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Tier 2 model financial report

Financial reporting periods ending on or after 30 June 2023

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The information in this publication is current as of 11 May 2023 and entities should ensure any developments occurring from this date to the date of authorising of the financial statements are appropriately taken into account. This publication is updated annually (for December reporting periods) and when necessary, also for June. The latest edition can be found at www.deloitte.com/au/models.

Introduction

June 2023 represents a relatively stable period for Tier 2 financial statements. After the initial implementation year of Australian Accounting Standards – Simplified Disclosures, Tier 2 entities can work to improve systems, processes and disclosures.

The removal of special purpose financial statements and the introduction of Australian Accounting Standards – Simplified Disclosures as a replacement for Reduced Disclosure Requirements (RDR) for financial years ending on or after 30 June 2022 represented a significant transition for many entities. In our experience, entities may have underestimated the amount of data and effort required to meet the Simplified Disclosures requirements, requiring ad-hoc or temporary solutions.

Fortunately, the June 2023 reporting period represents a period of relative calm in financial reporting changes. This presents the opportunity for entities to:

- Improve their reporting processes, implementing more permanent data collection systems and focus on the quality and accuracy of data collected
- Increase the transparency of their disclosures to ensure the users of the financial statements
- Consider developments in sustainability reporting, which whilst initially focused in Australia on large listed entities and financial institutions, may be extended in due course to larger unlisted entities.

Consistent with the relative period of calm, the model financial statements included in this document have not substantially changed, with the exception of the removal of guidance and example disclosures around transition to Simplified Disclosures.

May 2023

"Entities should bed down their reporting processes and improve the quality of disclosures during this otherwise quiet period of financial reporting changes"

Alison White
National Leader
Accounting Technical

About the Tier 2 model financial report

This Tier 2 model financial report can be used as a guide in achieving best practice outcomes in Tier 2 full-year financial reporting.

About these illustrative disclosures

Basis

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 **not** applying Australian Accounting Standards – Simplified Disclosures for the first time (i.e. there are no transitional disclosures or guidance provided in relation to the application of Australian Accounting Standards – Simplified Disclosures. This model financial report does not deal with transition. See our *Model Tier 2 financial report Financial reporting periods ending on or after 30 June 2022* available at www.deloitte.com/au/models for 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* on the basis the entity is applying Australian Accounting Standards – Simplified Disclosures for the first time).

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**[1]. This version provides a comprehensive illustration of the disclosures required by AASB 1060 (subject to the limitations noted below).

Changes from the prior Tier 2 model financial report

To assist readers to identity changes from the last Tier 2 model financial report (i.e. for financial reporting periods ending on or after 30 June 2022), we have included this blue colour-coded bar in the left margin of the model financial statements. This does not include where disclosures have been removed (e.g. in respect of transitional disclosures on moving to Australian Accounting Standards – Simplified Disclosures).

Overview of Simplified Disclosures

AASB 1053 *Application of Tiers of Australian Accounting Standards* identifies two tiers of reporting requirements for preparing general purpose financial statements (AASB 1053.7):

- Tier 1: Australian Accounting Standards, which incorporate IFRS Accounting Standards issued by the IASB and include additional requirements specific to Australian entities
- Tier 2: Australian Accounting Standards – Simplified Disclosures.

Tier 2 comprises the recognition and measurement requirements of Tier 1 (including consolidation and the equity method of accounting where applicable) but substantially reduced disclosure requirements when compared to Tier 1 (AASB 1053.9). Therefore, entities will adopt the same recognition and measurement requirements whether they apply Tier 1 or Tier 2.

[1] See Not-for-profit private sector and public sector entities section below for application of this document to private sector not-for-profit entities and public sector entities

Similarly, the presentation requirements of Tier 1 and Tier 2 are the same, except for:

- The requirement to present a third statement of financial position, which is required in Tier 1 financial statements when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or reclassifies items in its financial statements
- The option of not presenting a statement of changes in equity in Tier 2 financial statements, whereby an entity presents a single statement of income and retained earnings in place of a statement of changes in equity provided certain conditions are met (see the illustrative example on page 39).

The disclosure requirements for Tier 2 financial statements are included in AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

Entities applying Simplified Disclosures

In broad terms, Simplified Disclosures are applied by:

- Private sector for-profit entities with a legislative requirement to prepare financial statements in accordance with Australian Accounting Standards or accounting standards
- Private sector for-profit entities with a non-legislative requirement to prepare financial statements in accordance with Australian Accounting Standards, which arises through a constituting document or other document which has been created or amended on or after 1 July 2021
- Other entities applying Simplified Disclosures, including not-for-profit entities which are required to, or choose to, apply Tier 2.

Entities transitioning to Tier 2 Simplified Disclosures can see our June 2022 Tier 2 model financial report which can be accessed at www.deloitte.com/au/models.

Tier 2 presentation and disclosure checklist

An excel checklist that summarises the presentation and disclosure requirements of AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and other relevant Australian Accounting Standards is available on www.deloitte.com/au/models.

Basis of preparation

For-profit entity disclosures

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[2]** 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 11 May 2023 .

[2] 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. See Not-for-profit private sector and public sector entities below for application of this document to private sector not-for-profit entities and public sector entities.

Not-for-profit private sector and public sector entities

Paragraph 214 of AASB 1060 contains a summary of disclosures applicable only to not-for-profit private sector entities and public sector entities. In addition, some not-for-profit entities may be affected by the provisions of the *Australian Charities and Not-for-profits Commission Act 2012*, insofar as they relate to the primary financial statements and notes to the financial statements..

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

Illustrative disclosures and guidance specific to public sector entities have been highlighted in this document by being shaded using light green colouring as illustrated here.

The illustrative disclosures are suitable for use as a guide only and will not be appropriate for use by all not-for-profit private sector and public sector entities. Each not-for-profit private sector and public sector entity should consider its respective circumstances and amend the disclosures as necessary.

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.

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.

Abbreviations

Abbreviations used in this publication are as follows:

Term	Meaning
s.	Section of the *Corporations Act 2001*
Reg	Regulation of the *Corporations Regulations 2001*
AASB	Australian Accounting Standard issued by the Australian Accounting Standards Board
AASB 1060	Australian Accounting Standard AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*
ACNC	Australian Charities and Not-for-profits Commission
IASB	International Accounting Standards Board (IASB®)
IFRS Accounting Standards	The Standards as issued by the International Accounting Standards Board (IASB)
Int	Interpretation issued by the Australian Accounting Standards Board
APES	Professional and Ethical Standard issued by the Accounting Professional and Ethical Standards Board
ASA	Australian Auditing Standard issued by the Auditing and Assurance Standards Board
ASIC-CO/ ASIC-CI	Australian Securities and Investments Commission Class Order/Corporations Instrument issued pursuant to s.341(1) of the *Corporations Act 2001*
ASIC-RG	Australian Securities and Investments Commission Regulatory Guide

Term	Meaning
ED	AASB Exposure Draft
GPFS	General purpose financial statements
Simplified Disclosures	Australian Accounting Standards – Simplified Disclosures as defined in AASB 1053 *Application of Tiers of Australian Accounting Standards*

What's new in financial reporting?

This section provides a high-level overview of the key financial reporting considerations in Tier 2 financial statements for annual reporting periods ending on 30 June 2023

The information in this section was prepared as of 11 May 2023 and entities should ensure any developments occurring from this date to the date of authorising of the financial statements are appropriately taken into account. This publication is updated for the June and December reporting periods. The latest edition can be found at www.deloitte.com/au/models.

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

Summary of changes

Summary of key financial reporting considerations for 30 June 2023

Relevant to full year Tier 2 financial reports at 30 June 2023

The following should be considered for full year Tier 2 financial reports at 30 June 2023. More information is provided in our *Tier 1 models and reporting considerations* publication financial statements, which is available at www.deloitte.com/au/models.

What's changed?	Who is affected?	What needs to be considered?
Overall considerations		
The challenging economic conditions as a result of geopolitical instability and conflicts, rising inflation, increasing interest rates and energy prices, supply chain constraints, labour shortages, extreme weather events and global banking sector instability may have a pervasive impact on financial reporting.	Virtually all entities are affected in some way	An important response to these challenges is to enhance the transparency of the financial report so that readers understand the ongoing impacts of current economic conditions. AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* accommodates this uncertainty through specific measurement requirements and associated disclosure requirements, and an overall requirement to explicitly call out key judgements and estimates made in applying the entity's accounting policies, information about assumptions about the future and sources of estimation uncertainty. These disclosures are critical to a reader's understanding of the financial report and are a key focus area for regulators. Disclosure needs to consider both positive and negative developments. The decisions, judgements and uncertainties involved in compiling the financial statements should be clearly disclosed. The overall report should outline the impacts, how risks are managed and overall impact on the entity. This may be included in the director's report and also in the financial statements disclosures for example around critical judgements and estimation uncertainties and sensitivity analyses.
Entities need to respond to a continuing global push for standardised environmental, social and governance (ESG) reporting and be aware of recent Australian developments exploring how global developments might be implemented in the Australian context. The Federal Government is moving toward mandatory climate-related financial disclosures that will likely be based on IFRS Sustainability Disclosure Standards from as early as 2024 2023 financial years.	Entities that are exposed to material climate-related or other emerging risks or have investors with an expectation that climate-related or emerging risks would influence their decisions. The Federal Government has signalled mandatory climate-related financial disclosures will initially apply to large listed entities and large financial institutions and be expanded to other entities over time.	The ISSB issued its first two exposure drafts on sustainability reporting in March 2022 and is preparing to issue its first two IFRS Sustainability Disclosure Standards towards the end of Q2 2023.. The AASB is currently developing a separate suite of sustainability reporting standards but with a "climate first" approach and the Federal Government has consulted on a regulatory framework to implement mandatory climate-related financial disclosures. Financial reporting areas that may be impacted include asset impairment, changes in useful lives, valuation of assets, provisions and contingent liabilities and expected credit losses. The directors' report may also need to include discussion of the impacts of climate change and other sustainability matters..

What's changed?	Who is affected?	What needs to be considered?
Entities implementing a sustainability reporting framework or making sustainability statements/claims should avoid greenwashing.	Virtually all entities are affected in some way	The global push for a shift to "net zero" greenhouse gas emissions means balancing stakeholder demands with organisational realities and exposes entities to the risks of greenwashing, with serious regulatory and legal implications. ASIC has become much more active in this space recently and has released a number of media releases announcing actions against many entities on greenwashing as well as launching its first court proceedings alleging greenwashing in February 2023. Where entities are making sustainability statements or claims in advertising/marketing it is important for financial reporting outcomes to be consistent, for entities to be able to support the statements and claims with evidence and to avoid greenwashing.
Underlying accounting changes		
IASB has agreed to finalise amendments to IAS 12 *Income Taxes* to introduce temporary relief from recognising deferred taxes arising from the OECD 'Pillar Two' tax reforms.	Entities that have global revenue of at least EUR750 million per annum	The final amendments to IAS 12 are expected to be issued by the end of May 2023 and will be **effective on issue** (with disclosure required that the exception has been applied), with additional disclosures required in financial reporting periods beginning on or after 1 January 2023. It is expected that the AASB will adopt the amendments in line with the IASB and consider the impacts on Tier 2 financial statements. Although the disclosure requirements may not apply to Tier 2 entities, where Pillar Two is relevant to an entity, consideration should be given to including disclosure in Tier 2 financial statements.
Some amendments to Australian Accounting Standards become applicable for the first time.	Various entities depending upon the nature of the entity's activities and transactions	In some cases particular entities may be impacted. It is important to understand the nature and detail of these changes to determine if they could significantly impact each entity (see section *Summary of mandatory new and amended pronouncements* starting on page 14).
IFRIC has issued a number of agenda decisions	Entities which have transactions contemplated by the agenda decisions	Entities should consider whether they are impacted by any of the IFRIC agenda decisions and whether they need to change their accounting policies as a result of the agenda decisions but are entitled to 'sufficient time' to do so.
Other considerations		
For financial years ending on or after 10 August 2022, grandfathered proprietary companies are no longer exempt from the requirement to lodge financial statements with ASIC. Therefore, previously grandfathered entities with June reporting dates will be required to lodge financial statements with ASIC at 30 June 2023.	Grandfathered proprietary companies	Grandfathered proprietary companies need to lodge their audited financial statements with ASIC within the four month reporting deadline.

What's changed?	Who is affected?	What needs to be considered?
A change in the way in which accounting policies are disclosed in financial reports is effective for annual reporting periods beginning on or after 1 January 2023, requiring disclosure of material accounting policy information rather significant accounting policies	Entities preparing GPFS	Whilst not applicable until reporting periods beginning on or after 1 January 2023, early adoption may be attractive for entities wishing to place an emphasis on meaningful, entity-specific accounting policy information rather than repeating the requirements of standards (see section *Accounting policy disclosure changes* starting on page 53).

The above table is a high-level summary and each entity will be affected differently. Accordingly, financial report preparers should consider their own specific circumstances when preparing their financial reports and ensure they fully consider all the requirements discussed in section B of the 30 June 2023 *Tier 1 models and reporting considerations* publication.

Important note regarding ASIC focus areas

At the time of going to finalising this publication (11 May 2023), ASIC had not released its focus areas for 30 June 2023 and had last updated its frequently asked questions on COVID-19 implications for financial reporting and audit on 11 January 2023. We expect that the focus areas will be largely consistent with prior periods, covering recoverability of assets, classification of debt as current or non-current, adequacy of provisions, solvency and going concern assessments, disclosure of subsequent events and accounting for software-as-a-service arrangements.

ASIC's 30 June 2023 focus areas are expected to be announced on the ASIC website prior to the commencement of the June reporting season. More information on key matters to consider in responding to ASIC's focus areas can be found in our Clarity publication *Putting ASIC areas into focus - Financial reporting in times of risk and uncertainty*. We will provide updates in future editions.

Our *Client financial reporting update* series provide insights from leading specialists in financial reporting from our Accounting Technical team and audit practice who share thoughts and lessons learnt from the recent reporting season as well as discussing current and emerging reporting issues for the June 2023 reporting season. *Client financial reporting updates* can be accessed at www.deloitte.com/au/cfru.

Summary of mandatory new and amended pronouncements

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

The tables and other information in this section outline the new and revised pronouncements and other requirements that are to be applied for the first time at 30 June 2023 (for full-year Tier 2 financial statements).

Overall considerations

Impacts of adopting new and revised pronouncements

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

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

Area	Consideration
Updates to accounting policies	The terminology and substance of accounting policies may need to be updated to reflect new recognition, measurement and other requirements.
Impact of transitional provisions	AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* contains a general requirement that changes in accounting policies are retrospectively applied, but this does not apply to the extent an individual pronouncement has specific transitional provisions.
Disclosures about changes in accounting policies	Where an entity changes its accounting policy as a result of the initial application of an Accounting Standard (including Interpretations as a result of AASB 1048 *Interpretation of Standards*) and it has an effect on the current period or any prior period, AASB 1060 (subject to any specific transitional provisions of the Accounting Standard) requires the disclosure of a number of matters, e.g. the nature of the change in accounting policy and the amount of the adjustment for each financial statement line item affected.

Pronouncements not yet effective

AASB 1060 does not require disclosure of new accounting standards and interpretations that are not yet effective.

Early adoption

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

Summary of mandatory new and amended pronouncements

The table below summarises the amended reporting requirements that must be applied for the first time for full-financial years ending 30 June 2023. See our *Tier 1 models and reporting considerations* publication for the year ended 30 June 2023 for a summary of each pronouncement, available at www.deloitte.com/au/models and see Note 2 *Changes in accounting policies and changes in estimates* of this publication for illustrative disclosures.

Date issued	Pronouncement	Effective for annual reporting periods beginning on or after
Applicable to all annual financial statements[3]		
June 2020	AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	1 January 2022
December 2021	AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 January 2022[4]
Applicable to all not-for-profit and public sector annual financial statements		
May 2022	AASB 2022-3 *Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*	1 July 2022

[3] In addition to the pronouncements listed:

- AASB 2020-5 *Amendments to Australian Accounting Standards – Insurance Contracts* applies to annual periods beginning on or after 1 January 2021. However, AASB 2020-5 has the effect of deferring the mandatory application date of AASB 17 *Insurance Contracts* by two years from annual periods beginning on or after 1 January 2021 to annual periods beginning on or after 1 January 2023. As AASB 17 was originally effective for the earlier date, the Amending Standard is also effective for that earlier date to enact the extension. Accordingly, this pronouncement has not been included in the table.
- AASB 2020-6, although itself effective for annual reporting periods beginning on or after 1 January 2022 (the original effective date of AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*), defers the effective date of AASB 2020-1 to annual reporting periods beginning on or after 1 January 2023. AASB 2022-6 however, subsequently defers the effective date of AASB 2020-1 to annual reporting periods beginning on or after 1 January 2024 and defers the effective date of AASB 2020-6 (i.e. paragraph 139U of AASB 101) with immediate effect on issue of AASB 2022-6 in December 2022 (in other words, to require the amendments in AASB 2020-1 and AASB 2022-6 to be applied at the same time and to give effect to the deferral of the effective date of all amendments to annual reporting periods beginning on or after 1 January 2024).. Therefore AASB 2020-6 and AASB 2020-1 are not included in the table.

[4] The editorial amendments are effective for either annual periods beginning on or after January 2023i(those In respect of AASB 17 *Insurance Contracts*) or 1 January 2022. (AASB 17 is effective for annual reporting periods beginning on or after 1 January 2023).

IFRS Interpretations Committee agenda decisions

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

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

The table below outlines the agenda decisions published by the Committee since July 2021, grouped by the standards to which they relate. Where a decision relates to more than one standard, it is listed under each standard. Links in the table are to the IASB website. The IASB has also released eight volumes of its *Compilation of agenda decisions*, covering all agenda decisions from January 2019 to April 2023. The documents are available at www.ifrs.org.

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

Pronouncement	**Agenda decision** topic	Month finalised	More information
IFRS 2 *Share-based Payment*	Special purpose acquisition companies (SPACs): Accounting for warrants at acquisition	October 2022	Agenda decision
IFRS 9 *Financial Instruments*	Lessor forgiveness of lease payments	October 2022	Agenda decision
	Accounting for the third programme of the targeted longer-term refinancing operations of the European Central Bank (TLTRO III) transactions	March 2022	Agenda decision
IFRS 15 *Revenue from Contracts with Customers*	Principal versus agent: Software reseller	May 2022	Agenda decision
IFRS 16 *Leases*	Definition of a lease — Substitution rights	April 2023	Agenda decision
	Lessor forgiveness of lease payments	October 2022	Agenda decision
	Economic benefits from use of a windfarm	December 2021	Agenda decision
	Non-refundable value added tax on lease payments	October 2021	Agenda decision
IFRS 17 *Insurance Contracts*	Multi-currency groups of insurance contracts	October 2022	Agenda decision
	Transfer of insurance coverage under a group of annuity contracts	July 2022	Agenda decision
IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*	Accounting for the third programme of the targeted longer-term refinancing operations of the European Central Bank (TLTRO III) transactions	March 2022	Agenda decision
IAS 21 *The Effects of Changes in Foreign Exchange Rates*	Multi-currency groups of insurance contracts	October 2022	Agenda decision
IAS 32 *Financial Instruments: Presentation*	Special purpose acquisition companies (SPACs): Accounting for Warrants at Acquisition	October 2022	Agenda decision
	Special purpose acquisition companies (SPACs): Classification of public shares as financial liabilities or equity	July 2022	Agenda decision
	Accounting for warrants that are classified as financial liabilities on initial recognition	October 2021	Agenda decision

Pronouncement	Agenda decision topic	Month finalised	More information
IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*	Negative low emissions vehicle credits	July 2022	Agenda decision

Corporations Act 2001 developments

The following amendments and regulations relevant to financial reporting have been made which impact Tier 2 annual financial reports for the first time for at the 30 June 2023 reporting period or which are effective in future periods.

Development	When effective
Treasury Laws Amendment (2022 Measures No. 1) Act 2022 Amends the *Corporations Act 2001*, including: • Removing the lodgement relief for the grandfathered exempt proprietary companies under the Corporations Act. To give effect to the lodgement changes it also repeals *ASIC Corporations (Exempt Proprietary Companies) Instrument 2015/840* and prohibits ASIC from giving similar relief to entities within its scope • Retrospectively amending the auto-commencement date of *Treasury Laws Amendment (Registries Modernisation and Other Measures) Act 2020* (2020 Act) and also introduced transitional and validation provisions which had the effect of unwinding the auto-commencement of the 2020 Act and treating events between the commencement of the two acts as if the law in effect on 21 June 2022 applied (i.e. prior to auto-commencement of the 2020 Act[5]).	10 August 2022

ACNC developments

The following amendments and regulations relevant to financial reporting for not-for-profit entities have been made which impact full for the first time for the relevant reporting periods noted below.

Development	Commencement date
Australian Charities and Not-for-Profits Commission Regulations 2022 The purpose of *the Australian Charities and Not-for-profits Commission Regulations 2022* is to remake the *Australian Charities and Not-for-profits Commission Regulation 2013* (the former Regulations) before they sunset. The former Regulations were due to sunset on 1 April 2023. The Regulations remake the former Regulations with revisions to update and remove redundant provisions. The language, format and numbering of the former Regulations have largely been maintained in the Regulations as they are used extensively in the ACNC's administrative guidance for the sector.	1 April 2023

[5] A number of amendments in *Treasury Laws Amendment (Registries Modernisation and Other Measures) Act 2020* auto-commenced on 22 June 2022 and had the effect of transferring registry functions and powers from ASIC to the Registrar, as well as other changes to modernise the registry law. Accordingly, from commencement of the relevant sections of the 2020 Act (22 June 2022), financial reporting lodgement and other obligations imposed on entities by the Corporations Act would have required lodgement or registration with the Registrar, rather than ASIC. It was intended that the Registrar would assume legal responsibility for registry functions and powers with the progressive transfers of the registers onto the new ABRS platform in line with the Modernising Business Registers (MBR) program delivery. *Corporations Act – Transitional Registry Operations Data Standard* allowed actions to be taken through ASIC notices, forms, or systems or any other means by which the action would have been done by ASIC prior to the commencement of the instrument and *Treasury Laws Amendment (2022 Measures No. 1) Act 2022* retrospectively deferred the auto-commencement date of the 2020 Act as noted.

Reporting deadlines

Summary of reporting deadlines for annual financial reporting

Reporting deadline extensions

In prior periods, ASIC has provided certain extensions in respect of various deadlines for lodgement of documents under the Corporations Act considering the COVID-19 crisis. However in its media release *22-333MR ASIC highlights focus areas for 31 December 2022 reporting* issued in December 2022, ASIC indicated that it will not be providing a general extension for December 2022 reporting deadlines for (unlisted) entities. Therefore it is unlikely that ASIC will provide general extensions to entities for future reporting deadlines.

Entities reporting under the Corporations Act

The following table summarises the reporting deadlines for Tier 2 annual reports under the Corporations Act.

Source	Requirement	Public companies	Proprietary companies
Annual financial reporting			
s.314 s.315	Sending of financial report to members	Earlier of 21 days before the next AGM or 4 months after the end of the financial year	Within 4 months after the end of the financial year
s.319	Lodgement of the Corporations Act annual report and concise report with ASIC	Within 4 months after the year end	Within 4 months after end of the financial year
Annual general meetings			
s.250N	Hold the Annual General Meeting (AGM)	Within 5 months after the year end (unless exempted)[6]	n/a

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

Entities reporting to the ACNC

The following table summarises the reporting deadlines for Tier 2 annual reports under the ACNC.

Source	Requirement	Small	Medium	Large
Annual financial reporting				
ACNC Governance Standard 2: Accountability to members[7]	Sending of financial report to members	Whilst annual financial reports are optional, members should be able to ask for some financial information	Annual financial reports must be maintained and provided to members explaining the charity's financial position	Annual financial reports must be maintained and provided to members explaining the charity's financial position
Australian Charities and Not-for-profits Commission Act 2012 s.60-10	Lodgement of the annual report with the ACNC[8]	Submission of annual reports are optional unless required by its own governing document. Annual information statements (AIS) however must still be submitted within 6 months from reporting period end	Annual reports must be submitted as part of the Annual Information Statements within 6 months from reporting period end	Annual reports must be submitted as part of the Annual Information Statements within 6 months from reporting period end
Annual general meetings				
ACNC Governance Standard 2: Accountability to members[9]	Hold the Annual General Meeting (AGM)[10]	Organise a meeting at least annually with members (such as an AGM) with opportunities for members to ask questions and vote on resolutions	Organise a meeting at least annually with members (such as an AGM) with opportunities for members to ask questions and vote on resolutions	Organise a meeting at least annually with members (such as an AGM) with opportunities for members to ask questions and vote on resolutions

[7] If a charity meets the definition of Basic Religious Charity, it does not have to answer financial information questions in its Annual Information Statement, submit annual financial reports (regardless of its size), or comply with the ACNC Governance Standards. However, Basic Religious Charities must still meet all other ongoing obligations, including submitting their Annual Information Statement each year.
[8] A company limited by guarantee that is a registered charity only needs to submit an Annual Information Statement to the ACNC (with a financial report, if it is medium or large). It does not have to report to ASIC.
[9] ACNC Governance Standard 2 only applies to charities with members. For example, incorporated associations, companies and unincorporated associations. Other structures, such as trusts, do not have members.
[10] A company limited by guarantee that is a registered charity does not have to comply with the requirement to hold general meetings of members or annual general meetings under the Corporations Act. Instead, it must comply with the requirements of ACNC Governance Standard 2.

Dates applicable for 30 June 2023 reports

Relief available

As noted earlier in this section, at date of this report (11 May 2023) ASIC has not provided extensions in respect of deadlines for lodgement of documents under the Corporations Act in response to the COVID-19 crisis. Further ASIC has not extended the availability of the relief in *ASIC Corporations (Extension of Time to Hold AGM) Instrument 2021/770* beyond financial years ending on 7 July 2021. Therefore, entities should plan to report to ASIC and members in accordance with the usual deadlines and monitor any ASIC developments.

Deadlines applicable for annual reporting periods ending 30 June 2023

The following tables summarise the reporting deadlines for Tier 2 annual reporting periods ending 30 June 2023.

Unlisted entities

Obligation	Deadline	Date for 30 June 2023 financial reports
Lodgement of audited annual financial report with ASIC	4 months	31 October 2023
Reporting to members – public companies	Earlier of 21 days before AGM or 4 months	Earlier of 21 days before AGM or 31 October 2023
Reporting to members – proprietary companies	4 months	31 October 2023
Holding of AGM – public companies	5 months	30 November 2023

Not-for-profit ACNC registered entities

Obligation	Deadline	Date for 30 June 2023 financial reports / AIS
Lodgement of annual financial report / Annual Information Statement (AIS) with the ACNC	6 months	31 December 2023

Other deadlines

Obligation	Deadline	Date for 30 June 2023 financial reports
Lodgement of profit and loss statement and balance sheet by AFS licensees • Unlisted bodies corporate • Not bodies corporate	 4 months 2 months	 31 October 2023 31 August 2023
Preparation of consolidated financial statements under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*	4 months	31 October 2023

Tier 2 Pty Limited

ACN 123 456 789

Annual report for the financial year ended
30 June 2023

Contents

Directors' report

Source

The directors of Tier 2 Pty Limited submit herewith the annual report of the company for the financial year ended 30 June 2023. 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 P.H. Taylor
Ms F.R. Ridley
Mr A.K. Black
Mr B.M. Stavrinidis
Mr W.K. Flinders
Ms S.M. Saunders

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 19 July 2022
- Ms S.M. Saunders – appointed 4 August 2022, resigned 14 July 2023
- Mr A.K. Black – appointed 19 July 2022.

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

Review of operations

s.299(1)(a) The directors' report must contain a review of the company's operations during the financial year and the results of those operations.

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

ASIC-RG 247 In preparing this disclosure, entities may wish to refer to ASIC Regulatory Guide 247 *Effective disclosure in operating and financial review* (RG 247) 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 review of operations requirements of the *Corporations Act 2001*.

Non-IFRS financial information

ASIC-RG 230 If the directors consider it appropriate to include non-IFRS financial information in the OFR, the directors' report or another document in the annual report, the guidelines in Section D of Regulatory Guide 230 *Disclosing non-IFRS financial information* should be followed to assist in reducing the risk of non-IFRS financial information being misleading[11].

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.

Changes in state of affairs

s.299(1)(b) During the financial year, the company disposed of its *[describe]* business. The company is also seeking to dispose of its *[describe]* business, in order to focus its operations toward the *[describe]* market. Other than the aforementioned changes, there was no significant change in the state of affairs of the company during the financial year.

Subsequent events

s.299(1)(d) 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).

[11] Non-IFRS financial information is financial information presented other than in accordance with all relevant accounting standards.

Source

Future developments

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

Use of the 'unreasonable prejudice' exemption

ASIC RG 247 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.

Environmental regulations

s.299(1)(f) 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 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 30 June 2022, as detailed in the directors' report for that financial year, a final dividend of ____ cents per share franked to ____ % at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 8 August 2022.

s.300(1)(a) In respect of the financial year ended 30 June 2023, 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 10 January 2023.

s.300(1)(a) In respect of the financial year ended 30 June 2023, 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 19 April 2023.

s.300(1)(b) In respect of the financial year ended 30 June 2023, 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 27 September 2023.

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 1060:187 — 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 paragraph 187 of AASB 1060.

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.'

Proceedings on behalf of the company

s.300(14) The directors' report should disclose, with respect to persons applying for leave under s.237 to bring, or intervene in, proceedings on behalf of the company, the applicant's name and a statement whether leave was granted.

s.300(15) Where leave is granted under s.237, the directors' report should disclose the following details of any proceedings that a person has brought, or intervened in, on behalf of the company:

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

Source

Auditor's independence declaration

s.298(1AA)(c) The auditor's independence declaration is included on page 29.

True and fair view

s.298(1A) If the financial statements for a financial year include additional information under s.295(3)(c) to give a true and fair view of financial position and performance, the directors' report for the financial year must also:

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

Rounding off of amounts

ASIC-CI 2016/191.5(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 statements are rounded, that fact must be disclosed in the financial statements and 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.

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 October 2023

Source

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

s.300(2) Information required by s.300 need not be included in the directors' report where such information is disclosed in the financial statements.

ASIC-CI 2016/188 Information required by s.298(1AA)(c), s.298(1AB)(b), s.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 models and reporting considerations* publication, available at www.deloitte.com/au/models.

Inclusion of additional information in the directors' report

s.1308(7) 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

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

13 October 2023

Dear Board Members

Auditor's Independence Declaration to Tier 2 Pty Limited

s.298(1AA)(c), s.307C, ASIC-CI 2016/188

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Tier 2 Pty Limited.

As lead audit partner for the audit of the financial statements of Tier 2 Pty Limited for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely
DELOITTE TOUCHE TOHMATSU

T.L. Green
Partner
Chartered Accountants

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 reports 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	
	Duty to report
s.308(3)	The auditor's report must describe:
s.308(3)(a) s.308(3)(b)	• Any defect or irregularity in the financial report • Any deficiency, failure or shortcoming in respect of the matters referred to in s.307(b), (c) or (d), i.e.:
s.307(b)	– Whether the auditor has been given all information, explanations and assistance necessary for the conduct of the audit
s.307(c)	– Whether the company, registered scheme or disclosing entity has kept financial records sufficient to enable financial statements to be prepared and audited
s.307(d)	– Whether the company, registered scheme or disclosing entity has kept other records and registers as required by the Corporations Act.
s.308(3A) s.308(3B)	The audit report must include any statements or disclosures required by the auditing standards. If the financial statements include additional information under s.295(3)(c) (information included to give true and fair view of financial position and performance), the audit report must also include a statement of the auditor's opinion on whether the inclusion of that additional information was necessary to give the true and fair view required by s.297.
	Duty to inform
s.311	The auditor must inform 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 subsidiaries 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 October 2023

Consolidated statement of comprehensive income

For the year ended 30 June 2023

[Alternative 1 – Single statement, expenses by function]

Source		Notes	Year ended 30/06/2023 $'000	Year ended 30/06/2022 $'000 (restated*)
AASB 1060:31(c) AASB 1060:31(d), (e)				
	Continuing operations			
AASB 1060:52(a)	Revenue	4		
AASB 1060:58(b)	Cost of sales			
	Gross profit			
	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			
	Profit before tax			
AASB 1060:52(d) AASB 112:77	Income tax expense	7		
	Profit for the year from continuing operations			
	Discontinued operations			
AASB 1060:52(e)	Profit for the year from discontinued operations	8		
AASB 1060:52(f)	**PROFIT (LOSS) FOR THE YEAR**			
	Other comprehensive income, net of income tax			
AASB 1060:52(g)(i)	***Items that will not be reclassified subsequently to profit or loss:***			
	Gain on revaluation of property			
	Remeasurement of defined benefit obligation			
	Share of other comprehensive income of associates			
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 *[describe]*			

Source		Notes	Year ended 30/06/2023 $'000	Year ended 30/06/2022 $'000 (restated*)
AASB 1060:31(c) AASB 1060:31(d), (e)				
AASB 1060:52(g)(ii)	***Items that may be reclassified subsequently to profit or loss:***			
	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 *[describe]*			
AASB 1060:52(h)	***Arising from investments accounted for by the equity method[12]:***			
AASB 1060:52(h)	Share of other comprehensive income of associates			
AASB 1060:52(h)	Share of other comprehensive income of joint ventures			
	Other comprehensive income for the year			
AASB 1060:52(i)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**			
AASB 1060:53(a)	***Profit (loss) for the period attributable to:***			
AASB 1060:53(a)(ii)	- Owners of parent			
AASB 1060:53(a)(i)	- Non-controlling interest			
AASB 1060:53(b)	***Total comprehensive income attributable to:***			
AASB 1060:53(b)(ii)	- Owners of parent			
AASB 1060:53(b)(i)	- Non-controlling interest			

* The comparative information has been restated as a result *of [the change in accounting policy/prior period error]* discussed in note 2.

Additional sources: AASB 1060:25(b)(i), 28, 29,.31(b), 49(a)

[12] 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 30 June 2023

[Alternative 2 – Separate statements, expenses by nature]

Source		Notes	Year ended 30/06/2023 $'000	Year ended 30/06/2022 $'000 (restated*)
AASB 1060:31(c) AASB 1060:31(d), (e)				
	Continuing operations			
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			
	Profit before tax			
AASB 1060:52(d) AASB 112:77	Income tax expense	7		
	Profit for the year from continuing operations			
AASB 5:33A	**Discontinued operations**			
AASB 1060:52(e)	Profit (loss) for the year from discontinued operations	8		
AASB 1060:52(f)	**PROFIT (LOSS) FOR THE YEAR**			

* The comparative information has been restated as a result *of [the change in accounting policy/prior period error]* discussed in note 2.

Additional sources: AASB 1060:25(b)(ii), 28, 29,.31(b), 49(b), 54

Consolidated statement of comprehensive income

For the year ended 30 June 2023

[Alternative 2 – Separate statements]

Source		Year ended 30/06/2023 $'000	Year ended 30/06/2022 $'000 (restated*)
AASB 1060:31(c) AASB 1060:31(d), (e)			
AASB 1060:25(b)(ii)	**Profit for the year**		
	Other comprehensive income		
AASB 1060:52(g)(i)	***Items that will not be reclassified subsequently to profit or loss:***		
AASB 1060:52(g)(i)	Remeasurements of defined benefit plans		
AASB 1060:52(g)(i)	Gain on revaluation of property		
AASB 1060:52(g)(i)	Fair value gain/(loss) on investments in equity instruments designated at fair value through other comprehensive income		
AASB 1060:52(g)(i)	Fair value gain/(loss) on financial liabilities designated as at FVTOCI		
AASB 1060:52(g)(i)	Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk		
AASB 1060:52(g)(i)	Fair value gain/(loss) on hedging instruments entered into for cash flow hedges subject to basis adjustment		
AASB 1060:52(g)(i)	Fair value gain/(loss) on hedging instruments hedging investments in equity instruments measured at fair value through other comprehensive income		
AASB 1060:52(g)(i)	Cost of hedging subject to basis adjustment		
AASB 1060:52(g)(i)	Income tax relating to items that will not be reclassified subsequently to profit or loss		
AASB 1060:52(g)(ii)	***Items that may be reclassified subsequently to profit or loss:***		
AASB 1060:52(g)(ii)	Foreign currency translation, net of investment hedges of foreign operations		
AASB 1060:52(g)(ii)	Fair value gain/(loss) on investments in debt instruments at fair value through other comprehensive income		
AASB 1060:52(g)(ii)	Costs of hedging not subject to basis adjustment		
AASB 1060:52(g)(ii)	Changes in the value of the time value of options when separating the intrinsic value for hedging purposes		
AASB 1060:52(g)(ii)	Changes in the value of forward elements of forward contracts when separating the forward and spot elements for hedging purposes		
AASB 1060:52(g)(ii)	Income tax relating to items that may be reclassified subsequently to profit or loss		

Source		Year ended 30/06/2023 $'000	Year ended 30/06/2022 $'000 (restated*)
AASB 1060:31(c) AASB 1060:31(d), (e)			
AASB 1060:52(h)	***Arising from investments accounted for by the equity method[13]:***		
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		
	Other comprehensive income for the year, net of income tax		
AASB 1060:52(i)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		
AASB 1060:53(a)	***Profit (loss) for the period attributable to:***		
AASB 1060:53(a)(ii)	- Owners of parent		
AASB 1060:53(a)(i)	- Non-controlling interest		
AASB 1060:53(b)	***Total comprehensive income attributable to:***		
AASB 1060:53(b)(ii)	- Owners of the parent		
AASB 1060:53(b)(i)	- Non-controlling interests		

* The comparative information has been restated as a result *of [the change in accounting policy/prior period error]* discussed in note 2.

Additional sources: AASB 1060:25(b)(ii), 28, 29,.31(b), 49(b), 54

[13] 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 30 June 2023

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

Source		Notes	Year ended 30/06/2023 $'000	Year ended 30/06/2022 $'000 (restated*)
AASB 1060:31(c)				
AASB 1060:31(d), (e)				
	Continuing operations			
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			
	Profit before tax			
AASB 1060:52(d) AASB 112:77	Income tax expense	8		
	Profit for the year from continuing operations			
AASB 5:33A	**Discontinued operations**			
AASB 1060:52(e)	Profit for the year from discontinued operations			
AASB 1060:52(f)	**Profit (loss) for the year**			
AASB 1060:63(a)	**Retained earnings at the beginning of the financial year**			
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)	**Retained earnings at the end of the financial year**			

* The comparative information has been restated as a result *of [the change in accounting policy/prior period error]* discussed in note 2.

Source

Alternative presentation available in certain circumstances

AASB 1060:26 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 30 June 2023

Source		Notes	30/06/2023 $'000	30/06/2022 $'000 (restated)
AASB 1060:31(c)				
AASB 1060:31(d),(e)				
	Assets			
AASB 1060:37	***Current assets***			
AASB 1060:35(a)	Cash and cash equivalents	28		
AASB 1060:35(b)	Trade and other receivables	9		
	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		
	Total current assets			
AASB 1060:37	***Non-current assets***			
AASB 1060:35(c), 36	Finance lease receivables	10		
AASB 1060:35(c)	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		
	Total non-current assets			
	Total assets			

Source		Notes	30/06/2023 $'000	30/06/2022 $'000 (restated)
AASB 1060:31(c) AASB 1060:31(d),(e)				
	Liabilities			
AASB 1060:37	***Current liabilities***			
AASB 1060:35(k)	Trade and other payables	22		
AASB 1060:36	Lease liabilities	23		
AASB 1060:36	Other borrowings	24		
AASB 1060:35(l)	Other financial liabilities	25		
AASB 1060:35(o)	Provisions	26		
AASB 1060:36	Deferred government grants	28		
AASB 1060:35(m)	Current tax liabilities			
AASB 1060:36	Other liabilities	29		
AASB 1060:35(s) AASB 5:38	Liabilities directly associated with assets classified as held for sale	8		
	Total current liabilities			
AASB 1060:37	***Non-current liabilities***			
AASB 1060:36	Lease liabilities	23		
AASB 1060:36	Borrowings	24		
AASB 1060:35(l)	Other financial liabilities	25		
AASB 1060:35(o)	Provisions	26		
AASB 1060:35(n)	Deferred tax liabilities	27		
AASB 1060:36 AASB 120:24	Deferred government grants	28		
AASB 1060:36	Other liabilities	29		
	Total non-current liabilities			
	Total liabilities			
	Net assets			
	Equity			
AASB 1060:44(f)	Issued capital	30		
AASB 1060:44(f)	Reserves	31		
AASB 1060:44(f)	Retained earnings			
AASB 1060:35(q)	***Equity attributable to owners of the parent***			
AASB 1060:35(p)	Non-controlling interests			
	Total equity			

* The comparative information has been restated as a result *of [the change in accounting policy/prior period error]* discussed in note 2.

Additional references: AASB 1060:31(b), 34

Source

Current/non-current distinction

AASB 1060:37 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 30 June 2023

Source		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
AASB 1060:31(c) AASB 1060:31(d), (e)												
	Balance at 1 July 2021 (as previously reported)											
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 *[insert as relevant]*											
	Balance at 1 July 2021 (as restated)											
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											
	Balance at 30 June 2022											
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 *[describe]*											
	Balance at 30 June 2023											

Additional sources: AASB 1060:31, 60

Note: This statement is not required to be included where the entity is eligible to and adopts 'Alternative 3' illustrated on page 39.

Consolidated statement of cash flows

For the year ended 30 June 2023
[Alternative 1 – Direct method]

Source		Notes	Year ended 30/06/2023 $'000	Year ended 30/06/2022 $'000 (restated*)
AASB 1060:31(c) AASB 1060:31(d), (e)				
AASB 1060:66	**Cash flows from operating activities**			
AASB 1060:67(a)	Receipts from the sale of goods and rendering of services			
AASB 1060:67(b)	Receipts from royalties, fees, commissions and other revenue			
AASB 1060:67(c)	Payments to suppliers for goods and services			
AASB 1060:67(d)	Payments to and on behalf of employees			
AASB 1060:67(e), 85	Payments (refunds) of income tax			
AASB 1060:67(f)	Receipts (payments) from investments, loans and other contracts held for sale			
AASB 1060:160	Government grants received	28		
AASB 1060:82, 83	Interest paid			
AASB 1060:82, 83	Interest received			
AASB 1060:82, 83	Dividends received			
AASB 1060:67(e),85	Income tax paid			
	Net cash generated by operating activities			
AASB 1060:66, 74	**Cash flows from investing activities**			
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)	Receipts 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			
	Net cash (used in)/generated by investing activities			

Source		Notes	Year ended 30/06/2023 $'000	Year ended 30/06/2022 $'000 (restated*)
AASB 1060:31(c) AASB 1060:31(d), (e)				
AASB 1060:66, 74	**Cash flows from financing activities**			
AASB 1060:69(a)	Proceeds from issuing shares or other equity instruments			
AASB 1060:69(b)	Payments to owners to acquire or redeem shares or other equity instruments			
	Payment for share buy-back costs			
AASB 1060:69(c)	Proceeds from borrowings			
AASB 1060:69(d)	Repayment of borrowings			
AASB 1060:69(e) AASB 16:50(a)	Payments to reduce lease liabilities			
AASB 1060:82	Dividends paid on redeemable cumulative preference shares			
AASB 1060:82	Dividends paid to owners of the Company			
	Net cash used in financing activities			
	Net increase in cash and cash equivalents			
	Cash and cash equivalents at the beginning of the year			
AASB 1060:81	Effects of exchange rate changes on the balance of cash held in foreign currencies			
	Cash and cash equivalents at the end of the year	35		

* The comparative information has been restated as a result *of [the change in accounting policy/prior period error]* discussed in note 2.

Additional sources: AASB 1060:73

AASB 1060:70, 73

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

Reporting cash flows on a net basis

AASB 1060:75, 76, 77

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

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

AASB 1060:78

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

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

Consolidated statement of cash flows

For the year ended 30 June 2023

[Alternative 2 – Indirect method]

Source		Notes	Year ended 30/06/2023 $'000	Year ended 30/06/2022 $'000 (restated*)
	Cash flows from operating activities			
	Profit for the year			
	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			
AASB 1060:71(c)	- 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 30/06/2023 $'000	Year ended 30/06/2022 $'000 (restated*)
	Movements in working capital			
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			
	Cash generated from operations			
AASB 1060:82	Interest paid			
AASB 1060:82	Interest received			
AASB 1060:67(e), 85	Payments (refunds) of income tax			
	Net cash generated by operating activities			
AASB 1060:66, 74	**Cash flows from investing activities**			
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`			
	Net cash (used in)/generated by investing activities			

Source		Notes	Year ended 30/06/2023 $'000	Year ended 30/06/2022 $'000 (restated*)
AASB 1060:66, 74	**Cash flows from financing activities**			
AASB 1060:69(a)	Proceeds from issuing shares or other equity instruments			
AASB 1060:69(b)	Payments to owners to acquire or redeem shares or other equity instruments			
AASB 1060:74	Payment for share buy-back costs			
AASB 1060:69(c)	Proceeds from borrowings			
AASB 1060:69(d)	Repayment of borrowings			
AASB 1060:69(e)	Payments to reduce lease liabilities			
AASB 1060:82	Dividends paid on redeemable cumulative preference shares			
AASB 1060:82	Dividends paid to owners of the Company			
	Net cash used in financing activities			
	Net increase in cash and cash equivalents			
	Cash and cash equivalents at the beginning of the year			
AASB 1060:81	Effects of exchange rate changes on the balance of cash held in foreign currencies			
	Cash and cash equivalents at the end of the year	35		

* The comparative information has been restated as a result *of [the change in accounting policy/prior period error]* discussed in note 2.

AASB 1060:71 — The above illustrates the indirect method of reporting cash flows from operating activities.

AASB 1060:72 — Alternatively, the net cash flow from operating activities may be presented under the indirect method by showing the revenues and expenses disclosed in the statement of comprehensive income and the changes during the period in inventories and operating receivables and payables.

Additional sources: AASB 1060:70

Notes to the consolidated financial statements

Source

General requirements for the financial statements

Scope

AASB 1060:90

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.

Structure

AASB 1060:91

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.

Order

AASB 1060:93

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.

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 identify the consolidated financial statements or other primary financial statements to which they relate.

Source

General requirements for the financial statements (continued)

Definitions and presentation requirements of other Australian Accounting Standards

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 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.

Presentation and disclosure requirements of AASB 1060 which are not required under Tier 1

AASB 1060:BC70

Presentation and disclosure requirements required by AASB 1060 that are not required under Tier 1 financial statements include:

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 1060:173-175

- Information about the nature of termination benefits and other long-term benefits, the amount of the obligations and extent of funding

Source

General requirements for the financial statements (continued)

Accounting policy disclosures

In these model financial statements the accounting policies have been presented as the last note to the financial statements. Entities may wish to present accounting policies earlier in the notes to the financial statements, or together with the relevant notes.

Accounting policy disclosure changes

In December 2021 the AASB issued AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards* to improve accounting policy disclosures and clarify the distinction between accounting policies and accounting estimates. The amendments require an entity to disclose material accounting policy information, instead of its significant accounting policies.

Under the revised requirements, accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. As a result, standardised information or information that only duplicates or summarises the requirements of Australian Accounting Standards may be less useful to users of financial statements. Removal of this 'boilerplate' information can substantially reduce the volume of disclosure in financial statements.

AASB 101 *Presentation of Financial Statements* notes the following areas as examples where an entity is likely to consider accounting policy information material to its financial statements if that information relates to material transactions, other events or conditions and the accounting policy (AASB 101.117B):

Potentially material accounting policy information	**Illustrative examples**
The entity changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements	• Application of a new or revised Australian Accounting Standards • Applying an IFRIC agenda decision that changes the accounting policy previously adopted by the entity
The entity chose the accounting policy from one or more options permitted by Australian Accounting Standards	• Measurement of property, plant and equipment at cost or on the revaluation basis • Classification of investments in equity instruments as fair value through other comprehensive income
The accounting policy was developed in accordance with AASB 108 in the absence of an Australian Accounting Standard that specifically applies	• Accounting for the R&D tax offset as either a government grant or income tax
The accounting policy relates to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions	• Determination of cash-generating units when undertaking impairment testing of assets • Allocation of the transaction price to performance obligations and when the entity recognises revenue in relation to complex revenue streams • Treatment of uncertain tax positions

Source

General requirements for the financial statements (continued)

Accounting policy disclosures (continued)

Accounting policy disclosure changes (continued)

Potentially material accounting policy information	Illustrative examples
The accounting required for the material transactions, other events or conditions is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions	• Recognition and measurement of written puts over non-controlling interests • Deferred tax consequences of investments in subsidiaries within tax-consolidated groups.

AASB Practice Statement 2 *Making Materiality Judgements* (which was amended in March 2021 under AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*) provides further non-mandatory guidance on determining whether accounting policy information is material.

Whilst not effective until annual reporting periods beginning on or after 1 January 2023, early adoption may be attractive for entities wishing to place an emphasis on meaningful, entity-specific accounting policy information rather than repeating the requirements of Australian Accounting Standards.

The Group has not chosen to early adopt AASB 2021-6 in the current year. Therefore, the disclosures in this model annual report do not take into account the requirements of AASB 2021-6. The illustrative accounting policies disclosures in Note 46 should be tailored to be specific to the entity.

Source

1. General information

AASB 1060:91(a), 94

Basis of preparation

AASB 1060:11(a)

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law.

AASB 1060:31(b)
AASB 1060:11(b)

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[14].

AASB 1060:31(d)
AASB 1060:181

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

AASB 1060:181

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.

AASB 1060:182

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.

AASB 1060:179

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

AASB 1060:183

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

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

AASB 1060:184

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

AASB 1060:9

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.

AASB 1060:10

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.

[14] As noted in the *Not-for-profit private sector and public sector entities* section on page 6 illustrative disclosures and guidance specific to not-for-profit entities and public sector entities have been highlighted in this document by being shaded using teal colouring and light green colouring respectively.

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.

Not-for-profit private sector entities and public sector entities should only refer to the ASIC Corporations Instrument when they are preparing financial statements under the Corporations Act.

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

AASB 1060:32(b)

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

Source

1. General information (continued)

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

Changes in accounting policies on initial application of Accounting Standards

AASB 1060:106

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.

Example wording where the adoption of new pronouncements is not material

The disclosures in this section are only required where the impact of adopting new Standards and amendments thereof and Interpretations has a material on the financial statements. Where the Group/entity has adopted new Standards and amendments thereof and Interpretations but they do not have a material impact on the financial statements below is example wording that can be included in the financial statements.

The Group has adopted all new and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group. None not have a material impact on the Group's consolidated financial statements,

Source

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

AASB 1060:106

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2022.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include[15]:

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (insofar as the Standard relates to editorial corrections that are effective for the current year).

Pronouncements effective in the current period for not-for-profit and public sector entities

The following pronouncements are on issue and effective for the current year for not-for-profit and public sector entities:

- AASB 2022-3 *Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*

AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*

Amends numerous Standards to effect of number of minor changes, as set out below. The amendments apply to annual reporting periods beginning on or after 1 January 2022.

Annual Improvements[16]

The annual improvements amend the following standards:

- AASB 1 *First-time Adoption of International Financial Reporting Standards* to permit a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS Accounting Standards
- AASB 9 *Financial Instruments* to clarify that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf
- AASB 141 *Agriculture* to remove the requirement to exclude cash flows for taxation when measuring the fair value of a biological asset using a present value technique.

[15] AASB 2020-6, although itself effective for annual reporting periods beginning on or after 1 January 2022 (the original effective date of AASB 2020-1), it (AASB 2020-6) it defers the effective date of AASB 2020-1 to annual reporting periods beginning on or after 1 January 2023. AASB 2022-6 however, subsequently defers the effective date of AASB 2020-1 to annual reporting periods beginning on or after 1 January 2024 and defers the effective date of AASB 2020-6 (i.e. paragraph 139U) to immediately on issue of AASB 2022-6 in December 2022. Accordingly AASB 2020-6 and AASB 2020-1 are not included in the list (as effective for the current reporting period ending 30 June 2023).

[16] In addition to the amendments noted in this section, Illustrative Example 13 accompanying AASB 16 *Leases* was also amended to remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. This change is not part of Australian Accounting Standards, but is part of the supporting materials issued by the IASB and made available by the AASB. If an entity changes its accounting policies as a result of the amendment made to the Illustrative Examples, it should include the disclosures required by AASB 1060:106 to the extent warranted.

Source

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

AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* (continued)

Annual Improvements (continued)

The application of the amendments did not have a material impact on the Group's consolidated financial statements, as the amendments either do not affect the Group's existing accounting policies, or apply to situations, transactions and events that the Group does not undertake.

Amendments to AASB 3 Business Combinations

The amendments update AASB 3 so that it refers to the *Conceptual Framework for Financial Reporting*. They also add to AASB 3 a requirement that, for obligations within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets,* an acquirer applies AASB 137 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of Interpretation 21 *Levies*, the acquirer applies Interpretation 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. The application of the amendments in the current period have not impacted the accounting for business combinations which have occurred during the current period.

Property, Plant and Equipment — Proceeds before Intended Use

The amendments to AASB 116 *Property, Plant and Equipment* prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. AASB 116 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others or for administrative purposes.

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

The application of the amendments have not materially impacted on the Group's accounting policies in respect of the construction of assets.

Onerous Contracts — Cost of Fulfilling a Contract

The amendments to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* specify that the 'cost of fulfilling' an onerous contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The application of the amendments did not have a material impact on the Group's consolidated financial statements.

Source

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

AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

The editorial corrections in AASB 2021-7 are effective for either annual periods beginning on or after 1 January 2023 (those in respect of AASB 17 *Insurance Contracts*) or 1 January 2022.

The application of the amendments did not have a material impact on the Group's consolidated financial statements.

New and amended Australian Accounting Standards that are effective for the current year for not-for-profit and public sector entities

AASB 2022-3 Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

AASB 2022-3 amends AASB 15 to add a new illustrative example (example 7A) which provides an in-depth analysis on the accounting for upfront fees such as club joining fees and school enrolment fees.

This Standard also documents the AASB's decisions around concessionary leases in the basis of conclusions accompanying AASB 2022-3, to state that:

- Not-for-profit private sector lessees – The AASB has decided to retain the accounting policy choice in AASB 16 for the right-of-use assets of concessionary leases to initially be measured at cost or fair value on an ongoing basis, where this will be a permanent option with no plans to reconsider in future
- Not-for-profit public sector lessees – The AASB has decided to defer consideration of the accounting policy choice until the Board decides on any additional guidance for measuring the fair value of right-of-use assets under concessionary leases.

The Group has conducted a high-level analysis of upfront fees received and note that upfront fees are accounted for appropriately in accordance with AASB 15. The Group currently measures the right-of-use assets arising from concessionary leases at cost on initial recognition and will continue to do so in the future given the accounting policy choice has been made permanent by the AASB. Accordingly, the directors of the Company do not anticipate that the application of the Standard in the future will have an impact on the Group's consolidated financial statements.

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.

Source

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

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.

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 46, 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]* 2023, 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 2025. 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.

Revenue recognition

To determine if a grant contract should be accounted for under AASB 1058 or AASB 15, the Group has to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations. When assessing if the performance obligations are 'sufficiently specific', the Group has applied significant judgement in this regard by performing a detailed analysis of the terms and conditions contained in the grant contracts, review of accompanying documentation (e.g. activity work plans) and holding discussions with relevant parties.

Income recognition from grants received by the Group has been appropriately accounted for under AASB 1058 or AASB 15 based on the assessment performed.

[Expand as necessary to highlight any specific areas that were assessed and the judgements made]

Source

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 46, 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 2020 and the remaining 55 % of the ownership interests are held by thousands of shareholders that are unrelated to the Group.

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

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

Source

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

AASB 1060:97

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 2024 budget. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board. Whilst the Group is able to manage most of 'Leisure goods – retail outlets' costs, the revenue projections are inherently uncertain due to the short-term nature of the business and unstable market conditions. Revenue of the CGU is most sensitive to changes in the sectors demand for sales in retail outlets, reflecting the increased use of internet sales by rivals, a service which the Group does not currently offer.

The market for 'Leisure goods – retail outlets' products has seen a significant slowdown over the past 18 months due to a decline in the customer appetite for retail sales and increases in internet sales of rivals in the sector. It is possible that further underperformance may occur in 2024 if prevailing trends continue.

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 $___ (2022: $___) 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 $ ___ (2022: $___) 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 June 2023, 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

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

Key sources of estimation uncertainty (continued)

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

In January 2017 [*Subone Limited*], a subsidiary of the Group, entered into a 10-year lease for an office building located in [*location*]. Following the acquisition of [*Subseven Limited*] on [*date*] 2023 and the subsequent restructuring programme, the Group identified that the office space occupied by [*Subtwo Limited*], which is also located in [*location*], could accommodate all of the staff of [*Subone Limited*], and took the decision to relocate staff to a single office. The leased property previously occupied by [*Subone Limited*], has been marketed with a local estate agent and is expected to be sub-leased by the firm for the remainder of the lease term.

The directors have estimated that the entirety of the lease payment will be recoverable through the sub-lease of the property. This reflects the current achievable market rates for similar properties with similar lease terms and therefore no impairment has been recognised. The carrying amount of right-of-use asset in respect of the property is $ ____ at 30 June 2023 (2022: $ ____).

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

Source

4. Revenue

Source		30/06/2023 $'000	30/06/2022 $'000
	External revenue by product line		
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		
	Total		
	External revenue by timing of revenue		
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		
	Total		

AASB 1060:159

Contract assets arising from contracts with customers giving rise to revenue are disclosed as part of 'other assets' (see note 21).

Information about revenue sources

AASB 1060:95

The Group recognises revenue from the following major sources:

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

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

4. Revenue (not-for-profit entities)

Source		30/06/2023 $'000	30/06/2022 $'000
AASB 1060:229	Government grant		
AASB 1060:229	Donations and bequests		
AASB 1060:229	Capital grants		
	Total		

Capital grants

The entity has recognised the following liabilities arising from capital grants received to construct an asset to be controlled by the entity:

Source		30/06/2023 $'000	30/06/2022 $'000
AASB 1060:233	Included in contract liabilities from contracts with customers are capital grants received as follows:		
	Balance as at 1 July		
	Additional grants received during the year		
	Revenue recognised in profit or loss		
	Refunds during the year		
	Balance as at 30 June		

As the capital grants received by the Group are primarily for the construction of buildings, the Group recognises income as the buildings are constructed (as it satisfies its obligation).

Revenue recognition

AASB 1058.8-10

The Group recognises income from its main revenue/income streams, as listed below:

- Government grants
- Donations and bequests
- Capital grants.

Government grants, donations, and bequests

When the Group receives government grants, donations and bequests that are in the scope of AASB 1058 (being a transaction where the consideration paid to acquire an asset is significantly less than fair value principally to enable the Group to further its objectives) , it performs an assessment to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations.

Where the consideration to acquire an asset is significantly less than fair value principally to enable the Group to further its objectives, the transaction is accounted for under AASB 1058 where the Group:

- Recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)
- Considers whether any other financial statement elements should be recognised ('related amounts') in accordance with the relevant applicable Australian Accounting Standard including:
  - Contributions by owners (AASB 1004)
  - A lease liability (AASB 16)
  - Revenue, or a contract liability arising from a contract with a customer (AASB 15)
  - A financial instrument (AASB 9)
  - A provision (AASB 137).

Source

4. Revenue (not for profit entities) (continued)

Revenue recognition (continued)

Government grants, donations, and bequests (continued)

In cases where the consideration is solely performance obligations under an enforceable contract and sufficiently specific to enable determination as to when the obligations are satisfied, the transaction is accounted for under AASB 15.

AASB 1058.15-17

Capital grants - Buildings

For capital grants received under an enforceable agreement where the grant includes a transfer to enable the Group to acquire or construct a recognisable non-financial asset to identified specifications which will be controlled by the Group when completed, the Group recognises a liability for the excess of the fair value of the transfer over any related amounts recognised and then recognises income, in respect of the amount attributable to the capital grant, as it satisfies its obligations under the transfer. As the capital grants received by the Group are primarily for the construction of buildings, the Group recognises income as the buildings are constructed (when it satisfies its obligation).

Unrecognised revenue

Volunteer services

The Group regularly receives volunteer services as part of its operations. Under AASB 1058, private sector not-for-profit entities have a policy option to account for donated services at fair value if the fair value can be reliably measured.

While the Group has assessed that the fair value of its volunteer services can be reliably measured, it has decided to adopt the policy option not to recognise volunteer services. Accordingly, no amounts are recognised in the financial statements for volunteer services.

Donated inventories

As part of its operations, the Group receives donations of goods which may then be used in its activities. AASB 102 requires the donated inventories to be measured at current replacement cost and any related amounts to be accounted for under AASB 1058.

The Group has decided to make use of the practical expedient under AASB 102 and apply the materiality assessment at the individual item level (instead of the portfolio level) when recognising donated inventories. Based on an assessment, the Group has noted that it only receives individually immaterial donations of inventory and accordingly is not required to recognise such donated inventories. Accordingly, no amounts are recognised in the financial statements for donated inventories.

Source

5. Investment income and finance costs

Source		30/06/2023 $'000	30/06/2022 $'000
	Investment income		
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]*		
	Finance costs		
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

6. Other gains and losses

Source		30/06/2023 $'000	30/06/2022 $'000
	Gain on disposal of property, plant and equipment		
	Gain arising on effective settlement of legal claim against the distribution business		
AASB 1060:132(e)(ii)	Change in fair value of investment property		
	Gain recognised on disposal of interest in former associate		
AASB 1060:119(a)(i)	Net gain/(loss) on financial assets measured at fair value through profit or loss (i)		
AASB 1060:119(a)(ii)	Net gain/(loss) on financial liabilities measured at fair value through profit or loss (ii)		
AASB 1060:119(a)(iii)	Net gain/(loss) from the derecognition of financial assets measured at amortised cost		
AASB 1060:119(a)(iv)	Net gain/(loss) from the derecognition of financial liabilities measured at amortised cost		
AASB 1060:119 (a)(vi)	Net gain/(loss) from the reclassification of financial assets from fair value through other comprehensive income to fair value through profit and loss		
AASB 1060:160(a)	Government grants received (see note 28):		
AASB 1060:160(a)	- Government business development program grant *[describe]*		
AASB 1060:160(a)	- Staff re-training		
AASB 1060:160(a)	- Other *[describe}*		
AASB 1060:180(a)	Net foreign exchange gains/(losses)		
AASB 1060:122(e)	Hedge ineffectiveness on cash flow hedges		
AASB 1060:122(e)	Hedge ineffectiveness on net investment hedges		
AASB 1060:119(c)	Impairment losses on financial assets:		
AASB 1060:119(c)	- Trade receivables		
AASB 1060:119(c)	- Other financial assets measured at amortised cost		
AASB 1060:119(c)	- Debt investments measured at fair value through other comprehensive income		
AASB 1060:119(c)	- Loss allowance on amounts due from contract assets		
AASB 1060:119(c)	- *[describe]*		

Most of the information illustrated in this note is explicitly required under AASB 1060. Depending upon the entity's circumstances, some of these disclosures may have been previously included in special purpose financial statements in accordance with the general or specific requirements of AASB 101 *Presentation of Financial Statements*.

Source			
AASB 1060:176	## 7. Income tax	**30/06/2023 $'000**	**30/06/2022 $'000**
AASB 1060:177	**Income tax expense (income) comprises:**		
	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		
	- Adjustment for current tax in respect of prior years		
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)	**Reconciliation of prima-facie income tax to tax expense**		
	Profit before tax		
	Tax at the rate of ___ % (2022: ___ %)		
	Tax effect of share of result of 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 recognised deferred tax assets		
	Effect of different tax rates of subsidiaries operating in other tax jurisdictions		
	Other *[describe]*		
	Tax expense for the year		

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:

- 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
- 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.

AASB 1060:178(d)

The standard rate of corporation tax applied to taxable profit is ___ % (2022: ___ %). The applicable rate has changed following the substantive enactment of the *[describe]*.

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

Source

7. Income tax (continued)

Income tax recognised outside of profit or loss

Source		30/06/2023 $'000	30/06/2022 $'000
	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]* 2023, the directors announced a plan to dispose of the Group's *[describe]* business (2022: 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.

AASB 1060:47(a)
AASB 5.38

Carrying amounts of assets and liabilities to be disposed

Source		30/06/2023 $'000	30/06/2022 $'000
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 *[describe]* 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 *[describe]* business to be disposed		
	Net assets of *[describe]* 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			
	9. Trade and other receivables		
		30/06/2023 $'000	**30/06/2022 $'000**
	Current		
	Trade receivables:		
AASB 1060:44(b)	- Due from related parties		
AASB 1060:44(b)	- Due from other parties		
AASB 1060:119(c)	Loss allowance		
AASB 1060:113(b)	Trade receivables at amortised cost		
	Deferred sales proceeds – disposal of business		
	Operating lease receivable		
AASB 1060:113(b)	Amounts due from related parties		
	Other *[describe]*		

AASB 1060:114 The average credit period on sales of goods is 60 days. No interest is charged on outstanding trade receivables

Source

10. Finance lease receivables

Source		30/06/2023 $'000	30/06/2022 $'000
	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 $ ____ (2022: $ ____) was recognised in relation to variable lease payments which were not included in the measurement of the net investment in the lease.

AASB 1060:147(a)

Amounts receivable under finance leases

Source		Investment in the lease		Minimum lease payments	
		30/06/2023 $'000	30/06/2022 $'000	30/06/2023 $'000	30/06/2022 $'000
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

Source		30/06/2023 $'000	30/06/2022 $'000
	Categories of financial assets		
AASB 1060:113(a)	**Financial assets measured at fair value through profit or loss (FVTPL)**		
	Shares		
	Foreign currency forward contracts		
	Interest rate swaps		
	Commodity options		
	Other [describe]		
AASB 1060:113(e)(i)	**Investments in debt instruments classified as at fair value through other comprehensive income (FVTOCI)**		
	Redeemable cumulative preference shares		
	Other [describe]		
AASB 1060:113(e)(ii)	**Investments in equity instruments designated as at FVTOCI**		
	Investment in unlisted shares		
	Other [describe]		
AASB 1060:113(b)	**Financial assets measured at amortised cost**		
	Bills of exchange		
	Debentures		
	Loans to related parties		
	Loans to other entities		
	Current		
	Non-current		

Source

11. Other financial assets (continued)

Financial assets measured at fair value

AASB 1060:115 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 :

Financial asset	Valuation techniques and key inputs
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 ___ % (2022: ___ %) 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: • Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from ___ % to ___ % (2022: ___ % to ___ %) • Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from ___ % to ___ % (2022: ___ % to ___ %) • Weighted average cost of capital, determined using a Capital Asset Pricing Model, ranging from ___ % to ___ % (2022: ___ % to ___ %) • Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from ___ % to ___ % (2022: ___ % to ___ %).

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

11. Other financial assets (continued)

Derecognition

AASB 1060:116

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

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

12. Inventories

Source		30/06/2023 $'000	30/06/2022 $'000
	Carrying amounts		
AASB 1060:44(c)(i)	Finished goods		
AASB 1060:44(c)(ii)	Work in process		
AASB 1060:44(c)(iii)	Raw materials and supplies		
AASB 1060:123(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.

Other information

Source		
AASB 1060:123(c)	Amount of inventories recognised as an expense during the period	
AASB 1060:123(d)	Impairment losses recognised (reversed) in profit or loss	
AASB 1060:123(e)	Total carrying amount of inventories pledged as security for liabilities	

Source

13. Investments in associates

Source		30/06/2023 $'000	30/06/2022 $'000
	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

Source		30/06/2023 $'000	30/06/2022 $'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)

Source		30/06/2023 $'000	30/06/2022 $'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

Source		30/06/2023 $'000	30/06/2022 $'000
	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

Source	
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)

Source		30/06/2023 $'000	30/06/2022 $'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.

AASB 1060:131 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

Source		30/06/2023 $'000	30/06/2022 $'000
	Carrying amounts		
AASB 1060:44(a)	Freehold land		
AASB 1060:134(a), (d)	- At fair value		
AASB 1060:134(d)	- Accumulated impairment		
AASB 1060:44(a)	Buildings		
AASB 1060:134(a), (d)	- At fair value		
AASB 1060:134(d)	- Accumulated depreciation and impairment		
AASB 1060:44(a)	Plant and equipment		
AASB 1060:134(a), (d)	- At cost		
AASB 1060:134(d)	- Accumulated depreciation and impairment		

Movement in carrying amount

Source		Freehold land at fair value $'000	Buildings at fair value $'000	Plant and equipment at cost $'000	Total $'000
AASB 1060:134(e)	***Balance at 1 July 2022***				
AASB 1060:134(e)(i)	Additions (1)				
AASB 1060:134(e)(ii)	Classified as held for sale				
AASB 1060:134(e)(ii)	Other disposals				
AASB 1060:134(e)(iii)	Acquisitions through business combinations				
AASB 1060:134(e)(iv)	Increases/(decreases) from revaluations				
AASB 1060:134(e)(v)	Transfers (to)/from investment property				
AASB 1060:134(e)(vi)	Impairment losses				
AASB 1060:134(e)(vii)	Depreciation				
AASB 1060:134(e)(viii)	Other changes *[describe]*				
AASB 1060:134(e)	***Balance at 30 June 2023***				

AASB 1060:134(e) The above reconciliation need not be presented for prior periods

AASB 1060:162 (1) Includes $ ___ (2022: $ ___) 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 46.

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)

Source		30/06/2023 $'000	30/06/2022 $'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.

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 30 June 2023 and 30 June 2022 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 $ ___ (2022: $ ___) have been pledged to secure borrowings of the Group. Under the terms of the financing facilities, 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

Source		30/06/2023 $'000
	At fair value	
AASB 1060:132(e)	Opening balance at 1 July 2022	
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 30 June 2023	

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:

Source		30/06/2023 $'000	30/06/2022 $'000
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		

Other information

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 30 June 2023 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 (____ %, 2022: ____ %) 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 ____ (2022: ____) 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

Source		30/06/2023 $'000	30/06/2022 $'000
	Net carrying amounts		
AASB 1060:144(a)	Buildings		
AASB 1060:144(a)	Plant		
AASB 1060:144(a)	Equipment		

AASB 1060:145

Movement during the period*

Source		Buildings $'000	Plant $'000	Equipment $'000	Total $'000
	Balance at 1 July 2022*				
AASB 1060:134(e)(i)	Additions				
AASB 1060:134(e)(vii)	Depreciation				
	Other changes *[describe*]*				
	Balance at 30 June 2023*				

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 46.

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

Source		30/06/2023 $'000	30/06/2022 $'000
AASB 1060:204(a)	**At fair value less costs to sell**		
AASB 1060:204(a)	Crops		
AASB 1060:204(a)	Livestock		
AASB 1060:204(a)	Other *[describe]*		

Movement in carrying amount

AASB 1060:204(c)

Source		Crops $'000	Livestock $'000	Other $'000	Total $'000
AASB 1060:204(c)	***Balance at 1 July 2022***				
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 *[describe]*				
AASB 1060:204(c)	***Balance at 30 June 2023***				

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

	30/06/2023 $'000	30/06/2022 $'000
Carrying amount (at cost)		
Gross carrying amount		
Accumulated impairment losses		

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

Movement in carrying amount

Source		30/06/2023 $'000
AASB 1060:143	***Balance at 1 July 2022***	
AASB 1060:143(a)	Changes arising from business combinations	
AASB 1060:143(b)	Impairment losses	
AASB 1060:143(c)	Disposals of previously acquired businesses	
AASB 1060:143(d)	Other changes *[describe]*	
AASB 1060:143	***Balance at 30 June 2023***	

AASB 1060:143 The above reconciliation need not be presented for prior periods

AASB 1060:170(c)

Impairment losses

Source		30/06/2023 $'000	30/06/2022 $'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 *[other expenses/describe]* line item in the comprehensive statement of comprehensive income.

Source

20. Other intangible assets

Source		30/06/2023 $'000	30/06/2022 $'000
	Carrying amount		
	Capitalised development		
AASB 1060:137(c),	- At cost		
AASB 1060:137(c),	- Accumulated amortisation and impairment		
	Patents		
AASB 1060:137(c),	- At cost		
AASB 1060:137(c),	- Accumulated amortisation and impairment		
	Licences		
AASB 1060:137(c),	- At cost		
AASB 1060:137(c),	- Accumulated amortisation and impairment		

Movements in carrying amount

Source		Capitalised development $'000	Patents $'000	Licences $'000	Total $'000
AASB 1060:137(e)	***Balance at 1 July 2022***				
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]*				
	Balance at 30 June 2023				

AASB 1060:137(e)

The above reconciliation need not be presented for prior periods.

* *These items would only be applicable where the entity uses 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 46.

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)

Source		30/06/2023 $'000	30/06/2022 $'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 $ ___ (2022: $ ____) will be fully amortised in 14 years (2022: 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 (2022: no grant). This intangible was recognised at its fair value of $ ___ on the acquisition date and has a carrying amount of $ ___ at 30 June 2023 (2022: $ 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

AASB 1060:140

If items of intangible assets are stated at revalued amounts[17], 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

AASB 1060:141

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

AASB 1060:138(c)

The entity discloses the existence and carrying amount of intangible assets to which the entity has restricted title or that are pledged as security for liabilities.

21. Other assets

Source		30/06/2023 $'000	30/06/2022 $'000
	Prepayments		
AASB 1060:44(b)	Arising in relation to revenue from contracts with customers:		
AASB 1060:159	- Contract assets		
AASB 1060:44(b) AASB 15:105 AASB 1060:159	- Costs to obtain a contract		
	Other *[describe]*		
	Current		
	Non-current		

[17] In the Australian context, it would be rare that an intangible asset would be measured using the revaluation basis. ASIC has noted concerns about the revaluation of intangible assets in its published results of reviews of financial reports over a number of periods. For example, ASIC media release 11-312MR *Improved financial information for investors and others* noted "ASIC is not aware of any identifiable intangible assets for which an active market exists in Australia".

Source

22. Trade and other payables

Source		30/06/2023 $'000	30/06/2022 $'000
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 *[describe]*		

23. Lease liabilities

	30/06/2023 $'000	30/06/2022 $'000
Secured		
Current		
Non-current		

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:

Source		30/06/2023 $'000	30/06/2022 $'000
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		

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.

Concessionary leases

AASB 1060:151

The Group leases a building from the *[Name of State, e.g. New South Wales]* State Government with significantly below-market terms and conditions principally to enable it to further its objectives.

The Group is dependent on this lease to further its objectives as it utilises the building to run its operations to deliver its services. The Group is restricted on the use of the building as agreed with the State Government and may not utilise it for other purposes including sub-leasing to other entities. The lease term is for 10 years and the lease payments are $____ per annum, payable annually.

As outlined in the Group's accounting policy in Note 46, the Group has elected to measure this lease at cost.

Source

24. Other borrowings

	Source	30/06/2023 $'000	30/06/2022 $'000
Unsecured – at FVTPL			
Redeemable cumulative preference shares (i)			
Other *[describe]*			
Unsecured – at amortised cost			
Bank overdrafts (ii)			
Bills of exchange (iii)			
Bank loans (iv)			
Loans from:			
- Related parties (v)			
- Government (vi)			
Perpetual notes (vii)			
Other *[describe]*			
Secured – at amortised cost			
Bank overdrafts (ii)			
Bank loans (iv)			
Other *[describe]*			
	AASB 1060:113(d)		
Current			
Non-current			

Information about the Group's borrowings

AASB 1060:114 The principal features of the Group's borrowings are as follows:

AASB 1060:114

(i) Redeemable preference shares of $ ___ were issued on *[date]* at an issue price of $ ___ per share. The shares carry ___ % non-discretionary dividends and are mandatorily redeemable on *[date]* at $ ____ per share. The preference shares do not carry any equity component and are classified as financial liabilities in their entirety. At the same date when the preference shares were issued, the Group entered into pay-floating, receive-fixed interest rate swap to reduce the fair value risk of changing interest rates. The swap's notional is $ ___ and matches the principal of the preference shares. The swap matures on *[date]*.

To mitigate the accounting mismatch arising on measuring the liability as amortised cost and measuring the derivative at FVTPL, the Group designated the preference shares as at FVTPL. The changes in the fair value of the preference shares due to the changes in the credit risk do not create or enlarge the accounting mismatch and, therefore, they are recognised in other comprehensive income and accumulated in revaluation reserve. The cumulative amount change in fair value due to credit risk was $ ___ (2022: $ ____).. The difference between the carrying amount (i.e. the fair value) of the preference shares and the contractual amount that will be required to pay at maturity is $ ___ (2022: $ ____).

Source

24. Other borrowings (continued)

Information about the Group's borrowings (continued)

AASB 1060:117

(ii) Bank overdrafts are repayable on demand. Overdrafts of $ ___ (2022: $ ____) have been secured by a charge over certain debentures held by the Group dated *[date]*. In line with the minimum required security, the carrying value of these debentures is $ ___ (2022: $ ____). The average effective interest rate on bank overdrafts approximates ___ % (2022: ___ %) per annum and are determined based on ___ % plus prime rate.

(iii) Bills of exchange with a variable interest rate were issued on *[date]*. The current weighted average effective interest rate on the bills is ___ % (2022: ___ %) per annum. The bills mature *[provide details]*

AASB 1060:114

AASB 1060:117

(iv) The Group has two principal bank loans:

- A loan of $ ___ (2022: $ ____). The loan was taken out on *[date]*. Repayments commenced on *[date]* and will continue until *[date]*. The loan is secured by a floating charge over certain of the Group's trade receivables dated *[date]*, whose carrying value is $ ___ (2022: $ ____). The Group is required to maintain trade receivables that are neither past due nor impaired with carrying value of $ ___ as security for the loan. The loan carries interest rate at ____ % above the relevant 3-month Bank Bill Swap Rate (BBSW).
- An unsecured loan of $ ___ (2022: $ ____). This loan was advanced on [date] and is due for repayment in full on *[date].* The bank loan carries fixed interest rate at ___ % (2022: ___ %) per annum. The Group hedges a portion of the loan for interest rate risk using an interest rate swap exchanging fixed rate interest for variable rate interest. The outstanding balance is adjusted for fair value movements in the hedged risk, being movements in the 6-month BBSW rate. The cumulative fair value adjustment to the loan was $ ___ (2022: $ ____).

(v) Amounts repayable to related parties of the Group carry interest of ___ % to ___ % (2022: ___ % to ___ %) per annum charged on the outstanding loan balances.

(vi) 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 2024 ($ ____) and 2025 ($ ____).

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

Determining the level of detail for these disclosures

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:BC76

While paragraph 144(b) of AASB 1060 requires disclosure of a quantitative maturity analysis for future lease payments, paragraph 114 only has a general requirement for other financial liabilities to disclosure terms and conditions "such as … maturity, repayment schedule …".

AASB 1060:BC77

In developing AASB 1060, the AASB acknowledged that information about the maturity of an entity's financial liabilities is important as the users of financial statements of entities that do not have public accountability are particularly interested in information about short-term cash flows, obligations and commitments, and liquidity. However, the AASB decided to retain the disclosures consistent with the *IFRS for SME* Standard.

Source

24. Other borrowings (continued)

Determining the level of detail for these disclosures (continued)

AASB 1060:BC78 However, the AASB noted that while paragraph 114 only has general disclosure requirements, these still require disclosure of the terms and conditions of the debt instrument and make specific reference to the instrument's maturity and repayment schedule. The AASB therefore expects entities to provide this information in some form.

Defaults and breaches on loans payable

AASB 1060:118 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.

Financial liabilities measured at fair value

AASB 1060:115 Some of the Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial liability	Valuation technique(s) and key inputs(s)
Redeemable cumulative preference shares	Discounted cash flow at a discount rate of ___ % (2022: ___ %) that reflects the Group's current borrowing rate at the end of the reporting period.

See Note 25 below for commentary on the requirements of financial liabilities measured at fair value under AASB 1060.

Source

25. Other financial liabilities

Source		30/06/2023 $'000	30/06/2022 $'000
	Categories of financial liabilities		
AASB 1060:120(b)	**Derivatives that are designated and effective as hedging instruments carried at fair value (see note 37)**		
	Foreign currency forward contracts		
	Interest rate swaps		
	Currency swaps		
	Other [describe]		
AASB 1060:113(a)	**Financial liabilities carried at fair value through profit or loss (FVTPL)**		
	Other *[describe]*		
	Contingent consideration in a business combination (Note 33)		
	Current		
	Non-current		

Financial liabilities measured at fair value

AASB 1060:115

Some of the Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial liability	Valuation technique(s) and key inputs(s)
Foreign currency forward contracts and interest rate swaps and currency swaps	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
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: • Discount rate of ___ % (2022: n/a) determined using a Capital Asset Pricing Model • Probability-adjusted revenues and profits, with a range from $ ___ to $ ___ and a range from $ ___ to $ ___ respectively.

Source

25. Other financial liabilities (continued)

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.

26. Provisions

Source		30/06/2023 $'000	30/06/2022 $'000
	Carrying amount		
AASB 1060:44(e)	Employee benefits		
AASB 1060:44(e)	Restructuring provision		
AASB 1060:44(e)	Warranty provision		
AASB 1060:44(e)	Restoration provision		
AASB 1060:44(e)	Other *[describe]*		
	Current		
	Non-current		

Movements in provisions

Source		Restructuring provision $'000	Warranty provision $'000	Restoration provision $'000	Other *[describe]* $'000
AASB 1060:153(a)(i)	Carrying amount as at 1 July 2022				
AASB 1060:153(a)(ii)	Additions				
AASB 1060:153(a)(iii)	Amounts charged				
AASB 1060:153(a)(iv)	Unused amounts reversed				
	Other *[describe]*				
AASB 1060:153(a)(i)	Carrying amount as at 30 June 2023				

AASB 1060:153 Comparative information for prior periods is not required for the above reconciliation.

Source

26. Provisions (continued)

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) The restructuring provision relates to redundancy costs incurred on the disposal of *[name of subsidiary]* (see note 52). As at 30 June 2023, approximately 50 per cent of the affected employees had left the Group's employment, with the remainder departing in July 2022.

AASB 1060:153(b),(c) The restoration provision has been created upon the enactment of new environmental legislation in *[A Land]* on *[date]* 2023 which requires companies in *[A Land]* to clean up contaminated land by 30 June 2025 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.

Source		Depreciation differences $'000	Revaluation of assets $'000	Provisions $'000	Other *[describe]* $'000	Total $'000
AASB 1060:178(e)						
	As at 1 July 2021					
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					
	As at 30 June 2022					
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)	***As at 30 June 2023***					

AASB 1060:178(e)(ii) 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.

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

	30/06/2023 $'000	30/06/2022 $'000
Tax losses – revenue	-	-
Tax losses – capital	-	-
Carried forward R&D tax offset		
Foreign tax credits	-	-
Temporary differences	-	-
Other	-	-
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 $ ___ (2022: $ ____) of revenue tax losses which have been incurred in *[A Land]* and which expire in ___ years (2022: ____ years).

Source

28. Government grants

	30/06/2023 $'000	30/06/2022 $'000
Deferred government grants		
Deferred income:		
- Current		
- Non-current		

AASB 1060:160(a) The deferred income arises as a result of:

- The benefit received from an interest-free government loan received in June 2023. The revenue will be offset against training costs to be incurred in 2023 ($____) and 2022 ($____)
- The obtaining of a *[describe the intangible asset]* by way of government grant under a government business development program (2022: no grant). The revenue will be offset against the amortisation of the asset.

Government grants recognised as income

AASB 1060:160(a) The Group has benefited from the following government support packages during the current and prior period:

AASB 1060:160(a)

Support received	**Description**
Staff retraining scheme (*[A land]*)	The Group received subsidies of $ ____ (2022: 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 impacted by the floods in New South Wales. Certain requirements were imposed on eligibility, including increasing total employee headcount and increased overall payroll expense. 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.
[Describe]	*[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]*

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]*

Source

28. Government grants (continued)

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.

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

To the extent that the interest rate paid by the borrower and other terms of the debt instruments reflect market conditions, the borrowing does not include a government grant that requires recognition in the financial statements. Nevertheless, such support is considered government assistance under AASB 120. Entities will need to consider if the significance of the benefit received is such that disclosure of the nature, extent and duration of the assistance is necessary in order to avoid the financial statements from being misleading.

Information about government grants received by not-for-profit entities can be found in Note 4.

AASB 1060:36

29. Other liabilities

	30/06/2023 $'000	30/06/2022 $'000
Refund liability		
Other *[describe]*		
Current		
Non-current		

Source

30. Issued capital

		30/06/2023 $'000	30/06/2022 $'000
AASB 1060:45(a)(ii)	_____ fully paid ordinary shares (2022: ______)		

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)	***Balance at 1 July 2022***		
	Issue of shares		
	Share buy-back		
	Share buy-back costs		
	Income tax relating to share buy-back costs		
	Balance at 30 June 2023		

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.

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 30 June 2023, the Company has ____ share options on issue (2022: ___), exercisable on a 1:1 basis for ____ ordinary shares of the Company (2022: ___) at an exercise price of $____. The options expire between *[date]* and *[date]* (2022: *[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.

Source		30/06/2023 $'000	30/06/2022 $'000
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 *[describe]*		

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 *Corporations Act 2001*

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 *[number]* ____% convertible notes issued during the year

Source

31. Reserves (continued)

Movement in property revaluation reserve

Source		30/06/2023 $'000	30/06/2022 $'000
	Balance at the beginning of the year		
AASB 1060:136(d)	Revaluation increase/(decrease) on land and buildings		
AASB 1060:136(d)	Change in deferred tax liability on revaluation of land and buildings		
AASB 1060:136(d)	Effect of change in tax rate		
AASB 1060:136(d)	Transferred to retained earnings on depreciation of buildings		
AASB 1060:136(d)	Balance at end of year		

Movement in cash flow hedging reserve

Source		30/06/2023 $'000	30/06/2022 $'000
	Balance at beginning of year		
AASB 1060:122(c)	Gain/(loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges*		
AASB 1060:122(d)	Cumulative (gain)/loss arising on changes in fair value of hedging instruments reclassified to profit or loss*		
	Transferred to initial carrying amount of hedged item		
	Other *[describe]*		
	Balance at end of year		

* These are the only required disclosures in AASB 1060:122. The example above has presented these disclosures in the form of a reconciliation between the opening and closing balances of the reserve. Other approaches may also be acceptable.

Movement in foreign currency translation reserve

Source		30/06/2023 $'000	30/06/2022 $'000
	Balance at beginning of year		
AASB 1060:180(b)	Exchange differences arising on translating the foreign operations (net of tax) #		
AASB 1060:180(a)	(Gain)/loss reclassified to profit or loss on disposal of foreign operations (net of tax) #		
	Loss on hedging instrument designated in hedges of the net assets of foreign operations		
	Other *[describe]*		
	Balance at end of year		

These are the only required disclosures in AASB 1060:180. The example above has presented these disclosures in the form of a reconciliation between the opening and closing balances of the reserve. Other approaches may also be acceptable.

Source

32. Dividends on equity instruments

	Year ended 30/06/2023		Year ended 30/06/2022	
	Cents per share	Total $'000	Cents per share	Total $'000
Recognised amounts				
Fully paid ordinary shares				
- Interim dividend				
- Final dividend				
Unrecognised amounts				
Fully paid ordinary shares				
- Final dividend				

The above information is not explicitly required 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 30 June 2023. 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.

Source		Company	
		30/06/2023 $'000	30/06/2022 $'000
	Franking account balance at 30 June		
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	***Adjusted franking account balance***		
	Imputation debits that will arise from the payments of dividends declared by not recognised in the financial statements		
	Adjusted franking account balance after payment of unrecognised dividend amounts		

AASB 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

32. Dividends on equity instruments (continued)

Imputation credits (franking credits) (continued)

Exempting accounts

Exempting accounts are held by companies wholly-owned by non-residents or tax exempt institutions and are similar to franking accounts. AASB 1054 *Australian Additional Disclosures* does not specifically require the disclosure of exempting account balances, however, where considered necessary (i.e. to satisfy the information needs of the likely users of the financial report), directors may consider disclosing the exempting account balance.

Deferred franking debits

Where the entity is in receipt of refundable R&D tax offsets, this gives rise to deferred franking debits and therefore will reduce future franking credits. This is because a franking credit will not arise as a result of income tax payments until the deferred franking debits are recovered. The impacts of accrued refundable R&D tax offset amounts should be considered when disclosing the amount of franking credits available. This may require additional narrative or other disclosure so that users understand the future impacts of the deferred franking debits.

The following illustrative example can be adapted to develop relevant disclosures where an entity has deferred franking debits:

"As disclosed in Note *[x]*, under the R&D Tax Incentive of Australian tax law, the Group is eligible to receive a refundable R&D tax offset in respect of its eligible research and development expenditure. The receipt of such amounts results in deferred franking debits in the entity's franking account. The Group will not generate franking credits on the payment of corporate income tax amounts in future periods until the deferred franking debits are recovered.

The aggregate deferred franking debits at reporting date is $ ____ (2022: $ ____). The entity will be required to make future income tax payments of this amount before further income tax payments will give rise to franking credits. In addition, the entity has recognised a receivable in respect of the current period R&D tax offset of $ ___ which will give rise to additional deferred franking debits when received."

For more information, see our Clarity publication *Accounting for the R&D tax offset.*

Source

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

Source		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

Source		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)	Right-of-use assets			
AASB 1060:142(e)	Identifiable intangible assets			
AASB 1060:142(e)	Trade and other payables			
AASB 1060:142(e)	Lease liabilities			
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)-(f)	Goodwill (i) / (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]*. The goodwill cannot be amortised for tax purposes but has a capital gains tax base under Australian tax law as a result of [*SubSeven Limited*] joining the tax consolidated group. This amount can be taken into account in the determination of the tax base on capital account used to determine the gain or loss in the event [*SubSeven Limited*] leaves the tax consolidated group or another CGT event occurs.

Source

33. Business combinations (continued)

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.

Net cash outflow on acquisition of businesses

	30/06/2023 $'000	30/06/2022 $'000
Consideration paid in cash		
Less: cash and cash equivalent balances acquired		
Net outflow of cash per the statement of cash flows		

The above reconciliation is not 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:

	30/06/2023 $'000	30/06/2022 $'000
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
- Additions to equipment during the year amounting to $__ million (2022: $ ____) were financed by new leases.

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.

Source		30/06/2023		30/06/2022	
		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 a *[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 2023 and 2022. 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 2023 and 2022, respectively. The total intrinsic value 30 June 2023 and 2022 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 $ ___ (2022: $ ___).

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

Source		30/06/2023 $'000	30/06/2022 $'000
AASB 1060:172	Amount recognised as an expense for defined contribution plans		

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:

Source		30/06/2023 $'000
	Defined benefit obligation as at 1 July 2022	
AASB 1060:173(b)	Contributions	
AASB 1060:173(b)	Benefits paid	
AASB 1060:173(b)	Other *[describe]*	
	Defined benefit obligation as at 30 June 2023	

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:

Source		30/06/2023 $'000
	Fair value of plan assets as at 1 July 2022	
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 *[describe]*	
	Fair value of plan assets as at 30 June 2023	

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:

Source		30/06/2023 $'000	30/06/2022 $'000
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 *[describe]*		

AASB 1060:173(f)(i) (1) Included in the total carrying amount of equity instruments is an amount of $ ___ (2022: $ ___) of investments in the *[describe]* 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 $ ___ (2022: $ ___) 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 30 June 2023 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:

Source		30/06/2023	30/06/2022
AASB 1060:173(h)(i)	Discount rate		
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 *[describe, e.g. average longevity at retirement age]*		

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:

Source		30/06/2023 $'000	30/06/2022 $'000
AASB 1060:173(d)	Total cost of defined benefit plans		

Subsidiaries within groups

AASB 1060:173

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

Termination benefits

AASB 1060:174

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

Source		30/06/2023 $'000	30/06/2022 $'000
AASB 1060:121(a)	Change in fair value of hedging instruments recognised in profit or loss		
AASB 1060:121(b)	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:

Source		30/06/2023 $'000	30/06/2022 $'000
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:

Source		30/06/2023 $'000	30/06/2022 $'000
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

38. Related parties

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

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.

Information about the parent and subsidiaries

AASB 1060:192 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 party. 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

		30/06/2023 $	30/06/2022 $
AASB 1060:194	Aggregate key management personnel compensation		

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	
	30/06/2023 $'000	30/06/2022 $'000	30/06/2023 $'000	30/06/2022 $'000
[Ultimate parent company name]				
Associates				
[Describe nature of each related party relationship]				

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	
		30/06/2023 $'000	30/06/2022 $'000	30/06/2023 $'000	30/06/2022 $'000
	[Ultimate parent company name]				
	Associates				
AASB 1060:199	*[Describe nature of each related party relationship]*				
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 $ ___ (2022: $ ___) for an allowance for doubtful debts in respect of the amounts owed by related parties was recognised. Amounts repayable to *[related party]* carry interest of ___ % to ___ % (2022: ___ % 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:

Source		30/06/2023 $'000	30/06/2022 $'000
AASB 1060:199(a)	Loans to entities with control, joint control or significant influence over the Company *[describe]*		
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 *[describe]*		
AASB 1060:198(c)	Less: Allowance for uncollectable receivables		

AASB 1060:198
AASB 1060:198(a) During the period, the Group has provided its associates with short-term loans of $ ____ (2022: $ ____) at 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
AASB 1060:198 The following additional related party transactions occurred during the current and prior periods:

- The provision of office space and office management services (including IT resources) at no cost by *[related party]*
- Transfer of income tax payables *[tax losses]* to *[related party]* under the provisions of tax-consolidation applying in Australia, and the corresponding accrual of a related party payable *[receivable]* of $ ____ (2022: $ ____)

Source

38. Related parties (continued)

Examples

AASB 1060:201 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 $ ____ (2022: 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 $ ____ (2022: 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

41. Subsidiaries

ASIC-CI 2016/785.6(v)

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	
		30/06/2023	30/06/2022
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]* 2023.

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.

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

ASIC-CI 2016/785

ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 requires the following information in respect of parties to the deed of cross guarantee at the end of the financial year:

- Details (including dates) of parties to the deed of cross guarantee which, during or since the financial year have been added by an assumption deed, removed by a revocation deed or which are the subject of a notice of disposal (as required under the instrument)
- Details (including dates and reasons) of any entities which obtained relief under the instrument or ASIC Class Order 98/1418 at the end of the immediately preceding financial year, but which were ineligible for relief in respect of the relevant financial year.

Source

41. Subsidiaries (continued)

Additional disclosures

The entity discloses:

AASB 1060:104(c)
- Any difference in the reporting date of the financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements

AASB 1060:104(d)
- The nature and extent of any significant restrictions (for example resulting from borrowing arrangements or regulatory requirements) on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans.

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

ASIC-CI 2016/785.6(v)

The disclosures below are required in consolidated financial statements of the 'holding entity' 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).

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

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

	30/06/2023 $'000	30/06/2022 $'000
Statement of comprehensive income		
Revenue		
Cost of sales		
Gross profit		
Investment income		
Other gains and losses		
Distribution expenses		
Marketing expenses		
Occupancy expenses		
Administration expenses		
Other expenses		
Net finance costs		
Share of profits of associates and joint ventures		
Profit before tax		
Income tax expense		
Profit for the year from continuing operations		
Profit for the year from discontinued operations		
Profit for the year		

Source

41. Subsidiaries (continued)

	30/06/2023 $'000	30/06/2022 $'000
Other comprehensive Income		
Items that will not be reclassified subsequently to profit or loss:		
- Gain on revaluation of property		
- Remeasurement of defined benefit obligation		
- Share of other comprehensive income of associates		
- Fair value gain/(loss) on investments in equity instruments designated at fair value through other comprehensive income		
- Fair value gain/(loss) on financial liabilities designated at fair value through profit or loss, attributable to changes in credit risk		
- Other *[describe]*		
Items that may be reclassified subsequently to profit or loss:		
- Exchange differences on translating foreign operations		
- Net fair value gain/(loss) on investments in debt instruments measured at fair value through other comprehensive income		
- Net fair value gain on hedging instruments entered into for cash flow hedges		
- Share of other comprehensive income of associates		
- Other *[describe]*		
Arising from investments accounted for by the equity method[18]:		
- Share of other comprehensive income of associates		
- Share of other comprehensive income of joint ventures		
Other comprehensive income for the year		
Total comprehensive Income for the year		

	30/06/2023 $'000	30/06/2022 $'000
Statement of financial position		
Current assets		
Cash and cash equivalents		
Trade and other receivables		
Finance lease receivables		
Other financial assets		
Inventories		
Current tax assets		
Other assets		
Total current assets		

[18] 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)

	30/06/2023 $'000	30/06/2022 $'000
Non-current assets		
Finance lease receivables		
Other financial assets		
Investments in associates		
Investments in joint ventures		
Investments in subsidiaries		
Property, plant and equipment		
Investment property		
Right of use assets		
Biological assets		
Goodwill		
Other intangible assets		
Other assets		
Total non-current assets		
Total assets		
Current liabilities		
Trade and other payables		
Lease liabilities		
Other borrowings		
Other financial liabilities		
Provisions		
Deferred government grants		
Current tax liabilities		
Other liabilities		
Total current liabilities		
Non-current liabilities		
Lease liabilities		
Borrowings		
Other financial liabilities		
Provisions		
Deferred tax liabilities		
Deferred government grants		
Other liabilities		
Total non-current liabilities		
Total liabilities		
Net assets		
Equity		
Share capital		
Reserves		
Retained earnings		
Total equity		

Source

41. Subsidiaries (continued)

	30/06/2023 $'000	30/06/2022 $'000
Retained earnings		
Retained earnings as at beginning of the financial year		
Net profit		
Dividends provided for or paid		
Share buy-back		
Retained earnings as at end of the financial year		

Requirements for additional consolidation information

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

ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 requires the holding entity to include 'additional consolidation information' in each of the following circumstances:

- Where the consolidated financial statements cover entities which are not members of the 'closed group', additional consolidation information in respect of the 'closed group'
- Where the consolidated financial statements cover entities which are not parties to the deed of cross guarantee, additional consolidation information in respect of the consolidation of the holding entity and those entities which are parties to the deed of cross guarantee and controlled by the holding entity
- If there are parties to the deed of cross guarantee (other than a trustee or alternative trustee that is not a 'group entity' within the meaning of the deed) which are not controlled by the holding entity, additional consolidated information in respect of those parties (either individually or in aggregate).

ASIC-CI 2016/785 s.4

The additional consolidation information presented to comply with the requirements of *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* includes:

- A statement of comprehensive income setting out the information specified by paragraphs 82 to 87 of AASB 101 *Presentation of Financial Statements*
- Opening and closing retained earnings, dividends provided for or paid and transfers to and from reserves
- A statement of financial position complying with paragraphs 54 to 60 of AASB 101.

In addition, elimination of all transactions between entities for which information is included in the additional consolidation information is required.

Note: The information disclosed in this illustrative note conforms with the 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 remain amended, entities should consider the disclosures in accordance with the requirements with the Corporations Instrument.

Source

42. Parent entity information

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

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

As these model financial statements includes consolidated information in accordance with AASB 1060, the parent entity disclosures are required for entities preparing financial reports under Part 2M.3 of the *Corporations Act 2001*.

Accounting policies

AASB 1060:95

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

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are accounted for at cost. Dividends received from subsidiaries, associates and joint ventures are recognised in profit or loss when a right to receive the dividend is established (provided that it is probable that the economic benefits will flow to the parent and the amount of income can be measured reliably).

Tax consolidation

Int 1052:8

Int 1052 Tax Consolidation Accounting requires the current and deferred taxes arising in a tax-consolidated group to be allocated to the members of the group when they issue separate financial statements.

Int 1052:9

The following methods are examples of acceptable allocation methods:

- A "stand-alone taxpayer" approach for each entity, as if it continued to be a taxable entity in its own right
- A "separate taxpayer within group" approach for each entity, on the basis that the entity is subject to tax as part of the tax-consolidated group. This method requires adjustments for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the group or that have a different tax consequence at the level of the group
- A 'group allocation' approach, under which the current and deferred tax amounts for the tax-consolidated group are allocated among each entity in the group (subject to certain limitations in paragraph 10).

More information about tax consolidation accounting can be found in the *Australian financial reporting guide*, available at www.deloitte.com/au/models.

The disclosures below illustrate the three acceptable tax allocation methods in int 1052:9 and 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 the tax funding arrangement does not mirror the tax allocation method, 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.

Source

42. Parent entity information (continued)

Accounting policies (continued)

Tax consolidation (continued)

Where the 'stand-alone taxpayer' approach is adopted, the following accounting policy wording may be adopted:

Amounts payable or receivable under the tax-funding arrangement between the company and the entities in the tax consolidated group are determined using a 'stand-alone taxpayer' approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated group. This approach results in the tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group being recognised in the separate financial statements of the members of the tax-consolidated group by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Transactions within the group are notionally considered a transaction with an external party and the tax is accounted in the same manner as if the transaction were with a party external to the group. The same basis is used for tax allocation within the tax-consolidated group.

Where the 'separate taxpayer within group' approach is adopted, the following accounting policy wording may be adopted:

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, but 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 the 'group allocation' approach is adopted, the following accounting policy wording may be adopted:

Amounts payable or receivable under the tax-funding arrangement between the company and the entities in the tax consolidated group are determined using a 'group allocation' approach (specified in the tax funding arrangement) to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated group. This approach results in the tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group being recognised in the separate financial statements of the members of the tax-consolidated group using the 'group allocation ' approach specified in the tax funding arrangement. The same basis is used for tax allocation within the tax-consolidated group.

The tax funding arrangement requires a notional current and deferred tax calculation for each entity as if it were a taxpayer in its own right, except that unrealised profits, distributions made and received and capital gains and losses and similar items arising on transactions within the tax-consolidated group are treated as having no tax consequence [*amend as applicable*].

Source

42. Parent entity information (continued)

Financial position

Source		30/06/2023 $'000	30/06/2022 $'000
	Assets		
Reg2M.3.01(a),(k)	Current assets		
	Non-current assets		
Reg2M.3.01(b),(k)	***Total assets***		
	Liabilities		
Reg2M.3.01(c), (k)	Current liabilities		
	Non-current liabilities		
Reg2M.3.01(d),(k)	***Total liabilities***		
Reg2M.3.01(e),(k)	***Equity***		
	Issued capital		
	Retained earnings		
	Reserves		
	- Properties revaluation		
	- Investments revaluation		
	- Contributions		
	- Cash-flow hedging		
	- Foreign currency translation		
	- Option premium on convertible notes		
	- Other *[describe]*		
	Total equity		

Financial performance

Source		Year ended	
		30/06/2023 $'000	30/06/2022 $'000
Reg2M.3.01(f),(k)	Profit for the year		
	Other comprehensive income		
Reg2M.3.01(g),(k)	Total comprehensive income		

Reg2M.3.01(h),(k)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

	30/06/2023 $'000	30/06/2022 $'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

	30/06/2023 $'000	30/06/2022 $'000
[describe]	-	-

Reg2M.3.01(j), (k)

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

	30/06/2023 $'000	30/06/2022 $'000
Plant and equipment		
Not longer than 1 year		
Longer than 1 year and not longer than 5 years		
Longer than 5 years		

Disclosures required in the notes to the consolidated financial statements

s.295(2), (3), Reg2M.3.01

(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

AASB 1060:186

The financial statements were approved by the board of directors and authorised for issue on 13 October 2023.

Source

44. Remuneration of auditors

ASIC-CI 2016/191

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.

Source		30/06/2023 $	30/06/2022 $
AASB 1060:98	**Deloitte and related network firms***		
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	**Other auditors and their related network firms**		
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 November 2020, the Federal Parliamentary Joint Committee on Corporations and Financial Services released *Regulation of Auditing in Australia: Final Report* (available at parlinfo.aph.gov.au). Included in this final report is a recommendation to introduce defined categories and associated fee disclosure requirements in relation to audit and non-audit services. This recommendation was directed primarily at the Financial Reporting Council (FRC) and the AASB has a project on audit fee disclosure in progress.

In the meantime, we encourage entities to provide transparent and expanded disclosures in their financial reports at 30 June 2023. 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

45. Disclosure requirements specific to public sector entities

The following are disclosure requirements specific to public sector entities as required under AASB 1060. Entities should consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements.

Contributions

AASB 1060:215

A government department shall disclose liabilities that were assumed during the reporting period by the government or other entity.

Restructure of administrative arrangements

AASB 1060:216-218

When activities are transferred as a consequence of a restructure of administrative arrangements, a government controlled not-for-profit transferee entity shall disclose the expenses and income attributable to the transferred activities for the reporting period, showing separately those expenses and items of income recognised by the transferor during the reporting period. If disclosure of this information would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.

For each material transfer, the assets and liabilities transferred as a consequence of a restructure of administrative arrangements during the reporting period shall be disclosed by class, and the counterparty transferor/transferee entity shall be identified. With respect to transfers that are individually immaterial, the assets and liabilities transferred shall be disclosed on an aggregate basis.

Administrative items

AASB 1060:219-220

A government department shall disclose the following in its complete set of financial statements in relation to activities administered by the government department:

- Administered income, showing separately each major class of income
- Administered expenses, showing separately each major class of expense
- Administered assets, showing separately each major class of asset
- Administered liabilities, showing separately each major class of liability.

Details of the broad categories of recipients and the amounts transferred to those recipients shall be disclosed in the government department's complete set of financial statements.

Source

45. Disclosure requirements specific to public sector entities (continued)

Budgetary reporting

AASB 1060:222 Where an entity applies AASB 1055 *Budgetary Reporting* and its budgeted:

- Statement of financial position
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity, or
- Statement of cash flows

reflecting controlled items is presented to parliament and is separately identified as relating to that entity, the entity shall disclose for the reporting period:

- The original budgeted financial statement presented to parliament, presented and classified on a basis that is consistent with the presentation and classification adopted in the corresponding financial statement prepared in accordance with Australian Accounting Standards
- Explanation of major variances between the actual amounts presented in the financial statements and the corresponding original budget amounts.

AASB 1060:223 Where an entity within the General Government Sector (GGS)'s budgeted financial information reflecting major classes of administered income and expenses, or major classes of administered assets and liabilities, is presented to parliament and is separately identified as relating to that entity, the entity shall disclose for the reporting period:

- That original budgeted financial information presented to parliament, presented and classified on a basis that is consistent with the presentation and classification adopted for the corresponding information about administered items disclosed in accordance with AASB 1050 *Administered Items*
- Explanations of major variances between the actual amounts disclosed in the financial statements in accordance with AASB 1050 and the corresponding original budget amounts.

AASB 1060:224 Comparative budgetary information in respect of the previous period need not be disclosed.

AASB 1060:225 When disclosing budgetary information under paragraphs 222–224, an entity shall comply with the requirements in AASB 1055 *Budgetary Reporting*.

Non-contractual income arising from statutory requirements

AASB 1060:230 An entity shall disclose income arising from statutory requirements (such as taxes, rates and fines) recognised during the period, disaggregated into categories that reflect how the nature and amount of income (and the resultant cash flows) are affected by economic factors.

An entity shall consider disclosing information about assets and liabilities recognised at the reporting date in accordance with AASB 1058 *Income of Not-for-Profit Entities*, including the amounts of:

- Receivables that are not a financial asset as defined in AASB 132 (e.g. income tax receivable from a taxpayer)
  - Interest income recognised in relation to such receivables during the period
  - Impairment losses recognised in relation to such receivables during the period
- Financial liabilities relating to
  - prepaid taxes or rates for which the taxable event has yet to occur,
  - future period(s) to which those taxes or rates relate.

Source

45. Disclosure requirements specific to public sector entities (continued)

Non-contractual income arising from statutory requirements (continued)

AASB 1060:231

Other information that may be appropriate for an entity to disclose includes, for each class of taxation income that the entity cannot measure reliably during the period in which the taxable event occurs (see paragraphs B28–B31 of AASB 1058):

- Information about the nature of the tax
- The reason(s) why that income cannot be measured reliably

When that uncertainty might be resolved.

Compliance with parliamentary appropriations and other related authorities for expenditure

AASB 1060:239

An entity shall disclose:

- A summary of the recurrent, capital or other major categories of amounts authorised for expenditure (including parliamentary appropriations), disclosing separately:
  - The original amounts appropriated
  - The total of any supplementary amounts appropriated and amounts authorised other than by way of appropriation (e.g. by the Treasurer, other Minister or other legislative authority)
- The expenditures in respect of each of the items disclosed in (a) above

The reasons for any material variances between the amounts appropriated or otherwise authorised and the resulting associated expenditures, and any financial consequences for the entity of unauthorised expenditure.

AASB 1060:240

For the purposes of resource allocation decisions, including assessments of accountability, AASB 1058 requires that users of financial statements of government departments and other public sector entities that obtain part or all of their spending authority for the period from a parliamentary appropriation be provided with information about the amounts appropriated or otherwise authorised for the entity's use, and whether the entity's expenditures were as authorised.

This information may be based on acquittal processes applied by an entity. When spending limits imposed by parliamentary appropriation or other authorisation have not been complied with, information regarding the amount of, and reasons for, the non-compliance is relevant for assessing the performance of management, the likely consequences of non-compliance, and the ability of the entity to continue to provide services at a similar or different level in the future.

AASB 1060:241

Broad summaries of the major categories of appropriations and associated expenditures, rather than detailed reporting of appropriations for each activity or output, is sufficient for most users of such an entity's financial statements. Determining the level of detail and the structure of the summarised information is a matter of judgement. To develop effective disclosures, entities also subject to AASB 1055 might consider the variance disclosure requirements in that Standard at the same time.

Source

45. Disclosure requirements specific to public sector entities (continued)

Service concession arrangements: grantors that are public sector entities

AASB 1060:242

The objective of the disclosure requirements is for a public sector grantor to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements. To achieve this, an entity shall consider disclosing qualitative and quantitative information about its service concession arrangements, including the following:

- A description of the arrangements
- Significant terms of the arrangements that may affect the amount, timing and uncertainty of future cash flows (e.g. the period of the arrangement, re-pricing dates and the basis upon which re-pricing or renegotiation is determined)
- The nature and extent (e.g. quantity, time period, or amount, as appropriate) of:
  - Rights to receive specified services from the operator
  - The carrying amount of service concession assets as at the end of the reporting period, including separate disclosure for existing assets of the grantor reclassified as service concession assets during the reporting period
  - Rights to receive specified assets at the end of an arrangement
  - Renewal and termination options
  - Other rights and obligations (e.g. major overhaul of service concession assets)
  - Obligations to provide the operator with access to service concession assets or other revenue-generating assets
- Changes in arrangements occurring during the reporting period.

AASB 1060:243

The above disclosures provided by an entity are provided individually for each material service concession arrangement or in aggregate for service concession arrangements involving services of a similar nature, in addition to disclosures required by the sections of AASB 1060 covering Property, Plant and Equipment and Investment Property at Cost and Intangible Assets other than Goodwill. Service concession assets of a similar nature may form a subset of a class of assets disclosed in accordance with these sections or may be included in more than one class of assets disclosed in accordance with these sections.

For example, for the purposes of the section covering Property, Plant and Equipment and Investment Property at Cost, a toll bridge may be included in the same class as other bridges, and for the purposes of paragraph 242 of AASB 1060 may be included with service concession assets reported in aggregate as toll roads.

Source

46. Significant accounting policies

AASB 1060:95

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 Australian 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 Australian Accounting Standards.

Basis of accounting

AASB 1060:91(a)
AASB 1060:95(a)

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

46. Significant accounting policies (continued)

AASB 1060:95 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 under either the cost basis or revaluation (fair value) basis
- AASB 138:74, 75 — Measure intangible assets after initial recognition under either the cost or revaluation (fair value) basis, where conditions for doing so are me
- AASB 140:6 — Measure investment property under either the cost model or the fair value model
- AASB 120:23 — Account for government grants in the form of a non-monetary asset at a nominal amount
- AASB 120:24 — Present government grants related to assets as a deduction from the carrying amount of the asset
- AASB 120:2 — Deduct government grants received and recognised in the statement of profit or loss and other comprehensive income in reporting the related expense
- 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

46. Significant accounting policies (continued)

Basis of consolidation

AASB 1060:104(a) 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 affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Group, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

All intragroup assets and liabilities, equity, income, expenses members of the Group are eliminated on consolidation.

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

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

Source

46. 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	
	46. Significant accounting policies (continued)
	Business combinations (continued)
AASB 3: AusCF11	In respect of AusCF entities, to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* (as identified in AASB 1048 *Interpretation of Standards) AusCF1 at the acquisition date*.)
AASB 3:21B	The *Conceptual Framework for Financial Reporting* defines a liability as 'a present obligation of the entity to transfer an economic resource as a result of past events'. For a provision or contingent liability that would be within the scope of AASB 137, the acquirer shall apply paragraphs 15–22 of AASB 137 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of Interpretation 21, the acquirer shall apply Interpretation 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.
AASB 3: AusCF21B	Notwithstanding paragraph 21B, in respect of AusCF entities, the *Framework for the Preparation and Presentation of Financial Statements* (as identified in AASB 1048 Interpretation of Standards) defines a liability as 'a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits'. For a provision or contingent liability that would be within the scope of AASB 137, the acquirer shall apply paragraphs 15–22 of AASB 137 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of Interpretation 21, the acquirer shall apply Interpretation 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

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.

Source

46. Significant accounting policies (continued)

Business combinations (continued)

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.

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.

Source

46. Significant accounting policies (continued)

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.

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.

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.

Source

46. Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

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

The Group applies AASB 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying AASB 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by AASB 128 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with AASB 128).

Source

46. Significant accounting policies (continued)

Interests in joint operations

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

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

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

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

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

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

Non-current assets held for sale

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

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

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

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

Source

46. Significant accounting policies (continued)

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.

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.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Source

46. Significant accounting policies (continued)

Leases (continued)

The Group as lessee (continued)

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

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liabilities 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 based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the 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. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Source

46. Significant accounting policies (continued)

Leases (continued)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Group.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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.

Source

46. Significant accounting policies (continued)

Leases (continued)

Leases at significantly below-market terms and conditions (concessionary leases) *(not-for-profit entities and public sector entities)*

For not-for-profit entities with leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives (commonly known as concessionary leases or peppercorn leases), AASB 1058 and AASB 16 requires not-for-profit entities to measure right-of-use assets at initial recognition at fair value (based on AASB 13 *Fair Value Measurement*), the lease liability per AASB 16 and the difference to be accounted as income upfront.

AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities* provides a temporary option for not-for-profit lessees to elect to measure a class (or classes) of right-of-use assets arising under 'concessionary leases' at initial recognition, at either fair value or cost. If an entity chooses the cost option, additional disclosures are required for each material 'concessionary / peppercorn lease' on the nature and terms and the entity's dependence on such leases.

AASB 2022-3 *Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*

This Standard also documents the AASB's decisions around concessionary leases in the basis of conclusions accompanying AASB 2022-3, to state that:

- Not-for-profit private sector lessees – The AASB has decided to retain the accounting policy choice in AASB 16 for the right-of-use assets of concessionary leases to initially be measured at cost or fair value on an ongoing basis, where this will be a permanent option with no plans to reconsider in future
- Not-for-profit public sector lessees – The AASB has decided to defer consideration of the accounting policy choice until the Board decides on any additional guidance for measuring the fair value of right-of-use assets under concessionary leases.

For the concessionary leases, the Group has decided to make use of the option under AASB 2018-8 and AASB 2022-3 to measure the right-of-use assets at cost on initial recognition. The Group has also made the necessary disclosures in note 31 for each material concessionary lease as required by AASB 16:Aus59.1-2.

The Group has also decided to apply AASB 2019-8 to treat right-of-use assets arising under concessionary leases as a separate class of right-of-use assets to right-of-use assets arising under other leases for the purposes of AASB 16.

Source

46. Significant accounting policies (continued)

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 disposal or partial disposal of the net investment.

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 a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a 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.

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

Goodwill and fair value adjustments 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.

Source

46. Significant accounting policies (continued)

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.

Borrowing costs (not-for-profit entities)

AASB 1060:163 A not-for-profit public sector entity shall disclose the accounting policy it has adopted for borrowing costs.

AASB 123:Aus8.1 A not-for-profit public sector entity may elect to recognise borrowing costs as an expense in the period in which they are incurred regardless of how the borrowings are applied.

AASB 1060:160(d)

Government grants

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

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

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

The benefit of a government loan at a below-market rate of interest is treated as a government grant. 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 other than the requirement to operate in certain regions or industry sectors is recognised in accordance with the accounting policies above.

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

Source

46. Significant accounting policies (continued)

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.

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.

Source

46. Significant accounting policies (continued)

Retirement benefits costs (continued)

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.

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.

Source

46. Significant accounting policies (continued)

Taxation (continued)

Deferred tax

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

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

OECD Pillar Two reforms

IASB has agreed to finalise amendments to IAS 12 *Income Taxes* to introduce temporary relief from recognising deferred taxes arising from the OECD 'Pillar Two' tax reforms.

The final amendments to IAS 12 are expected to be issued by the end of May 2023 and will be **effective on issue** (with disclosure required that the exception has been applied), with additional disclosures required in financial reporting periods beginning on or after 1 January 2023. It is expected that the AASB will adopt the amendments in line with the IASB and consider the impacts on Tier 2 financial statements.

Although the disclosure requirements may not apply to Tier 2 entities, where Pillar Two is relevant to an entity, consideration should be given to including disclosure in Tier 2 financial statements.

The following illustrative disclosure may be relevant where the entity is part of a foreign controlled group that is subject to the Pillar Two reforms and there has not been substantive enactment of Pillar legislation at the reporting date: [19]

"The group is part of a global consolidated group that is potentially subject to additional taxation under the OECD 'Pillar Two' reforms. These reforms apply to multinational entities which revenues exceeding EUR 750 million and would apply a 'top up' tax to profits in low taxing jurisdictions. Notwithstanding the above policies, in accordance with the mandatory exception introduced into AASB 112 'Income Taxes', the group has not recognised deferred taxes arising from the Pillar Two reforms."

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.

[19] The wording illustrated has been based on the IASB's exposure draft on the Pillar Two reforms and its subsequent redeliberations. Entities should ensure the requirements of the finalised amendment are followed.

Source

46. Significant accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

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

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

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to 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.

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

46. 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 reporting date.

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.

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

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

Freehold land is not depreciated.

Plant 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.

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.

Source

46. 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.

Land under roads

AASB 1060:221

An entity which applied AASB 1051 *Land Under Roads* shall disclose its accounting policy for land under roads acquired before the end of the first reporting period ending on or after 31 December 2007, in each reporting period to which AASB 1051 is applied.

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.

Source

46. Significant accounting policies (continued)

Intangible assets (continued)

Internally-generated intangible assets - research and development expenditure (continued)

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

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 decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Source

46. Significant accounting policies (continued)

Impairment of tangible and intangible assets other than goodwill (continued)

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

Inventories

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 1060:124

Not-for-profit entities shall disclose the basis on which any loss of service potential of inventories held for distribution is assessed, or the bases when more than one basis is used.

AASB 1060:112

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*.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Source

46. Significant accounting policies (continued)

AASB 1060:112

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables 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

46. 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 cumulative preference shares held by the Group are classified as at FVTOCI. The redeemable cumulative preference shares are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these redeemable cumulative preference shares 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 cumulative preference shares had been measured at amortised cost. All other changes in the carrying amount of these redeemable cumulative preference shares are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these redeemable cumulative preference shares are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Source

46. 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 6). Fair value is determined in the manner described in note 11.

Source

46. 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 6)
- 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 the 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

46. 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:

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

46. 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

46. 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

46. 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

46. 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 6) 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

46. 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 elsewhere in this note.

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 6) 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

46. 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

46. 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

46. 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

46. Significant accounting policies (continued)

Hedge accounting (continued)

Cash flow hedges (continued)

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

Hedges of net investments in foreign operations

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

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Source

46. Significant accounting policies (continued)

Provisions (continued)

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.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restoration provisions

Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 15 *Revenue from Contracts with Customers*.

Own shares

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

Source

46. Significant accounting policies (continued)

Share-based payment (continued)

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.

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.

Source

46. Significant accounting policies (continued)

Supplier financing arrangements

AASB 1060:114

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.

Factoring of receivables

When an entity enters into arrangements for factoring of receivables where they are not fully derecognised, it is important that the policy adopted for the treatment of cash flows arising is clearly explained and that any non-cash financing transactions are disclosed in accordance with 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.

Deloitte.