated at fair value through other comprehensive income	
	- Other [describe]	
<b>Finance costs</b>		
AASB 1060.119(a)(iv), 119(b)	Interest on financial liabilities measured at amortised cost:	
	- Interest on bank overdrafts and loans	
	- Interest on convertible loan notes	
	- Interest on obligations under leases	
	- Other [describe]	
AASB 1060.162	Less: amounts included in the cost of qualifying assets	
AASB 1060.119(b)	Total interest on financial liabilities not measured at fair value through profit or loss	
	Unwinding of discounts on provisions	
	Net interest expense on defined benefit obligations	
	Other finance costs {describe}	



## Source

AASB 1060.176

## 7. Income tax

	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
AASB 1060.177	<b>Income tax expense (income) comprises:</b>	
	Current tax expense (income):	
AASB 1060.177(a)	- Current year	
AASB 1060.177(b)	- Adjustments in respect of prior years	
	Deferred tax expense (income) relating to:	
AASB 1060.177(c)	- Origination and reversal of temporary differences	
AASB 1060.177(d)	- Changes in tax rates and the imposition of new taxes	
AASB 1060.177(e)	- Benefit of previously unrecognised tax losses, tax credits or temporary differences	
AASB 1060.177(f)	- Adjustments due to changes in tax status of the entity or its shareholders	
AASB 1060.177(g)	- Write-down (reversal) of deferred tax assets	
AASB 1060.177(h)	Tax expense (income) relating to changes in accounting policies and errors included in profit or loss	
AASB 1060.178(c)(ii)	<b>Reconciliation of prima-facie income tax to tax expense</b>	
	Profit before tax	
	Tax at the rate of ___ % (2019: ___ %)	
	Tax effect of share of result of associates and joint ventures	
AASB 1060.178(c)(ii)	Expenses not deductible in determining taxable profit	
AASB 1060.178(c)(ii)	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 <i>[describe]</i>	
AASB 1060.178(c)	AASB 1060 requires an explanation of the relationship between tax expense (income) and accounting profit in either or both of the following forms: <ul style="list-style-type: none"> <li>• A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s), disclosing also the basis on which the applicable tax rate(s) is (are) computed</li> <li>• A numerical reconciliation between the average effective tax rate and the applicable tax rate, disclosing also the basis on which the applicable tax rate is computed.</li> </ul>	
AASB 1060.178(d)	The standard rate of corporation tax applied to taxable profit is ___ % (2019: ___ %). The applicable rate has changed following the substantive enactment of the <i>[describe]</i> .	
	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

	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
Aggregate current and deferred tax related to:		
AASB 1060.178(a) - Items that are recognised in other comprehensive income		
AASB 1060.178(b) - Items charged or credited directly to equity		

## 8. Assets held for sale

### Disposal of the *[describe]* business

AASB 1060.47(a), (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 *[describe]* and *[describe]* 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.

### Carrying amounts of assets and liabilities to be disposed

	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
AASB 1060.47(a) Cash and bank balances		
AASB 1060.47(a) Contract assets		
AASB 1060.47(a) Trade receivables		
AASB 1060.47(a) Inventories		
AASB 1060.47(a) Property, plant and equipment		
AASB 1060.47(a) Goodwill		
Assets of <i>[describe]</i> business to be disposed		
AASB 1060.47(a) Trade payables		
AASB 1060.47(a) Current tax liabilities		
AASB 1060.47(a) Deferred tax liabilities		
Liabilities of <i>[describe]</i> business to be disposed		
Net assets of <i>[describe]</i> to be disposed		

AASB 1060.47(a) Where, at the reporting date, an entity has any assets classified as held for sale, or assets and liabilities that are included in a disposal group that is classified as held for sale, the entity is required to disclose a description of the asset(s) or the group of assets and liabilities.

The example above provides this information by way of a table outlining the carrying amounts of the various assets and associated liabilities of the group to be disposed. Other approaches may also be appropriate in meeting the requirements of AASB 1060. In addition, entities may wish to provide additional information about the performance of disposal groups if useful to users of the financial statements.



## Source

## 10. Finance lease receivables

		31/12/2020 \$'000	31/12/2019 \$'000 (restated)
	Finance lease receivables		
AASB 1060.147(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

AASB 1060.147(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. Variable lease payments arise in relation to a usage charge for each test undertaken by the lessee using the leased equipment.
AASB 1060.147(c)	Residual value risk on the equipment under the lease is not significant, because of the existence of a secondary market with respect to the equipment.
AASB 1060.147(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.

## Amounts receivable under finance leases

	Investment in the lease		Minimum lease payments	
	31/12/2020 \$'000	31/12/2019 \$'000 (restated)	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
AASB 1060.147(a)(i)	Not later than one year			
AASB 1060.147(a)(ii)	Later than one year and not later than five years			
AASB 1060.147(a)(iii)	Later than five years			
AASB 1060.147(b)	Less: unearned finance income			
AASB 1060.147(a)	Present value of minimum lease payments receivable			
AASB 1060.147(d)	Impairment loss allowance			
	Net investment in the lease			

## Source

## 11. Other financial assets

		31/12/2020 \$'000	31/12/2019 \$'000 (restated)
	<b>Categories of financial assets</b>		
AASB 1060.113(a)	<b>Financial assets measured at fair value through profit or loss (FVTPL)</b>		
	Shares		
	Foreign currency forward contracts		
	Interest rate swaps		
	Commodity options		
	Other [describe]		
AASB 1060.113(e)(i)	<b>Investments in debt instruments classified as at fair value through other comprehensive income (FVTOCI)</b>		
	Redeemable notes		
	Other [describe]		
AASB 1060.113(e)(ii)	<b>Investments in equity instruments designated as at FVTOCI</b>		
	Investment in unlisted shares		
	Other [describe]		
AASB 1060.113(b)	<b>Financial assets measured at amortised cost</b>		
	Bills of exchange		
	Debentures		
	Loans to related parties		
	Loans to other entities		
		<b>31/12/2020 \$'000</b>	<b>31/12/2019 \$'000 (restated)</b>
	Current		
	Non-current		

## Source

**11. Other financial assets (continued)****Financial assets measured at fair value**

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 :

<b>Financial asset</b>	<b>Valuation techniques and key inputs</b>
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. Significant unobservable inputs include: <ul style="list-style-type: none"> <li>• Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from ___ % to ___ % (2019: ___ % to ___ %)</li> <li>• Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from ___ % to ___ % (2019: ___ % to ___ %)</li> <li>• Weighted average cost of capital, determined using a Capital Asset Pricing Model, ranging from ___ % to ___ % (2019: ___ % to ___ %)</li> <li>• Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from ___ % to ___ % (2019: ___ % to ___ %).</li> </ul>

AASB 1060.116

For all financial assets and financial liabilities measured at fair value, the entity discloses the basis for determining fair value, for example, quoted market price in an active market or a valuation technique. When a valuation technique is used, the entity discloses the assumptions applied in determining fair value for each class of financial assets or financial liabilities. For example, if applicable, the entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates.

There is no further explicit guidance provided on the extent of the disclosures required to comply with these requirements. Accordingly, each entity should exercise judgement to develop disclosures that are appropriate for the nature of the entity's operations, the significance of financial instruments to the entity, and the nature of the key assumptions on which financial instruments have been measured.

AASB 1060.2

Entities are permitted to refer to other Standards for guidance on the requirements in AASB 1060, including AASB 13 *Fair Value Measurement*. Therefore, some of the disclosures required by AASB 13 may be a useful reference in developing disclosures to meet these requirements.



## Source

AASB 1060.116

**11. Other financial assets (continued)****Derecognition**

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 of 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.

**12. Inventories**

AASB 1060.44(c)(i)  
AASB 1060.44(c)(ii)  
AASB 1060.44(c)(iii)  
AASB 1060.123(b)

**Carrying amounts**

Finished goods  
Work in process  
Raw materials and supplies

<b>31/12/2020</b>	<b>31/12/2019</b>
<b>\$'000</b>	<b>\$'000</b>
<b>(restated)</b>	

AASB 1060.123(b)  
AASB 1060.44(c)

Entities may wish to present alternate categories of inventories in addition to, or instead of the categories listed above in order to show categories that are appropriate to the entity. In this case, it is necessary to also disclose the broad categories shown above in order to meet the requirements of paragraph 44(c) of AASB 1060.

AASB 1060.123(c)  
AASB 1060.123(d)  
AASB 1060.123(e)

**Other information**

Amount of inventories recognised as an expense during the period  
Impairment losses recognised (reversed) in profit or loss  
Total carrying amount of inventories pledged as security for liabilities

## Source

## 13. Investments in associates

	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
Measured using the equity method		
Measured using the cost method		
Measured at fair value through profit or loss		
AASB 1060.125(b) Carrying amount of investments in associates		

AASB 1060.91(c)  
AASB 1060.2 Where investments in associates are material to the financial statements, entities may wish to provide additional information about the associates. In this case, the disclosure requirements in AASB 12 *Disclosure of Interests in Other Entities* may be a useful guide in determining the additional disclosures to provide.

## Other information about associates measured using the equity method

	31/12/2020 \$'000	31/12/2019 \$'000
AASB 1060.125(c) Fair value of investments in associates for which there are published price quotations		
AASB 1060.127 Share of profit or loss of associates		
AASB 1060.127 Share of discontinued operations of associates		

AASB 1060.126 For investments in associates accounted for by the cost model, an investor discloses the amount of dividends and other distributions recognised as income

AASB 1060.128 For investments in associates accounted for in accordance with AASB 9 *Financial Instruments*, an investor makes disclosures about financial instruments (i.e. in accordance with AASB 1060.113-115, see examples in Note 11).

## AASB 1060.170(e) Impairment losses/(reversals of impairment losses)

	31/12/2020 \$'000	31/12/2019 \$'000
AASB 1060.169(a) Impairment losses recognised in profit or loss during the period (i)		
AASB 1060.169(b) Reversals of impairment losses recognised in profit or loss during the period (ii)		
AASB 1060.169(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.		
AASB 1060.169(b) (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

	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
Measured using the equity method		
Measured at fair value through profit or loss		
AASB 1060.129(b)		

AASB 1060.91(c)  
AASB 1060.2

Where investments in joint ventures are material to the financial statements, entities may wish to provide additional information about those investments. In this case, the disclosure requirements in AASB 12 *Disclosure of Interests in Other Entities* may be a useful guide in determining the additional disclosures to provide.

## Other information

AASB 1060.129(c)

Fair value of investments in joint ventures for which there are published price quotations\*

AASB 1060.130

Share of profit or loss of joint ventures\*

AASB 1060.130

Share of discontinued operations of joint ventures\*

AASB 1060.129(d)

Aggregate amount of commitments relating to joint ventures

- Capital commitments incurred jointly with other venturers
- Capital commitments of the joint ventures themselves

AASB 1060.130, 127

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

AASB 1060.170(f)

## Impairment losses/(reversals of impairment losses)

	31/12/2020 \$'000	31/12/2019 \$'000
AASB 1060.169(a)		
AASB 1060.169(b)		
AASB 1060.169(a)		
AASB 1060.169(b)		
AASB 1060.131		

Impairment losses recognised in profit or loss during the period (i)

Reversals of impairment losses recognised in profit or loss during the period (ii)

(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.

(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.

For investments in associates accounted for at fair value through profit or loss in accordance with AASB 9, the venturer makes disclosures about financial instruments (i.e. in accordance with AASB 1060.113-115, see examples in Note 11).

## Source

## 15. Property, plant and equipment

		31/12/2020 \$'000	31/12/2019 \$'000 (restated)
<b>Carrying amounts</b>			
AASB 1060.44(a)	Freehold land		
AASB 1060.134(a), (d)	- At fair value		
AASB 1060.134(d)	- Accumulated impairment		
<hr/>			
AASB 1060.44(a)	Buildings		
AASB 1060.134(a), (d)	- At fair value		
AASB 1060.134(d)	- Accumulated depreciation and impairment		
<hr/>			
AASB 1060.44(a)	Plant and equipment		
AASB 1060.134(a), (d)	- At cost		
AASB 1060.134(d)	- Accumulated depreciation and impairment		
<hr/>			
<hr/>			

## Movement in carrying amount

	Freehold land at fair value \$'000	Buildings at fair value \$'000	Plant and equipment at cost \$'000	Total \$'000
AASB 1060.134(e)	<b>Balance at 1 January 2020</b>			
AASB 1060.134(e)(i)				
AASB 1060.134(e)(ii)				
AASB 1060.134(e)(ii)				
AASB 1060.134(e)(iii)				
AASB 1060.134(e)(iv)				
AASB 1060.134(e)(v)				
AASB 1060.134(e)(vi)				
AASB 1060.134(e)(vii)				
AASB 1060.134(e)(viii)				
AASB 1060.134(e)				
	<b>Balance at 31 December 2020</b>			

AASB 1060.134(e) The above reconciliation need not be presented for prior periods

AASB 1060.162 (1) Includes \$ \_\_\_\_ (2019: \$ \_\_\_\_ ) of capitalised borrowing costs

## Source

**15. Property, plant and equipment (continued)****Depreciation**

AASB 1060.134(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.

AASB 1060.134(c) The following useful lives are used in the calculation of depreciation:

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

AASB 1060.170(a) **Impairment losses/(reversals of impairment losses)**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>\$'000</b>	<b>\$'000</b>
AASB 1060.169(a)		
AASB 1060.169(b)		

Impairment losses recognised in profit or loss during the period (i)

Reversals of impairment losses recognised in profit or loss during the period (ii)

AASB 1060.169(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.

AASB 1060.169(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.

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

AASB 1060.134(a) 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.

AASB 1060.136(a)-(c) The fair value measurements of the Group's freehold land and buildings as at 31 December 2020 and 31 December 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.

AASB 1060.136(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*].

AASB 1060.136(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**

AASB 1060.135(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.

## Source

**15. Property, plant and equipment (continued)****Commitments**

AASB 1060.135(b)

The Group has the following contractual commitments for the acquisition of property, plant and equipment: *[describe]*

AASB 1060.149

**16. Investment property**

**31/12/2020**  
**\$'000**

---

**At fair value**

AASB 1060.132(e)

Opening balance at 1 January 2020

AASB 1060.132(e)(i)

Additions:

AASB 1060.132(e)(i)

- Direct acquisitions

AASB 1060.132(e)(i)

- Arising from business combination

AASB 1060.132(e)(ii)

Net gains (losses) from fair value adjustments

AASB 1060.132(e)(iii)

Transfers:

AASB 1060.132(e)(iii)

- (To)/from investment property carried at cost

AASB 1060.132(e)(iv)

- (To)/from inventories

AASB 1060.132(e)(iv)

- (To)/from owner-occupied property

AASB 1060.132(e)(v)

Other changes *[describe]*

Closing balance at 31 December 2020

AASB 1060.132(e)

The above reconciliation need not be presented for prior periods

**Group as lessor in operating leases**

AASB 1060.148(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. Variable lease payments arise in respect of *[describe]*.

AASB 1060.148(a)

At reporting date, the Group had contracts with tenants for the following future minimum lease payments:

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>\$'000</b>	<b>\$'000</b>
AASB 1060.148(a)(i)		
AASB 1060.148(a)(ii)		
AASB 1060.148(a)(iii)		
AASB 1060.147(e)		
<b>Other information</b>		

AASB 1060.148(a)(i)

Within one year

AASB 1060.148(a)(ii)

In the second to fifth years inclusive

AASB 1060.148(a)(iii)

Later than five years

AASB 1060.147(e)

Income from variable lease payments not included in the measurement of the lease

AASB 1060.132(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].*

## Source

**16. Investment property (continued)****Other information (continued)**

AASB 1060.132(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 an income capitalisation approach taking into account:

- The capitalisation rate (\_\_\_ %, 2019: \_\_\_ %) takes into account the capitalisation of rental income potential, the nature of the property and prevailing market conditions
- Monthly market rent, taking into account differences in location and individual factors, such as frontage and size, between comparable properties and the property, at an average of \_\_\_ (2019: \_\_\_) per square metre per month.

*[Other alternatives might include: "based on the market comparable approach that reflects recent transaction prices for similar properties/other methods [describe]".*

AASB 1060.132(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.

AASB 1060.132(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 \$ \_\_\_ .

AASB 1060.135(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

## Source

## 17. Right-of-use assets

		31/12/2020 \$'000	31/12/2019 \$'000 (restated)
	<b>Net carrying amounts</b>		
AASB 1060.144(a)	Buildings		
AASB 1060.144(a)	Plant		
AASB 1060.144(a)	Equipment		

	<b>Movement during the period*</b>			
	Buildings \$'000	Plant \$'000	Equipment \$'000	Total \$'000
AASB 1060.145	<b>Balance at 1 January 2020*</b>			
AASB 1060.134(e)(i)	Additions			
AASB 1060.134(e)(vii)	Depreciation			
	Other changes <i>[describe*]</i>			
	<b>Balance at 31 December 2020*</b>			

AASB 1060.145 \* Note that AASB 1060 only requires the disclosure of the additions and depreciation during the period, rather than a reconciliation of all movements between the opening and closing balances. Entities may wish to provide additional information, such as is provided for property, plant and equipment (see Note 15). Other approaches may also be acceptable.

**Depreciation**

AASB 1060.134(b) Depreciation of the right-of-use assets is recognised on a straight-line basis in accordance with the accounting policy in Note 45.

AASB 1060.134(c) The following useful lives are used in the calculation of depreciation:

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

**Right-of-use assets measured on the revaluation basis**

AASB 1060.145  
AASB 1060.136 Where right-of-use assets are measured at revalued amounts, an entity discloses:

- The effective date of the revaluation
- Where an independent valuer was involved
- The methods and significant assumptions applied in estimating the items' fair values
- The revaluation surplus, including the change for the period and any restrictions on the distribution of the balance to shareholders.



## Source

## 18. Biological assets

		31/12/2020 \$'000	31/12/2019 \$'000 (restated)
AASB 1060.204(a)	<b>At fair value less costs to sell</b>		
AASB 1060.204(a)	Crops		
AASB 1060.204(a)	Livestock		
AASB 1060.204(a)	Other <i>[describe]</i>		
<b>Movement in carrying amount</b>			
AASB 1060.204(c)		<b>Crops \$'000</b>	<b>Livestock \$'000</b>
		<b>Other \$'000</b>	<b>Total \$'000</b>
AASB 1060.204(c)	<b>Balance at 1 January 2020</b>		
AASB 1060.204(c)(i)	Gain (loss) arising from changes in fair value less costs to sell		
AASB 1060.204(c)(ii)	Purchases		
AASB 1060.204(c)(iii)	Decreases from harvests		
AASB 1060.204(c)(iv)	Increases from business combinations		
AASB 1060.204(c)(v)	Exchange differences		
AASB 1060.204(c)(vi)	Other changes <i>[describe]</i>		
AASB 1060.204(c)	<b>Balance at 31 December 2020</b>		
AASB 1060.204(c)	The above reconciliation need not be presented for prior periods		

**Additional information**

AASB 1060.204(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**

AASB 1060.205 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.

## Source

## 19. Goodwill

	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
<b>Carrying amount (at cost)</b>		
Gross carrying amount		
Accumulated impairment losses		

The above breakdown of carrying amount is not specifically required by AASB 1060 or in special purpose financial statements, but is included in these illustrative financial statements for consistency with other notes of a similar nature.

## Movement in carrying amount

	31/12/2020 \$'000
<b>Balance at 1 January 2020</b>	
Changes arising from business combinations	
Impairment losses	
Disposals of previously acquired businesses	
Other changes <i>[describe]</i>	
<b>Balance at 31 December 2020</b>	

The above reconciliation need not be presented for prior periods

## AASB 1060.170(c) Impairment losses

	31/12/2020 \$'000	31/12/2019 \$'000
AASB 1060.169(a) Impairment losses recognised in profit or loss during the period (i)		
AASB 1060.169(b) (i) The impairment losses arising in the current period have been included in the profit or loss in the <i>[other expenses]</i> line item in the comprehensive statement of comprehensive income.		

## Source

## 20. Other intangible assets

	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
<b>Carrying amount</b>		
Capitalised development		
AASB 1060.137(c), AASB 1060.137(c),	- At cost	
	- Accumulated amortisation and impairment	
Patents		
AASB 1060.137(c), AASB 1060.137(c),	- At cost	
	- Accumulated amortisation and impairment	
Licences		
AASB 1060.137(c), AASB 1060.137(c),	- At cost	
	- Accumulated amortisation and impairment	

## Movements in carrying amount

	Capitalised development \$'000	Patents \$'000	Licences \$'000	Total \$'000
AASB 1060.137(e) <b>Balance at 1 January 2020</b>				
AASB 1060.137(e)(i) Additions				
AASB 1060.137(e)(ii) Assets classified as held for sale				
AASB 1060.137(e)(ii) Other disposals				
AASB 1060.137(e)(iii) Acquisitions through business combinations				
AASB 1060.137(e)(iv) Increases/(decreases) from revaluations*				
AASB 1060.137(e)(iv) Impairment losses (reversals) recognised in other comprehensive income*				
AASB 1060.137(e)(vi) Impairment losses (reversals) recognised in profit or loss				
AASB 1060.137(e)(v) Amortisation				
AASB 1060.137(e)(vii) Other changes [describe]				
<b>Balance at 31 December 2020</b>				

AASB 1060.137(e)

The above reconciliation need not be presented for prior periods.

\* These items would only be applicable where the entity used the revaluation method under AASB 138 'Intangible Assets'.

## Source

**20. Other intangible assets (continued)****Amortisation**

AASB 1060.137(b) Amortisation of intangible assets is recognised on a straight-line basis in accordance with the accounting policy in Note 45.

AASB 1060.137(a) The following useful lives are used in the calculation of amortisation.

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

AASB 1060.137(d) The amortisation expense is recognised in the 'Depreciation and amortisation expenses' in the *[statement of profit or loss and other comprehensive income / the statement of profit or loss and the statement of comprehensive income / statement of income and retained earnings]*

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

AASB 1060.170(d) **Impairment losses/(reversals of impairment losses)**

31/12/2020	31/12/2019
\$'000	\$'000

AASB 1060.169(a) Impairment losses recognised in profit or loss during the period (i)

AASB 1060.169(b) Reversals of impairment losses recognised in profit or loss during the period (ii)

AASB 1060.169(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.

AASB 1060.169(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.

**Material intangibles**

AASB 1060.138(a) The Group holds a patent for the manufacture of *[describe]* 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**

AASB 1060.138(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 31 December 2020 (2019: \$ nil).

**Commitments**

AASB 1060.138(d) The Group has the following contractual commitments for the acquisition of intangible assets: *[describe]*

**Research and development**

AASB 1060.139 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

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

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

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

	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
Prepayments		
Arising in relation to revenue from contracts with customers:		
- Contract assets		
- Costs to obtain a contract		
Other <i>[describe]</i>		
Current		
Non-current		

## Source

**22. Trade and other payables**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>\$'000</b>	<b>\$'000</b>
	<b>_____</b>	<b>(restated)</b>
AASB 1060.44(d) Amounts payable to trade suppliers		
AASB 1060.44(d) Payables to related parties		
AASB 1060.44(d), 159 Contract liabilities from contracts with customers		
AASB 1060.44(d) Accruals		
AASB 1060.168(b) Cash-settled share-based payments		
Other <i>[describe]</i>		
	<b>_____</b>	<b>_____</b>
	<b>_____</b>	<b>_____</b>

**23. Lease liabilities**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>\$'000</b>	<b>\$'000</b>
	<b>_____</b>	<b>(restated)</b>
<b>Secured</b>		
Current		
Non-current		
	<b>_____</b>	<b>_____</b>
	<b>_____</b>	<b>_____</b>

**Significant leasing arrangements**

AASB 1060.144(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**

AASB 1060.144(b) The future minimum lease payments arising under the Group's lease contracts at the end of the reporting period are as follows:

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>\$'000</b>	<b>\$'000</b>
	<b>_____</b>	<b>_____</b>
AASB 1060.144(b)(i) Not later than one year		
AASB 1060.144(b)(ii) Later than one year and not later than five years		
AASB 1060.144(b)(iii) Later than five years		
	<b>_____</b>	<b>_____</b>
	<b>_____</b>	<b>_____</b>

## Source

**23. Lease liabilities (continued)****Short-term leases and leases of low value assets**

AASB 1060.146

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*:

- 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
- Lease payments recognised as an expense.

**COVID-19 related rent concessions**

AASB 16.46A

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets the conditions below is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification.

AASB 16.46B

The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021\* (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021)
- There is no substantive change to other terms and conditions of the lease.

\* *At the date of finalisation of this publication (12 March 2021), the IASB had [decided at its supplementary March 2021 meeting](#) to extend the date for which the practical expedient may be applied to rent payments originally due before 30 June 2022 (i.e. 12 months longer than the existing practical expedient). The amendments to give effect to this decision have not been made but are expected by the end of March 2021.*

AASB 1060.146A

If a lessee applies the practical expedient in paragraph 46A of AASB 16 *Leases*, the lessee discloses:

- That it has applied the practical expedient to all rent concessions that meet the conditions in AASB 16 paragraph 46B or, if not applied to all such rent concessions, information about the nature of the contracts to which it has applied the practical expedient (see AASB 16 paragraph 2)
- The amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient in AASB 16 paragraph 46A.

In the reporting period in which a lessee first applies the practical expedient in AASB 16 paragraph 46A, the lessee is not required to disclose the information required by paragraph 106(b) of AASB 1060 (i.e. in relation to the initial application of an Australian Accounting Standard, the entity is not required to disclose for the current period and each prior period presented, the amount of the adjustment for each financial statement line item affected).





## 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.

AASB 1060.114

The entity discloses information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance. For example, for long-term debt such information would ordinarily include the terms and conditions of the debt instrument (such as interest rate, maturity, repayment schedule, and restrictions that the debt instrument imposes on the entity).

AASB 1060.118

**Defaults and breaches on loans payable**

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.



## Source

**25. Other financial liabilities (continued)****Financial liabilities measured at fair value**

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).

<b>Financial liability</b>	<b>Valuation technique(s) and key inputs(s)</b>
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. Significant unobservable inputs included: <ul style="list-style-type: none"> <li>• Discount rate of ___ % (2019: n/a) determined using a Capital Asset Pricing Model</li> <li>• Probability-adjusted revenues and profits, with a range from \$ ___ to \$ ___ and a range from \$ ___ to \$ ___ respectively.</li> </ul>

AASB 1060.116

For all financial assets and financial liabilities measured at fair value, the entity discloses the basis for determining fair value, for example, quoted market price in an active market or a valuation technique. When a valuation technique is used, the entity discloses the assumptions applied in determining fair value for each class of financial assets or financial liabilities. For example, if applicable, the entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates.

There is no further explicit guidance provided on the extent of the disclosures required to comply with these requirements. Accordingly, each entity should exercise judgement to develop disclosures that are appropriate for the nature of the entity's operations, the significance of financial instruments to the entity, and the nature of the key assumptions on which financial instruments have been measured.

AASB 1060.2

Entities are permitted to refer to other Standards for guidance on the requirements in AASB 1060, including AASB 13 *Fair Value Measurement*. Therefore, some of the disclosures required by AASB 13 may be a useful reference in developing disclosures to meet these requirements.

## Source

## 26. Provisions

		31/12/2020 \$'000	31/12/2019 \$'000 (restated)
	<b>Carrying amount</b>		
AASB 1060.44(e)	Employee benefits		
AASB 1060.44(e)	Warranty provision		
AASB 1060.44(e)	Restoration provision		
AASB 1060.44(e)	Other <i>[describe]</i>		
	Current		
	Non-current		
	<b>Movements in provisions</b>		
		<b>Warranty provision \$'000</b>	<b>Restoration provision \$'000</b>
		<b>Other <i>[describe]</i> \$'000</b>	
AASB 1060.153(a)(i)	Carrying amount as at 1 January 2020		
AASB 1060.153(a)(ii)	Additions		
AASB 1060.153(a)(iii)	Amounts charged		
AASB 1060.153(a)(iv)	Unused amounts reversed		
	Other <i>[describe]</i>		
AASB 1060.153(a)(i)	Carrying amount as at 31 December 2020		

AASB 1060.153 Comparative information for prior periods is not required for the above reconciliation.

**Additional information**

- AASB 1060.153(b) The warranty provision represents management's best estimate of the Group's liability under 12-month warranties.
- AASB 1060.153(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.
- AASB 1060.153(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**

- AASB 1060.153(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**

- AASB 1060.156 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.

AASB 1060.178(e)	<b>Depreciation differences \$'000</b>	<b>Revaluation of assets \$'000</b>	<b>Provisions \$'000</b>	<b>Other [describe] \$'000</b>	<b>Total \$'000</b>
<b>As at 1 January 2019</b>					
Adjustments:					
AASB 1060.178(e)(ii)	- Tax impacts arising from adjustments made at date of transition (note 2)				
AASB 1060.178(e)(ii)	- Changes in accounting policies [describe]				
<b>Restated balance at 1 January 2019</b>					
AASB 1060.178(e)(ii)	Changed to profit or loss				
AASB 1060.178(e)(ii)	Charged to other comprehensive income				
AASB 1060.178(e)(ii)	Charged directly to equity				
AASB 1060.178(e)(ii)	Business combinations				
AASB 1060.178(e)(ii)	Exchange differences				
<b>As at 1 January 2020</b>					
AASB 1060.178(e)(ii)	Changed to profit or loss				
AASB 1060.178(e)(ii)	Charged to other comprehensive income				
AASB 1060.178(e)(ii)	Charged directly to equity				
AASB 1060.178(e)(ii)	Business combinations				
AASB 1060.178(e)(ii)	Changes in accounting policies				
AASB 1060.178(e)(ii)	Exchange differences				
AASB 1060.178(e)(i)	<b>As at 31 December 2020</b>				

AASB 1060 requires 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. Other approaches may also be acceptable.

## Source

## 27. Deferred tax (continued)

AASB 1060.178(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

	31/12/2020 \$'000	31/12/2019 \$'000
Tax losses – revenue	-	-
Tax losses – capital	-	-
Foreign tax credits	-	-
Temporary differences	-	-
Other	-	-
	<u>          </u>	<u>          </u>

AASB 1060.178(f)

AASB 1060.178(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).

## 28. Government grants

	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
<b>Deferred government grants</b>		
Deferred income:		
Current		
Non-current		
	<u>          </u>	<u>          </u>

AASB 1060.160(a)

The deferred income arises as a result of:

- The benefit received from an interest-free government loan received in December 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

## Source

## 28. Government grants (continued)

## Government grants recognised as income

AASB 1060.160(a) The Group has benefited from the following significant government support packages as a result of government responses to the COVID-19 pandemic during the period:

AASB 1060.160(a)	Support received	Description
	JobKeeper Scheme (Australia)	<p>Due to the impact of COVID-19 on the Groups' turnover, government subsidies of \$ ____ (2019 nil) were received under the Australian Federal Government's JobKeeper scheme. The entity became eligible for the Scheme from its inception in March 2020 and expects to continue receiving payments under the Scheme until its currently scheduled completion on 28 March 2021.</p> <p>The amounts were paid to employees in line with government's objectives of helping businesses to continue paying employees to keep them in their jobs so that businesses can re-start when business conditions improve.</p> <p>The amounts received have been recognised as other income in the statement of profit or loss.</p>
	Staff retraining scheme ([A land])	<p>The Group received subsidies of \$ ____ (2019 nil) under a job re-training scheme operated by the government of [A land]. Under the scheme, the Group was entitled to claim a 50% subsidy in respect of the total employee cost for eligible employees who were employed from prescribed industries that were badly impacted by COVID-19 restrictions.</p> <p>Certain requirements were imposed on eligibility, including increasing total employee headcount and increased overall payroll expense.</p> <p>The amounts were paid to the company as a reimbursement once the eligible employees had been paid. The amounts received have been recognised as other income in profit or loss.</p>
	<i>[Describe]</i>	<i>[Provide details of the nature of the support received, the amount recognised in the financial statements (or other assistance received) and other information to allow users to understand its impacts]</i>

AASB 1060.160(b) There are no unfulfilled conditions or other contingencies attaching to the government grants that have been recognised as income.

AASB 1060.160(c) In addition to the above grants, the Group also benefits from the other forms of government assistance: *[describe]*

AASB 1060.160

A for-profit entity is required to disclose:

- The nature and amounts of government grants recognised in the financial statements
- Unfulfilled conditions and other contingencies attaching to government grants that have been recognised in income
- An indication of other forms of government assistance as defined in AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* from which the entity has directly benefited
- The accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements.

## Source

AASB 1060.36

## 29. Other liabilities

	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
Refund liability		
Other <i>[describe]</i>		
Current		
Non-current		

## 30. Issued capital

	31/12/2020 \$'000	31/12/2019 \$'000
AASB 1060.45(a)(ii) _____ fully paid ordinary shares (2019: _____ )		

AASB 1060.45(a)(i)  
AASB 1060.45(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.

AASB 1060.45(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 '000	Share capital \$'000
AASB 1060.45(a)(iv) <b>Balance at 1 January 2020</b>		
Issue of shares		
Share buy-back		
Share buy-back costs		
Income tax relating to share buy-back costs		
<b>Balance at 31 December 2020</b>		

Where the above information is presented in the statement of changes in equity, it is not necessary to repeat this information in the notes to the financial statements.

AASB 1060.45(a)(iv) The above reconciliation need not be presented for prior periods.

AASB 1060.45(a)(v) Fully paid ordinary shares carry one vote per share and carry a right to dividends.



Source

### 30. Issued capital (continued)

#### Shares reserved under options and contracts for the sale of sales

AASB 1060.45(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 31 December 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

AASB 1060.45(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

AASB 1060.46 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

AASB 1060.45(b)

## 31. Reserves

Where information in this note has already been presented in the statement of changes in equity or statement of comprehensive income (or equivalent statement), it is not necessary to repeat those disclosures in this note.

	31/12/2020 \$'000	31/12/2019 \$'000 (restated)
AASB 1060.136(d)	Properties revaluation (1)	
AASB 1060.44(f)	Investments revaluation (2)	
AASB 1060.44(f)	Share-based payments (3)	
AASB 1060.44(f)	Cash flow hedging (4)	
AASB 1060.44(f)	Foreign currency translation (5)	
AASB 1060.44(f)	Option premium on convertible notes (6)	
AASB 1060.44(f)	Other <i>[describe]</i>	
AASB 1060.45(b) AASB 1060.136(d)	(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 <i>Corporations Act 2001</i>	
AASB 1060.45(b)	(2) The investments revaluation reserve represents (i) the cumulative gains and losses arising on the revaluation of investments in equity instruments designated as at FVTOCI, net of cumulative gain/loss transferred to retained earnings upon disposal; and (ii) Investments in debt instruments classified as at FVTOCI, net of cumulative loss allowance recognised on these investments and cumulative gain/loss reclassified to profit or loss upon disposal or reclassification of these investments..	
AASB 1060.45(b)	(3) The share-based payments 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 by the parent 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 are reclassified to profit or loss.	
AASB 1060.45(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 in the cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.	
AASB 1060.45(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 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.	
AASB 1060.45(b)	(6) The option premium on convertible notes reserve represents the equity component (conversion rights) of the <i>[number]</i> ___% convertible notes issued during the year	



## Source

## 32. Dividends on equity instruments

	Year ended 31/12/2020		Year ended 31/12/2019	
	Cents per share	Total \$'000	Cents per share	Total \$'000
<b>Recognised amounts</b>				
Fully paid ordinary shares				
- Interim dividend				
- Final dividend				
<b>Unrecognised amounts</b>				
Fully paid ordinary shares				
- Final dividend				

The above information is not explicitly required by AASB 1060, but may be useful to users of the financial statements.

AASB 1060.187 On *[date]*, the directors declared an \_\_\_% franked final dividend of \_\_\_ cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 31 December 2020. This dividend has not been recognised as a liability in these financial statements and will be paid to shareholders on *[date]*. The total estimated dividend to be paid is \$ \_\_\_.

**Imputation credits (franking credits)**

AASB 1060.101 The information below is considered best practice for the disclosure of imputation credits (franking credits). AASB 1060 only specifically requires the disclosure of the amount of imputation credits available for use in subsequent reporting periods (i.e. the 'adjusted franking account balance' in the information below). The disclosures below reconcile from the actual franking account balance at the reporting date to the adjusted franking account balance using the guidance in AASB 1060.102, and also discloses the impact of franking debits arising from declared dividends which have not been recognised as a liability in the financial statements.

	Company	
	31/12/2020 \$'000	31/12/2019 \$'000
<b>Franking account balance at 31 December</b>		
AASB 1060.102(a) Imputation credits that will arise from the payment of the current tax liability		
AASB 1060.102(c) Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date		
AASB 1060.102(b) Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date		
AASB 1060.101 <b>Adjusted franking account balance</b>		
Imputation debits that will arise from the payments of dividends declared by not recognised in the financial statements		
<b>Adjusted franking account balance after payment of unrecognised dividend amounts</b>		

AASB 1060.100 The term 'imputation credits' in AASB 1060 is used to also mean 'franking credits'. The disclosures required by AASB 1060 are made separately in respect of any New Zealand imputation credits and any Australian imputation credits.

AASB 1060.103 Where there are different classes of investors with different entitlements to imputation credits, disclosures are made about the nature of those entitlements for each class where this is relevant to an understanding of them.

## Source

### 33. Business combinations

The illustrative disclosures presented in this note may not have been previously provided by entities preparing separate financial statements where acquisitions have been of investments in subsidiaries rather than the direct acquisition of a business (i.e. the direct transfer of assets and assumptions of liabilities outside of a separate entity in a business combination).

#### Details of acquisitions

AASB 1060.142(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].

AASB 1060.142(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 \$'000	SubSeven Limited \$'000	Total \$'000
AASB 1060.142(d) Cash			
AASB 1060.142(d) Equity instruments)			
AASB 1060.142(d) Debt instruments			
AASB 1060.142(d) Contingent consideration arrangement			
Total			

#### Assets acquired and liabilities assumed at the date of acquisition

	SubSix Pty Limited \$'000	SubSeven Limited \$'000	Total \$'000
AASB 1060.142(e) Cash and cash equivalents			
AASB 1060.142(e) Financial assets			
AASB 1060.142(e) Inventories			
AASB 1060.142(e) Plant and equipment			
AASB 1060.142(e) Identifiable intangible assets			
AASB 1060.142(e) Trade and other payables			
AASB 1060.142(e) Financial liabilities			
AASB 1060.142(e) Deferred tax liabilities			
AASB 1060.142(e) Contingent liabilities			
Total identifiable assets			
AASB 1060.142(e) Goodwill (i)			
AASB 1060.142(f) (Excess recognised in profit or loss)			
AASB 1060.142(h) Non-controlling interest (ii)			

AASB 1060.142(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.

AASB 1060.142(h) (ii) The non-controlling interest arising in respect of the acquisition of [SubSix Pty Limited] has 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**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Consideration paid in cash		
Less: cash and cash equivalent balances acquired		
<b>Net outflow of cash per the statement of cash flows</b>		

The above reconciliation is not specifically required by AASB 1060, but may be useful to users of the financial statements.

**34. Notes to the statement of cash flows****Reconciliation of cash**

AASB 1060.88

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:

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and bank balances		
Bank overdraft		

AASB 1060.88

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**

AASB 1060.89

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**

AASB 1060.87

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**

AASB 1060.164(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.

	31/12/2020		31/12/2019	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
AASB 1060.164(b)(i) Outstanding at the beginning of the year				
AASB 1060.164(b)(ii) Granted during the year				
AASB 1060.164(b)(iii) Forfeited during the year				
AASB 1060.164(b)(iv) Exercised during the year				
AASB 1060.164(b)(v) Expired during the year				
AASB 1060.164(b)(vi) Outstanding at the end of the year				
AASB 1060.164(b)(vii) Exercisable at the end of the year				

AASB 1060.165

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**

AASB 1060.166  
AASB 1060.168(a)  
AASB 1060.168(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.

**Total expense recognised**

AASB 1060.168(a)

The total expense recognised in profit or loss for the period in respect of all share-based payment transactions was \$ \_\_\_ (2019: \$ \_\_\_).

**Modifications**

AASB 1060.167

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

**36. Employee benefits****Defined contribution plans**

AASB 1060.172

Amount recognised as an expense for defined contribution plans

<b>31/12/2020</b>	<b>31/12/2019</b>
<b>\$'000</b>	<b>\$'000</b>

**Defined benefit plans**

AASB 1060.172  
AASB 1060.173

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.

AASB 1060.173(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.

AASB 1060.173(b)

**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:

AASB 1060.173(b)  
AASB 1060.173(b)  
AASB 1060.173(b)

Defined benefit obligation as at 1 January 2020

Contributions

Benefits paid

Other *[describe]*

Defined benefit obligation as at 31 December 2020

<b>31/12/2020</b>
<b>\$'000</b>

The above reconciliation need not be given for prior periods.



## Source

**36. Employee benefits (continued)****Defined benefit plans (continued)****Plan assets**

AASB 1060.173(c) Movements in the fair value of plan assets during the year were as follows:

	<b>31/12/2020</b>
	<b>\$'000</b>
	<hr/>
	Fair value of plan assets as at 1 January 2020
AASB 1060.173(c)(i)	Contributions
AASB 1060.173(c)(ii)	Benefits paid
AASB 1060.173(g)	Actual return on plan assets
AASB 1060.173(c)(iii)	Other changes in plan assets <i>[describe]</i>
	<hr/>
	Fair value of plan assets as at 31 December 2020
	<hr/>

AASB 1060.173 The above reconciliation need not be given for prior periods.

AASB 1060.173(e) The major classes of plan assets are as follows:

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>\$'000</b>	<b>\$'000</b>
	<hr/>	<hr/>
AASB 1060.173(e)	Equity instruments (1)	
AASB 1060.173(e)	Debt instruments	
AASB 1060.173(e)	Property (2)	
AASB 1060.173(e)	Other assets <i>[describe]</i>	
	<hr/>	<hr/>
AASB 1060.173(f)(i)	(1) Included in the total carrying amount of equity instruments is an amount of \$ ____ (2019: \$ ____ ) of investments in the <i>[describe]</i> class of the Group's own financial instruments.	
AASB 1060.173(f)(ii)	(2) Included in the total carrying amount of property is an amount of \$ ____ (2019: \$ ____ ) of property that is leased to the Group.	

AASB 1060.173(h) **Assumptions used**

The most recent actuarial valuations of the plan assets and the present value of the defined benefit liability were carried out at 31 December 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:

	<b>31/12/2020</b>	<b>31/12/2019</b>
AASB 1060.173(h)(i)	Discount rates	
AASB 1060.173(h)(ii)	Expected rates of return on plan assets	
AASB 1060.173(h)(iii)	Expected rates of salary increases	
AASB 1060.173(h)(iv)	Medical cost trend rates	
AASB 1060.173(h)(v)	Other <i>[describe, e.g. average longevity at retirement age]</i>	

## Source

**36. Employee benefits (continued)**

AASB 1060.173(d)

**Total cost**

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

AASB 1060.173(d)

Total cost of defined benefit plans

<b>31/12/2020</b>	<b>31/12/2019</b>
<b>\$'000</b>	<b>\$'000</b>

AASB 1060.173

**Subsidiaries within groups**

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. The subsidiary can disclose this information by cross-reference to disclosures in another group entity's financial statements if:

AASB 1060.173(i)

- That group entity's financial statements separately identify and disclose the information required about the plan

AASB 1060.173(j)

- That group entity's financial statements are available to users of the financial statements on the same terms as the financial statements of the entity and at the same time, or earlier than, the financial statements of the entity

AASB 1060.174

**Termination benefits**

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.

AASB 1060.175

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**

AASB 1060.120

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.

AASB 1060.120

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

	<u>31/12/2020</u>	<u>31/12/2019</u>
	<u>\$'000</u>	<u>\$'000</u>
AASB 1060.121(a)		
AASB 1060.121(b)		

Change in fair value of hedging instruments recognised in profit or loss

Change in fair value of hedged items recognised in profit or loss

**Cash flow hedges**

AASB 1060.120

AASB 1060.122(a)

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.

AASB 1060.120

AASB 1060.122(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.

AASB 1060.120

AASB 1060.122(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.

AASB 1060.122(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:

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>\$'000</b>	<b>\$'000</b>
AASB 1060.122(c)	Change in fair value of hedging instruments recognised in other comprehensive income	
AASB 1060.122(d)	Amount reclassified to profit or loss for the period	
AASB 1060.122(e)	Hedge ineffectiveness recognised in profit or loss	
AASB 1060.122	Foreign currency forward contract assets and liabilities are presented in the line 'other financial assets' and 'other financial liabilities' (as applicable) in the statement of financial position.	

AASB 1060.122(b) In addition, the entity discloses a description of any forecast transaction for which hedge accounting had previously been used, but which is no longer expected to occur.

**Net investment hedges**

AASB 1060.120 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.

AASB 1060.120 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.

The following information relates to the Group's net investment hedges:

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>\$'000</b>	<b>\$'000</b>
AASB 1060.122(c)	Change in fair value of hedging instruments recognised in other comprehensive income	
AASB 1060.122(d)	Amount reclassified to profit or loss for the period	
AASB 1060.122(e)	Hedge ineffectiveness recognised in profit or loss	
AASB 1060.122(b)	In addition, the entity discloses a description of any forecast transaction for which hedge accounting had previously been used, but which is no longer expected to occur.	

## Source

ASIC-CI 2016/191

**38. Related parties**

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.

AASB 1060.197

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.

AASB 1060.192

**Information about the parent and subsidiaries**

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.

AASB 1060.192

Tier 2 Pty Limited is a wholly-owned subsidiary of *[Parent name]*.

*[Parent name]* is incorporated in *[F Land]* and is itself wholly-owned by *[Intermediate parent name]*, incorporated in *[G Land]*. Financial statements of *[Intermediate parent company]* are publicly available at *[website or other location]*.

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

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

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**

AASB 1060.194

Aggregate key management personnel compensation

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>\$</b>	<b>\$</b>
	<u>                    </u>	<u>                    </u>

AASB 1060.195

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.

AASB 1060.196

Amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity are disclosed.

## Source

**38. Related parties (continued)****Transactions with related parties**

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

AASB 1060.198(a)	Sale of goods		Purchase of goods	
	31/12/2020 \$'000	31/12/2019 \$'000	31/12/2020 \$'000	31/12/2019 \$'000
<i>[Ultimate parent company name]</i>				
Associates				
<i>[Describe nature of each related party relationship]</i>				

At the end of the year, the following balances were outstanding between entities within the Group and related parties who are not members of the Group:

AASB 1060.198(b)	Amounts owed by related parties		Amounts owed to related parties	
	31/12/2020 \$'000	31/12/2019 \$'000	31/12/2020 \$'000	31/12/2019 \$'000
<i>[Ultimate parent company name]</i>				
Associates				
AASB 1060.199 <i>[Describe nature of each related party relationship]</i>				
AASB 1060.198(c) Less: Allowance for uncollectable amounts				

AASB 1060.198 Sales of goods to related parties were made at the Group's usual list prices, less average discounts of \_\_\_%. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

AASB 1060.198(b)  
AASB 1060.198(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**

AASB 1060.198(b) The following are details of loans to related parties:

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>\$'000</b>	<b>\$'000</b>
AASB 1060.199(a) Loans to entities with control, joint control or significant influence over the Company <i>[describe]</i>	_____	_____
AASB 1060.198(c) Less: Allowance for uncollectable receivables	_____	_____
AASB 1060.199(b) Loans to associates	_____	_____
AASB 1060.198(c) Less: Allowance for uncollectable receivables	_____	_____
AASB 1060.199(c) Loans to key management personnel	_____	_____
AASB 1060.198(c) Less: Allowance for uncollectable receivables	_____	_____
AASB 1060.199(d) Loans to other related parties <i>[describe]</i>	_____	_____
AASB 1060.198(c) Less: Allowance for uncollectable receivables	_____	_____
	_____	_____
	_____	_____

AASB 1060.198 During the period, the Group has provided its associates with short-term loans of \$ \_\_\_\_ (2019: \$ \_\_\_\_ ) at  
 AASB 1060.198(a) rates comparable to the average commercial rate of interest.

AASB 1060.198 *[Provide additional information necessary for an understanding of each related party relationship on the financial statements.]*

**Other related party transactions**

AASB 1060.197 The following additional related party transactions occurred during the current and prior periods:  
 AASB 1060.198

- 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

AASB 1060.201

**38. Related parties (continued)****Examples**

The following are examples of transactions that would be disclosed if they are with a related party:

- Purchases or sales of goods (finished or unfinished)
- Purchases or sales of property and other assets
- Rendering or receiving of services
- Leases
- Transfers of research and development
- Transfers under licence agreements
- Transfers under finance arrangements (including loans and equity contributions in cash or in kind)
- Provision of guarantees or collateral
- Settlement of liabilities on behalf of the entity or by the entity on behalf of another party
- Participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities
- Commitments to do something if a particular event occurs, or does not occur in the future, including executory contracts (recognised or unrecognised).

**39. Contingent liabilities and contingent assets****Contingent liabilities**

AASB 1060.154

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**

AASB 1060.155

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, where practicable, an estimate of 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**

AASB 1060.156

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.



## Source

**40. Subsequent events**

- AASB 1060.187 On *[date]* the premises of *[name of subsidiary]* were seriously damaged by fire. Insurance claims have been put in hand but the cost of refurbishment is currently expected to exceed these by \$ \_\_\_\_ (2019: nil).
- AASB 1060.185 An entity adjusts the amounts recognised in its financial statements, including related disclosures, to reflect adjusting events after the end of the reporting period.
- AASB 1060.187 An entity discloses 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.
- AASB 1060.188 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, classification of assets as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, disposals 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

ASIC-CI 2016/785.6(v)

**41. Subsidiaries**

In addition to the requirement of AASB 1060, 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.

AASB 1060.192

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
		31/12/2020	31/12/2019
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

AASB 1060.104(b)

(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)

AASB 1060.192

(ii) These companies are members of the tax-consolidated group. Tier 2 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 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.

AASB 1060.192

AASB 1060 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 to be disclosed is not specified in AASB 1060.

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

ASIC-CI 2016/785

**Details required for entities relying on *ASIC Corporations Instrument 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:

- 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
- 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**

The disclosures below are required in consolidated financial statements of the 'holding entity' which include 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 subsidiaries that are not parties to the deed of cross guarantee (as is the case in these illustrative disclosures).

The consolidated income statement and consolidated statement of financial position of the entities which are parties to the deed of cross guarantee are:

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Statement of comprehensive income</b>		
Revenue		
Cost of sales		
<b>Gross profit</b>		
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		
<b>Profit before tax</b>		
Income tax expense		
<b>Profit for the year from continuing operations</b>		
Profit for the year from discontinued operations		
<b>Profit for the year</b>		

AASB 1060.104(c)

AASB 1060.104(d)

ASIC-CI 2016/785.6(v)

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

## Source

## 41. Subsidiaries (continued)

	31/12/2020 \$'000	31/12/2019 \$'000
<b>Other comprehensive Income</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
- 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 <i>[describe]</i>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
- 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 <i>[describe]</i>		
<b>Arising from investments accounted for by the equity method<sup>10</sup>:</b>		
- Share of other comprehensive income of associates		
- Share of other comprehensive income of joint ventures		
<b>Other comprehensive income for the year</b>		
<b>Total comprehensive Income for the year</b>		
	<b>31/12/2020</b> <b>\$'000</b>	<b>31/12/2019</b> <b>\$'000</b>
<b>Statement of financial position</b>		
<b>Current assets</b>		
Cash and cash equivalents		
Trade and other receivables		
Finance lease receivables		
Other financial assets		
Inventories		
Current tax assets		
Other assets		
<b>Total current assets</b>		

<sup>10</sup> AASB 1060.52(h) does not explicitly require that the share of other comprehensive income of associates and joint ventures accounted for by the equity method to be split between amounts that will not be reclassified subsequently to profit and loss and that will be reclassified subsequently to profit and loss when specific conditions arise (as is required by AASB 1060.52(g)). Entities may wish to provide additional information to provide this split if considered necessary.

## Source

## 41. Subsidiaries (continued)

	31/12/2020 \$'000	31/12/2019 \$'000
<b>Non-current assets</b>		
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		
<b>Total non-current assets</b>		
<b>Total assets</b>		
<b>Current liabilities</b>		
Trade and other payables		
Lease liabilities		
Other borrowings		
Other financial liabilities		
Provisions		
Deferred government grants		
Current tax liabilities		
Other liabilities		
<b>Total current liabilities</b>		
<b>Non-current liabilities</b>		
Lease liabilities		
Borrowings		
Other financial liabilities		
Provisions		
Deferred tax liabilities		
Deferred government grants		
Other liabilities		
<b>Total non-current liabilities</b>		
<b>Total liabilities</b>		
<b>Net assets</b>		
<b>Equity</b>		
Share capital		
Reserves		
Retained earnings		
<b>Total equity</b>		

## Source

## 41. Subsidiaries (continued)

	31/12/2020	31/12/2019
	\$'000	\$'000
<b>Retained earnings</b>		
<b>Retained earnings as at beginning of the financial year</b>		
Net profit		
Dividends provided for or paid		
Share buy-back		
<b>Retained earnings as at end of the financial year</b>		

**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).

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 AASB 1060, 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 1060, the disclosures should be presented in accordance with the requirements with the Corporations Instrument.**

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

ASIC-CI 2016/785  
s.4

## Source

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

## 42. Parent entity information

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 1060, the parent entity disclosures are required for entities preparing financial reports under Part 2M.3 of the *Corporations Act 2001*.

### Accounting policies

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.

AASB 1060.95

### 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.

AASB 1060.192  
AASB 1060.198

Amounts payable or receivable under the tax-funding arrangement between the Company and the entities in the tax consolidated group are determined using a 'separate taxpayer within group'\* approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred and does not tax effect transactions that have no tax consequences to the group. The same basis is used for tax allocation within the tax-consolidated group.

*\* Where other methods are used ('stand alone taxpayer' or 'group allocation') this wording should be changed, and the actual basis of allocation outlined in the next sentence should be updated to reflect the entity's circumstances.*

## Source

## 42. Parent entity information (continued)

		31/12/2020	31/12/2019
		\$'000	\$'000
<b>Financial position</b>			
<b>Assets</b>			
Reg2M.3.01(a),(k)	Current assets		
	Non-current assets		
Reg2M.3.01(b),(k)	<b>Total assets</b>		
<b>Liabilities</b>			
Reg2M.3.01(c),(k)	Current liabilities		
	Non-current liabilities		
Reg2M.3.01(d),(k)	<b>Total liabilities</b>		
<b>Equity</b>			
Reg2M.3.01(e),(k)	Issued capital		
	Retained earnings		
	Reserves		
	- Properties revaluation		
	- Investments revaluation		
	- Contributions		
	- Cash-flow hedging		
	- Foreign currency translation		
	- Option premium on convertible notes		
	- Other <i>[describe]</i>		
	<b>Total equity</b>		
<b>Financial performance</b>			
		<b>Year ended</b>	
		31/12/2020	31/12/2019
		\$'000	\$'000
Reg2M.3.01(f),(k)	Profit for the year		
	Other comprehensive income		
Reg2M.3.01(g),(k)	Total comprehensive income		
Reg2M.3.01(h),(k)	<b>Guarantees entered into by the parent entity in relation to the debts of its subsidiaries</b>		
		31/12/2020	31/12/2019
		\$'000	\$'000
Guarantee provided under the deed of cross guarantee (i)			

(i) Tier 2 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.



## Source

**42. Parent entity information (continued)**

Reg2M.3.01(i), (k)

**Contingent liabilities of the parent entity***[describe]*

31/12/2020	31/12/2019
\$'000	\$'000

-	-
---	---

Reg2M.3.01(j), (k)

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

31/12/2020	31/12/2019
\$'000	\$'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 the regulation, "parent entity" means a company, registered scheme or disclosing entity that is required by the accounting standards to prepare financial statements in relation to a consolidated entity.

**43. Authorisation of the financial statements**

The financial statements were approved by the board of directors and authorised for issue on 13 April 2021.

AASB 1060.186

## Source

ASIC-CI 2016/191

**44. Remuneration of auditors**

In making the following disclosure, entities must consider the extent to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* permits information about the remuneration of auditors to be rounded.

		<b>31/12/2020</b>	<b>31/12/2019</b>
		<b>\$</b>	<b>\$</b>
AASB 1060.98	<b>Deloitte and related network firms*</b>		
AASB 1060.98(a)	Audit or review of financial reports:		
	- Group		
	- Subsidiaries and joint operations		
AASB 1060.98(b), 99	Statutory assurance services required by legislation to be provided by the auditor		
AASB 1060.98(b), 99	Other assurance and agreed-upon procedures under other legislation or contractual arrangements		
AASB 1060.98(b), 99	Other services:		
AASB 1060.99	- [Describe]		
AASB 1060.98	<b>Other auditors and their related network firms</b>		
AASB 1060.98(b)	Audit or review of financial reports:		
	- Subsidiaries and joint operations		
	- Other [describe]		
AASB 1060.98(b), 99	Statutory assurance services required by legislation to be provided by the auditor		
AASB 1060.98(b), 99	Other assurance and agreed-upon procedures under other legislation or contractual arrangements		
AASB 1060.98(b)	Other services		
AASB 1060.99	- [Describe]		

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

## Source

**44. Remuneration of auditors (continued)****Suggested disclosures**

In February 2020, the Federal Parliamentary Joint Committee on Corporations and Financial Services released *Regulation of Auditing in Australia: Interim Report* (available at [parlinfo.aph.gov.au](http://parlinfo.aph.gov.au)). Included in this interim report is a recommendation to introduce defined categories and associated fee disclosure requirements in relation to audit and non-audit services.

In the meantime, we encourage entities to provide transparent and expanded disclosures in their financial reports at 31 December 2020. Potential categories of disclosure may include:

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

**Additional guidance**

Remuneration of international associates of Deloitte Touche Tohmatsu Australia are disclosed under 'Fees to Deloitte and related network firm'.

## AASB 1054.11

The nature and amount of each category of other services provided by a network firm of the auditor of a parent entity shall be disclosed in the notes to the financial statements.

'Network firm' is defined in APES 110 *Code of Ethics for Professional Accountants* as 'a Firm or entity that belongs to a Network'.

*Firm* is defined in APES 110 as:

- A sole practitioner, partnership, corporation or other entity of professional accountants
- An entity that controls such parties through ownership, management or other means
- An entity controlled by such parties through ownership, management or other means, or
- An Auditor-General's office or department.

'Network' is defined in APES 110 as:

'A larger structure:

- (a) That is aimed at co-operation, and
- (b) That is clearly aimed at profit or cost sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand-name, or a significant part of professional resources.'

The definition of 'Network' is to be read in the context of the guidance provided in paragraphs 290.13-24 of APES 110.

**Source**

AASB 1060.95

**45. Significant accounting policies**

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**

AASB 1060.91(a)

AASB 1060.95

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.

## Source

AASB 1060.95

**45. Significant accounting policies (continued)**

The principal accounting policies are set out below.

**Example accounting policies**

The following illustrations are quoted by way of examples 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 1060 *General Purpose Financial Statements- Simplified Disclosures for For-Profit and Not-for-Profit 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 met
- 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
- AASB 1060.26
  - 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)
- AASB 1060.70
  - 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:

- AASB 3.2(c)
  - Business combinations of entities or businesses under common control
- AASB 141
  - Biological assets or agricultural produce
- AASB 6
  - Exploration and evaluation activities.

## Source

AASB 1060.104(a)

## 45. Significant accounting policies (continued)

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) 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 affect 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 in the business combinations policy.

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**

AASB 1060.125(a)

AASB 1060.129(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.

## Source

**45. Significant accounting policies (continued)****Investments in associates and joint ventures (continued)**

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

The net investment in an associate or joint venture is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated cash flows from the net investment that can be reliably estimated.

Where there is objective evidence that the Group's net investment in an associate or joint venture is impaired, the requirements of AASB 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with 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.

Source

## 45. Significant accounting policies (continued)

### Investments in associates and joint ventures (continued)

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.

### 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 as 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 as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

### Revenue recognition

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.

More information about the Group's revenue sources and how they are accounted for are set out in Note 4.

## Source

## 45. Significant accounting policies (continued)

### 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.

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

- 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.

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 are 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.

## Source

**45. Significant accounting policies (continued)****Leases (continued)****The Group as lessee (continued)**

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 right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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.

**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.

## Source

## 45. Significant accounting policies (continued)

### Leases (continued)

#### The Group as lessor (continued)

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of AASB 9 *Financial Instruments*, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

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 the hedging accounting policy under the financial instruments policy below)
- 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.

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.

Source

## 45. Significant accounting policies (continued)

### Foreign currencies (continued)

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

AASB 1060.160(d)

**45. Significant accounting policies (continued)****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. The benefit of the below market rate of interest is 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.

Details of government grants and assistance can be found in Note 28.

**Retirement and termination 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 Tier 2 Pty 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.

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.

## 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.

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.

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.

## Source

**45. Significant accounting policies (continued)****Property, plant and equipment**

AASB 1060.134(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.

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

AASB 1060.134(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.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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.

Provide additional explanation if the Group has elected to use fair value or a previous revaluation as deemed cost on transition to AASB 1060 (where AASB 1 *First-time Adoption of Australian Accounting Standards* has been applied on transition).

## Source

## 45. Significant accounting policies (continued)

### 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.

### 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.

## Source

**45. Significant accounting policies (continued)****Intangible assets (continued)****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.

**Patents**

Patents 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.

## Source

**45. Significant accounting policies (continued)****Inventories**

AASB 1060.123(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.

AASB 1060.113

**Fair value measurements**

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* and value in use in AASB 136 *Impairment of Assets*.

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.



## Source

AASB 1060.113

**45. Significant accounting policies (continued)****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, except for trade receivables which are initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**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 redeemable notes 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 redeemable notes 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 redeemable notes 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.

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.

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).

**(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. The residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the investments revaluation reserve
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item as part of the fair value gain or loss
- 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 are 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 16 *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 earnings/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 AASB 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 AASB 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.

**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.

**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*.

## Source

**45. Significant accounting policies (continued)****Own shares**

Own shares represent the shares of the parent company (Tier 2 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.

AASB 1060.167

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.

AASB 1060.166

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.

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.

## Source

**45. Significant accounting policies (continued)****Share-based payment (continued)****Share-based payment transactions of the acquiree in a business combination (continued)**

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.

**Supplier financing arrangements and factoring of receivables**

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

- The approach to the presentation of significant supplier financing arrangements and, in accordance with AASB 1060.96, the judgements made in applying that policy
- How supplier financing transactions have been reflected in the statement of cash flows
- The carrying amount of the liabilities in question and the line item(s) in which they are presented.

When an entity enters into arrangements for factoring of receivables where they are not fully derecognised, it is important that the policy adopted for the treatment of cash flows arising is clearly explained and that any non-cash financing transactions are disclosed in accordance with AASB 1060.86. In particular, an explanation of whether the cash flows received on the receivables are treated as operating inflows with associated financing outflows that are deemed to repay the financing liability that was recognised when the receivables were transferred.

AASB 1060.114





This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 312,000 people make an impact that matters at [www.deloitte.com](http://www.deloitte.com).

#### **Deloitte Asia Pacific**

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

#### **Deloitte Australia**

The Australian partnership of Deloitte Touche Tohmatsu is a member of Deloitte Asia Pacific Limited and the Deloitte organisation. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, risk advisory, and financial advisory services through approximately 8000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at <https://www2.deloitte.com/au/en.html>.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

©2021 Deloitte Touche Tohmatsu