

The background is a dark, abstract composition featuring several translucent blue and green 3D rectangular blocks of varying sizes. These blocks are interconnected by a network of thin, glowing blue and green lines that resemble circuitry or data paths. The lighting creates a sense of depth and movement, with some blocks appearing to float or be part of a larger, complex structure.

**Deloitte.**

**Model special purpose financial  
statements**

18th edition

October 2024

# Contents

<b>Considerations in preparing special purpose financial statements</b>	<b>5</b>
Reporting entity concept	6
General requirements	6
Entities that cannot prepare special purpose financial statements	6
Professional requirements	8
Background	8
Disclosure requirements	8
Interaction with Australian Accounting Standards	8
<b>SPFS Holdings Unit Trust financial report</b>	<b>9</b>
About the model special purpose financial statements	10
Purpose and basis of preparation	10
Source references	12
Limitations	12
Deloitte <i>Australian financial reporting guide</i>	12
Report to unitholders	13
Independent auditor's report	14
Statement by <i>[those charged with governance]</i>	15
Index to the financial statements	16
Statement of profit or loss and other comprehensive income	17
Statement of profit or loss	19
Statement of other comprehensive income	20
Statement of financial position	21
Statement of changes in equity	24
Statement of cash flows	25
Statement of cash flows	27
Notes to the financial statements	30
1. General information	30
2. Adoption of new and revised Australian Accounting Standards	40
3. Material accounting policies	46
4. Critical accounting judgments and key sources of estimation uncertainty	52
5. Profit for the year from continuing operations	53
6. Other gains and losses	54
7. Deferred tax	55

8. Discontinued operations	55
9. Assets classified as held for sale	56
10. Trade and other receivables	57
11. Other financial assets	58
12. Inventories	58
13. Property, plant and equipment	59
14. Right-of-use assets	61
15. Investments in subsidiaries, associates and joint ventures	61
16. Other intangible assets	62
17. Other assets	63
18. Trade and other payables	63
19. Lease liabilities	64
20. Borrowings	64
21. Other financial liabilities	65
22. Provisions	66
23. Other liabilities	66
24. Unitholder capital	67
25. Reserves <i>[(net of income tax)]</i>	70
25. Reserves <i>[(net of income tax)]</i> (continued)	72
26. Retained earnings	75
27. Distributions	75
28. Acquisition of businesses	78
29. Disposal of businesses	79
30. Notes to the statement of cash flows	80
31. Related parties	84
32. Remuneration of auditors	89

## Appendix – Abbreviations 91

### IMPORTANT INFORMATION

The information in this document is current as of 11 October 2024. Entities should ensure any developments occurring after this date are appropriately considered. This publication is updated on an 'as needed' basis. The latest edition can be found at [www.deloitte.com/au/models](http://www.deloitte.com/au/models).

# Considerations in preparing special purpose financial statements



This section includes considerations in preparing special purpose financial statements.

In this section

**Reporting entity concept**

6

**Professional requirements**

8

# Reporting entity concept

## General requirements

Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity*, defines reporting entities as “all entities (including economic entities) in respect of which it is reasonable to expect the existence of users dependent on general purpose financial reports for information which will be useful to them for making and evaluating decisions about the allocation of scarce resources” (SAC 1:40). Where an entity or economic entity is a reporting entity, it must prepare general purpose financial reports (SAC 1:41).



Entities that are not reporting entities can choose to prepare special purpose financial statements.

Where an entity is preparing special purpose financial statements, those charged with governance of the entity should ensure they have appropriately considered and documented that the entity is not a reporting entity in accordance with SAC 1.

Further guidance on the reporting entity concept can be found in the *Australian financial reporting guide*, available at [www.deloitte.com/au/models](http://www.deloitte.com/au/models).

## Entities that cannot prepare special purpose financial statements

The following entities **cannot** apply SAC 1 and cannot prepare special purpose financial statements in the circumstances described (SAC 1.2A)<sup>1</sup>:

- For-profit private sector entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards. This includes entities reporting under the Corporations Act as well as other legislation of the Federal, State or Territory governments in Australia (e.g. co-operatives, incorporated associations and higher education providers)
- Other for-profit private sector entities that are required only by the constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, where the relevant document was created or amended on or after 1 July 2021
- Other for-profit entities (private sector or public sector) that elect to prepare general purpose financial statements.

In addition, if any of the above entities elect to apply the *Conceptual Framework for Financial Reporting* to an annual reporting period prior to its mandatory application for the entity, the entity is also prohibited from applying SAC 1.

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<sup>1</sup> Per AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities* effective for annual periods beginning on or after 1 July 2021. More information about the removal of the reporting entity concept can be found in our [Clarity publication](http://www.deloitte.com/au/clarity) *Removal of special purpose financial statements* (available at [www.deloitte.com/au/clarity](http://www.deloitte.com/au/clarity)).



### **Simplified accounting requirements (Tier 3) for not-for-profit private sector entities**

The AASB is undertaking projects that may impact the ability of not-for-profit entities to prepare special purpose financial statements in the future, including a new not-for-profit private sector financial reporting framework.

Based on current AASB deliberations, these projects would result in a new general purpose financial statements framework, being:

- A new “Tier 3” Australian Accounting Standard with simplified accounting requirements for smaller not-for-profit private sector entities
- Enabling amendments to the *Conceptual Framework for Financial Reporting* and Australian Accounting Standards (including Interpretations) (via AASB 1057 *Application of Australian Accounting Standards*).

The forthcoming proposals would extend the application of Australian Accounting Standards to a broader population of not-for-profit entities, and should the proposals be finalised in their expected form, certain not-for-profit private and public sector entities currently preparing special purpose financial statements on the basis that the entity is not a reporting entity (as defined by SAC 1) would be required to prepare general purpose financial statements in the future.

At the date of finalisation of this publication (11 October 2024), the AASB was expected to release two Exposure Drafts by the end of October 2024 with a four month consultation period.

Entities that may be impacted by these projects should monitor AASB developments.

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# Professional requirements

## Background

Accounting Professional & Ethical Standard APES 205 *Conformity with Accounting Standards* specifies the professional obligations of all members of Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants to comply with Australian Accounting Standards when they prepare, present, audit, review or compile financial statements, which are either general purpose financial statements or special purpose financial statements.

## Disclosure requirements

Under APES 205, members who are involved in, or are responsible for, the preparation, presentation, audit, review or compilation of an entity's special purpose financial statements (except where the special purpose financial statements will be used solely for internal purposes) must take all reasonable steps to ensure that the special purpose financial statements, and any associated audit report, review report or compilation report clearly identifies (APES 205:6.1):

- That the financial statements are special purpose financial statements
- The purpose for which the special purpose financial statements have been prepared
- The material accounting policies adopted in the preparation and presentation of the special purpose financial statements.

## Interaction with Australian Accounting Standards

APES 205 also requires members who are involved in, or are responsible for, the preparation, presentation, audit, review or compilation of special purpose financial statements for an entity that has a legislative or non-legislative requirement to prepare financial statements that comply with one or more Australian Accounting Standards to take all reasonable steps to ensure that the special purpose financial statements comply with the applicable Australian Accounting Standards (APES 201:6.2).

For example, some for-profit entities and not-for-profit entities are permitted to prepare special purpose financial statements with reference to Australian Accounting Standards, e.g. charities reporting to the Australian Charities and Not-for-profits Commission (ACNC).





# SPFS Holdings Unit Trust financial report



This section contains the special purpose financial statements and various reports.

## Table of contents

<b>About the model special purpose financial statements</b>	<b>10</b>
<b>Report to unitholders</b>	<b>13</b>
<b>Independent auditor's report</b>	<b>14</b>
<b>Statement by <i>[those charged with governance]</i></b>	<b>15</b>
<b>Index to the financial statements</b>	<b>16</b>
<b>Statement of profit or loss and other comprehensive income</b>	
(Alternative 1: Single statement presentation, with expenses analysed by function)	<b>17</b>
(Alternative 2: Presentation as two statements, with expenses analysed by nature)	<b>19</b>
<b>Statement of financial position</b>	<b>21</b>
<b>Statement of changes in equity</b>	<b>24</b>
<b>Statement of cash flows</b>	
(Alternative 1: Direct method of reporting cash flows from operating activities)	<b>25</b>
(Alternative 2: Indirect method of reporting cash flows from operating activities)	<b>27</b>
<b>Notes to the financial statements</b>	<b>30</b>



# About the model special purpose financial statements

Use this document as a guide to achieve best practice outcomes in special purpose financial statements.

## Purpose and basis of preparation

### Summary

These model special purpose financial statements have been designed by Deloitte Touche Tohmatsu to assist users with the preparation of **special purpose financial statements** for an entity that has a **non-legislative requirement** to prepare financial statements, is **not a reporting entity**, and which chooses to:

- Prepare financial statements in accordance with the recognition and measurement requirements of all Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (to the extent relevant to the entity)
- Comply with the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and AASB 1054 *Australian Additional Disclosures*.

### About SPFS Holdings Unit Trust

SPFS Holdings Unit Trust is an **unlisted for-profit entity** that has presented special purpose financial statements for many years. Therefore, it is not a first-time adopter of Australian Accounting Standards. AASB 1 *First-time Adoption of Australian Accounting Standards* includes additional requirements for an entity's first Australian-Accounting-Standards financial statements, which are not considered in this publication.

### Assumptions

These special purpose financial statements have been prepared based on certain assumptions, including that SPFS Holdings Unit Trust:

- Is preparing financial statements in accordance with a non-legislative requirement<sup>2</sup>
- Is not required to prepare financial statements under the *Corporations Act 2001* or another legislative requirement
- Is not a reporting entity as defined in Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity*
- Has subsidiaries (accounted for using the cost method) and equity accounted investments
- Has chosen to prepare separate financial statements rather than consolidated financial statements<sup>3</sup>
- Is not subject to income tax (as it is a “pass-through” entity for tax purposes)
- Has a functional currency of Australian dollars.

These model financial statements do not cover all situations that may be encountered in practice. Knowledge of the relevant provisions of the entity's reporting mandate, Australian Accounting Standards and Interpretations are prerequisites for the preparation of financial statements.

### Dates

This document has been updated based on legislation, pronouncements, guidance and other information as of 11 October 2024. The financial statements illustrate the versions of applicable pronouncements that are applicable to annual reporting periods beginning on or after 1 January 2024.

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<sup>2</sup> A non-legislative requirement to prepare financial statements may arise from the entity's constituting or another document, e.g. the entity's constitution, a finance or loan agreement, or shareholder agreement.

<sup>3</sup> For guidance on consolidated financial statements refer to the various editions of the Deloitte Tier 1 and Tier 2 models, which are available at [www.deloitte.com/au/models](http://www.deloitte.com/au/models).

## Considering the information needs of users

Preparers of special purpose financial statements should consider the specific information needs of the users to determine the level of disclosure necessary to satisfy those needs. In addition, preparers need to ensure the financial statements and notes comply with the requirements of the reporting mandate under which the special purpose financial statements are being prepared.

This may require the disclosure of information in addition to that illustrated in these financial statements. Where appropriate, additional disclosure requirements derived from Australian Accounting Standards may be prepared by reference to the various editions of our Deloitte model financial statements and *Australian financial reporting guide*, available at

[www.deloitte.com/au/models](http://www.deloitte.com/au/models).

## Reporting periods

These model special purpose financial statements have not been prepared for a particular financial reporting period. Dates are shown in "20X1" format. Entities need to ensure that appropriate dates are used in their special purpose financial statements to meet the requirements of AASB 101 *Presentation of Financial Statements*<sup>4</sup> (where that Australian Accounting Standard is being applied).

Where this document is used for financial reporting periods ending after 31 December 2024, entities also need to ensure that any changes in pronouncements and requirements are appropriately considered and reflected in financial statements developed using this document. Entities may wish to refer to later editions of other model financial statements. These can be found at

[www.deloitte.com/au/models](http://www.deloitte.com/au/models).

## Showing 'nil' amounts

In these model financial statements amounts are not shown for each line item. We have illustrated items that might be commonly encountered in practice. 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 all line items, especially where nil amounts are shown.

## Not-for-profit entities

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

## Specialist entities

This illustration is not designed to meet specific needs of a first-time adopter of Australian Accounting Standards, specialised industries or the specific information needs of any particular special purpose users. Rather, it is intended to illustrate the minimum information to be disclosed in the financial statements of an entity that is not a reporting entity to satisfy the reporting requirements of a hypothetical non-legislative reporting mandate that:

- Requires the preparation of financial statements in accordance with the recognition and measurement requirements of all Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (to the extent relevant to the entity)
- Requires or permits compliance with the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and AASB 1054 *Australian Additional Disclosures* (and, in the case of not-for-profit entities registered with the Australian Charities and Not-for-profits Commission (ACNC), additional requirements required by the ACNC Regulations).

Inquiries regarding the preparation of specialised industry special purpose financial statements should be directed to your nearest Deloitte Touche Tohmatsu office.

<sup>4</sup> These model special purpose financial statements do not consider AASB 18 *Presentation and Disclosure in Financial Statements* which is effective for annual reporting periods beginning on or after 1 January 2027 (for for-profit entities) and 1 January 2028 (for not-for-profit entities and superannuation entities). Earlier application is permitted.

## Source references

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

In some cases, additional references to other pronouncements are provided that are not mandatory in special purpose financial statements in accordance with the basis of preparation, but which may provide a useful basis in developing disclosures in financial statements. These source references are provided in parentheses.

## Limitations

These model special purpose financial statements are not designed to meet specific needs of specialised industries and not-for-profit and public sector entities. They also do not, and cannot be expected to, cover all situations that may be encountered in practice.

This publication is an illustration only and does not represent the only way an entity's reporting obligations may be met. We strongly encourage preparers of financial statements to ensure that disclosures made in their special purpose financial statements are relevant, practical and useful.

The information in this document is current as of 11 October 2024. Entities should ensure any developments occurring after this date are appropriately considered.

## Deloitte Australian financial reporting guide

Entities preparing special purpose financial statements may find the information in the *Deloitte Australian financial reporting guide* useful. The guide provides a roadmap to financial reporting requirements and the differential reporting framework in Australia.



The *Deloitte Australian financial reporting guide* is available at [www.deloitte.com/au/models](http://www.deloitte.com/au/models).

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# Report to unitholders

## Source

### **Application to entities with a non-legislative requirement to prepare financial statements**

The requirement for a report to unitholders will depend on the entity's reporting mandate and the direction of those charged with governance of the entity.

Entities should therefore consider the requirement or desire for a report to unitholders and develop a report that is consistent with those factors.

Where the reporting mandate is high-level or unclear, those charged with governance of the entity may wish to refer to the following sources in developing any appropriate report:

- The requirements for directors' reports in Part 2M.3 of the *Corporations Act 2001* (available at [www.legislation.gov.au](http://www.legislation.gov.au))
- ASIC Regulatory Guide 247 *Effective disclosure in an operating and financial review* (RG 247, available at [www.asic.gov.au](http://www.asic.gov.au))
- ASX Guidance Note 10 *Review of Operations and Activities: Listing Rule 4.10.17* and the G100's *Guide to Review of Operations and Financial Condition* (both available at [www.asx.com.au](http://www.asx.com.au)),
- IFRS Practice Statement 1 *Management Commentary* (available at [www.aasb.gov.au](http://www.aasb.gov.au))

More information about most of the above requirements, and illustrative disclosures where relevant and applicable, can be found in our *Tier 1 models and reporting considerations* publication, which is available at [www.deloitte.com/au/models](http://www.deloitte.com/au/models).

# Independent auditor's report

## Source

Where the financial statements are subject to audit, an independent auditor's report is prepared by the auditor in accordance with Australian Auditing Standards.

# Statement by *[those charged with governance]*<sup>5</sup>

## Source

### Guidance

Special purpose financial statements prepared under a non-legislative reporting requirement should not refer to the *Corporations Act 2001* or other legislative requirements as these are not applicable to such financial statements. Instead, those charged with governance should provide information required by the reporting mandate and assert compliance with the basis of preparation of the financial statements.

In addition, the reporting mandate may require additional assertions about the financial statements or other matters, e.g. a statement of solvency. Preparers and auditors should ensure that any additional requirements are met. The example below is based on best practice but should be modified as necessary.

## APES 205:6.1

As detailed in note 1 to the financial statements, SPFS Holdings Unit Trust is not a reporting entity because in the opinion of *[those charged with governance, e.g. the directors of the Trustee]*, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, the attached special purpose financial statements have been prepared to satisfy *[state the reporting mandate, e.g. the requirements of the Trust constitution]*.

*[Those charged with governance, e.g. the directors of the Trustee] state:*

- (a) There are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable
- (b) The attached financial statements and notes present fairly the entity's financial position as at 31 December 20X2 and of its financial performance and its cash flows for the year then ended in accordance with *[state the reporting mandate, e.g. the requirements of the Trust constitution]* and the accounting policies described in note 3.

*[Signed in accordance with a resolution of [those charged with governance, e.g. the directors of the Trustee].]*

On behalf of *[those charged with governance, e.g. the directors of the Trustee]*.

*(Signature)*

C.J. Chambers

*[Title]*

Sydney, 14 April 20X3

<sup>5</sup> "Those charged with governance" will depend on the form and nature of the entity. For instance, in the case of a trust, it may be the directors of the trustee of the trust. In some cases, the reporting mandate may require management to prepare the financial statements and, in this case, a statement by management may be required.



# Index to the financial statements

	<b>Page</b>
<b>Statement of profit or loss and other comprehensive income</b>	
- Alternative 1: Presentation as a single statement, with expenses analysed by function	17
- Alternative 2: Presentation as two statements, with expenses analysed by nature	19
<b>Statement of financial position</b>	21
<b>Statement of changes in equity</b>	24
<b>Statement of cash flows</b>	
- Alternative 1: Direct method of reporting cash flows from operating activities	25
- Alternative 2: Indirect method of reporting cash flows from operating activities	27
<b>Notes to the financial statements</b>	
1. General information	30
2. Adoption of new and revised Australian Accounting Standards	40
3. Material accounting policies	46
4. Critical accounting judgments and key sources of estimation uncertainty	52
5. Profit for the year from continuing operations	53
6. Other gains and losses	54
7. Deferred tax	55
8. Discontinued operations	55
9. Assets classified as held for sale	56
10. Trade and other receivables	57
11. Other financial assets	58
12. Inventories	58
13. Property, plant and equipment	59
14. Right-of-use assets	61
15. Investments in subsidiaries, associates and joint ventures	61
16. Other intangible assets	62
17. Other assets	63
18. Trade and other payables	63
19. Lease liabilities	64
20. Borrowings	64
21. Other financial liabilities	65
22. Provisions	66
23. Other liabilities	66
24. Unitholder capital	67
25. Reserves <i>[(net of income tax</i>	70
26. Retained earnings	75
27. Distributions	75
28. Acquisition of businesses	78
29. Disposal of businesses	79
30. Notes to the statement of cash flows	80
31. Related parties	84
32. Remuneration of auditors	89

# Statement of profit or loss and other comprehensive income

For the year ended 31 December 20X2

(Alternative 1: Single statement presentation, with expenses analysed by function)

Source

		Note	Year ended 31/12/20X2 \$'000	Year ended 31/12/20X1 \$'000 (Restated)*
AASB 101:51(d), (e) AASB 108:22				
	<b>Continuing operations</b>			
AASB 101:82(a)	Revenue			
AASB 101:99	Cost of sales			
AASB 101:85	<b>Gross profit</b>			
AASB 101:99	Distribution costs			
AASB 101:99	Administrative expenses			
AASB 101:99	Other expenses			
AASB 101:82(c)	Share of profits of associates			
AASB 101:82(c)	Share of profits of joint ventures			
AASB 101:85	Finance income – interest income			
AASB 101:85	Finance income – other			
AASB 101:82(aa)	Gains and losses arising from the derecognition of financial assets measured at amortised cost			
AASB 101:82(ca)	Gains and losses on reclassification of financial assets from amortised cost to FVTPL			
AASB 101:82(cb)	Gains and losses on reclassification of financial assets from FVTOCI to FVTPL			
AASB 101:82(ba)	Impairment losses and gains (including reversals of impairment losses) on financial assets and contract assets			
AASB 101:85	Other gains and losses	6		
AASB 101:82(b)	Finance costs			
AASB 101:85	<b>Profit before tax</b>			
AASB 101:82(d)	Income tax			
AASB 101:85	<b>Profit for the year from continuing operations</b>	5		
	<b>Discontinued operations</b>			
AASB 101:82(ea)	Loss for the year from discontinued operations	8		
AASB 101:81A(a)	<b>Profit for the year</b>			

## Source

	Note	Year ended 31/12/20X2 \$'000	Year ended 31/12/20X1 \$'000 (Restated)*
AASB 101:51(d), (e) AASB 108:22 AASB 101:91(a)	<b>Other comprehensive income for the year</b>		
AASB 101:82A(a)(i), (b)(i)	<b>Items that will not be reclassified subsequently to profit or loss:</b>		
AASB 101:82A(a)(i)	Gains/(losses) on property revaluation		
AASB 101:82A(a)(i)	Remeasurement of net defined benefit liability		
AASB 101:82A(b)(i)	Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI		
AASB 101:82A(b)(i)	Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk		
AASB 101:82A(b)(i)	Share of other comprehensive income of associates		
AASB 101:82A(b)(i)	Share of other comprehensive income of joint ventures		
AASB 101:82A(a)(i)	Other <i>[describe]</i>		
AASB 101:90, 91(b)	Income tax relating to items that will not be reclassified subsequently to profit or loss		
AASB 101:82A(a)(ii), (b)(ii)	<b>Items that may be reclassified subsequently to profit or loss:</b>		
AASB 101:82A(a)(ii)	Foreign exchange differences on translating foreign operations		
AASB 101:82A(a)(ii)	Fair value gain/(loss) on investments in debt instruments measured at FVTOCI		
AASB 101:82A(a)(ii)	Cash flow hedges – fair value gain/(loss) on hedging instruments during the period		
AASB 101:82A(b)(ii)	Share of other comprehensive income of associates		
AASB 101:82A(b)(ii)	Share of other comprehensive income of joint ventures		
AASB 101:82A(a)(ii)	Other <i>[describe]</i>		
AASB 101:90, 91(b)	Income tax relating to items that will not be reclassified subsequently to profit or loss		
AASB 101:81A(b)	<b>Other comprehensive income for the year, net of income tax</b>		
AASB 101:81A(c)	<b>Total comprehensive income for the year</b>		

Additional sources: AASB 101:10(b), 10(ea), 10A, 51(b), 51(c), 113

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

# Statement of profit or loss

For the year ended 31 December 20X2

(Alternative 2: Presentation as two statements, with expenses analysed by nature)

## Source

	Notes	Year ended 31/12/20X2 \$'000	Year ended 31/12/20X1 \$'000 (Restated)*
AASB 101:51(d), (e) AASB 108:22			
<b>Continuing operations</b>			
AASB 101:82(a)	Revenue		
AASB 101:82(a)	Finance income – interest income		
AASB 101:85	Finance income – other		
AASB 101:99	Changes in inventories of finished goods and work in progress		
AASB 101:99	Raw materials and consumables used		
AASB 101:99	Depreciation and amortisation expenses	5	
AASB 101:99	Employee benefits expense	5	
AASB 101:82(b)	Finance costs		
AASB 101:99	Transport costs		
AASB 101:99	Advertising costs		
AASB 101:99	Impairment of property, plant and equipment		
AASB 101:99	Impairment of goodwill		
AASB 101:97-98	Restructuring costs		
AASB 101:99	Other expenses		
AASB 101:82(c)	Share of results of associates		
AASB 101:82(c)	Share of results of joint ventures		
AASB 101:82(aa)	Gains and losses arising from the derecognition of financial assets measured at amortised cost		
AASB 101:82(ca)	Gains and loss on reclassification of financial assets from amortised cost to FVTPL		
AASB 101:82(ba)	Impairment losses (including reversals of impairment losses) on financial assets and contract assets		
AASB 101:82(cb)	Gain/(loss) on reclassification of financial assets from FVTOCI to FVTPL		
AASB 101:85	Other gains and losses		
AASB 101:85	<b>Profit before tax</b>		
AASB 101:82(d)	Income tax		
AASB 101:85	<b>Profit for the year from continuing operations</b>	5	
<b>Discontinued operations</b>			
AASB 101:82(ea)	Loss for the year from discontinued operations	8	
AASB 101:81A(a)	<b>Profit for the year</b>		

Additional sources: AASB 101:10(b), 10(ea), 51(b), 51(c), 113

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

# Statement of other comprehensive income

For the year ended 31 December 20X2

(Alternative 2: Presentation as two statements, with expenses analysed by nature - continued)

## Source

		Year ended 31/12/20X2 \$'000	Year ended 31/12/20X1 \$'000 (Restated)*
AASB 101:51(d), (e) AASB 108:22			
AASB 101:10A	<b>Profit for the year</b>		
	<b>Other comprehensive income for the year</b>		
AASB 101:82A(a)(i), (b)(i)	<b>Items that will not be reclassified subsequently to profit or loss:</b>		
AASB 101:82A(a)(i)	Gains/(losses) on property revaluation		
AASB 101:82A(a)(i)	Remeasurement of net defined benefit liability		
AASB 101:82A(b)(i)	Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI		
AASB 101:82A(b)(i)	Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk		
AASB 101:82A(b)(i)	Share of other comprehensive income of associates		
AASB 101:82A(b)(i)	Share of other comprehensive income of joint ventures		
AASB 101:82A(a)(i)	Other [describe]		
AASB 101:90, 91(b)	Income tax relating to items that will not be reclassified subsequently to profit or loss		
AASB 101:82A(a)(ii), (b)(ii)	<b>Items that may be reclassified subsequently to profit or loss:</b>		
AASB 101:82A(a)(ii)	Foreign exchange differences on translating foreign operations		
AASB 101:82A(a)(ii)	Fair value gain/(loss) on investments in debt instruments measured at FVTOCI		
AASB 101:82A(a)(ii)	Cash flow hedges – fair value gain/(loss) on hedging instruments during the period		
AASB 101:82A(b)(ii)	Share of other comprehensive income of associates		
AASB 101:82A(b)(ii)	Share of other comprehensive income of joint ventures		
AASB 101:82A(a)(ii)	Other [describe]		
AASB 101:91(b)	Income tax relating to items that may be reclassified subsequently to profit or loss		
AASB 101:81A(b)	<b>Other comprehensive income for the year, net of income tax</b>		
AASB 101:81A(c)	<b>Total comprehensive income for the year</b>		

\* 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 101:10(b), 10(ea), 10A, 51(b), 51(c), 113

# Statement of financial position

For the financial year ended 31 December 20X2

## Source

AASB 101:113

AASB 101:51(d), (e)

		Notes	31/12/20X2 \$'000	31/12/20X1 \$'000 (Restated)*	1/1/20X1 \$'000 (Restated)*
<b>Assets</b>					
AASB 101:60	<b>Current assets</b>				
AASB 101:54(i)	Cash and bank balances	30			
AASB 101:54(h)	Trade and other receivables	10			
AASB 101:55	Finance lease receivables				
AASB 101:54(d)	Other financial assets	11			
AASB 101:54(g)	Inventories	12			
AASB 101:54(n)	Current tax assets				
AASB 101:55	Other assets	17			
AASB 101:54(j)	Assets classified as held for sale	8			
	<b>Total current assets</b>				
AASB 101:60	<b>Non-current assets</b>				
AASB 101:55	Finance lease receivables				
AASB 101:54(d)	Other financial assets	11			
AASB 101:54(a)	Property, plant and equipment	13			
AASB 101:55	Right of use assets	14			
AASB 101:54(b)	Investment property				
AASB 101:54(d)	Investments in subsidiaries	15			
AASB 101:54(e)	Investments in associates and joint ventures	15			
AASB 101:55	Goodwill				
AASB 101:54(c)	Other intangible assets	16			
AASB 101:54(o)	Deferred tax assets	7			
AASB 101:55	Other assets	17			
	<b>Total non-current assets</b>				
	<b>Total assets</b>				



**Source**

AASB 101:113

AASB 101:51(d), (e)

		Notes	31/12/20X2 \$'000	31/12/20X1 \$'000 (Restated)*	1/1/20X1 \$'000 (Restated)*
	<b>Liabilities</b>				
AASB 101:60	<b>Current liabilities</b>				
AASB 101:54(k)	Trade and other payables	18			
AASB 101:55	Lease liabilities	19			
AASB 101:55	Borrowings	20			
AASB 101:54(m)	Other financial liabilities	21			
AASB 101:54(n)	Current tax liabilities				
AASB 101:55	Deferred income – government grant				
AASB 101:54(l)	Provisions	22			
AASB 101:55	Other liabilities	23			
	Liabilities directly associated with assets classified as held for sale	8			
AASB 101:54(p)					
	<b>Total current liabilities</b>				
AASB 101:60	<b>Non-current liabilities</b>				
AASB 101:55	Lease liabilities	19			
AASB 101:55	Borrowings	20			
AASB 101:54(m)	Other financial liabilities	21			
AASB 101:55	Retirement benefit obligation				
AASB 101:55	Deferred income – government grant				
AASB 101:54(l)	Provisions	22			
AASB 101:54(o)	Deferred tax liabilities				
AASB 101:55	Other liabilities	23			
	Total non-current liabilities				
	<b>Total liabilities</b>				
	<b>Net assets</b>				
	<b>Equity</b>				
AASB 101:55	Unitholders capital	24			
AASB 101:55	Reserves	25			
AASB 101:55	Retained earnings	26			
	<b>Total equity</b>				

Additional references: AASB 101:10(a), 10(ea), 10(f), 51(b)(i), 51(c)

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

## Source

AASB 101:40A

### Third statement of financial position

AASB 101:40A requires an entity to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) if:

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

Other than disclosures of certain specified information as required by AASB 101:41-44 and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the related notes to the third statement of financial position are not required to be disclosed.

## Statement of changes in equity

For the year ended 31 December 20X2

### Source

AASB 101:106(d)  
AASB 101:51(d)-  
(e)

**Balance at 1 January 20X1 (as previously reported)**

AASB 101:106(b) Effect of [the change in accounting policy/prior period error] for [insert as relevant] (note 2)\*

**Balance at 1 January 20X1 - as restated\***

Profit for the year

Other comprehensive income for the year

**Total comprehensive income for the year**

### Payment of distributions

Share -based payments

**Balance at 31 December 20X1**

AASB 101:106(d) Profit for the year

AASB 101:106(d) Other comprehensive income for the year

AASB 101:106(a) **Total comprehensive income for the year**

AASB 101:106.(d) Payment of distributions

## Recognition of share-based payments

## Issue of convertible notes

Unit issue costs

Buy-back of ordinary units

Unit buy-back costs

Transfer to retained earnings

Income tax relating to transactions with owners

Other [describe]

**Balance at 31 December 20X2**

Additional sources: AASB 101:10(c), 10(ea), 51(b), 51(c), 106, 106A

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

# Statement of cash flows

For the year ended 31 December 20X2

(Alternative 1: Direct method of reporting cash flows from operating activities)

Source

		Notes	Year ended 31/12/20X2 \$'000	Year ended 31/12/20X1 \$'000 (Restated)*
AASB 101:51(d), (e)				
AASB 107:10	<b>Cash flows from operating activities</b>			
AASB 107:18(a)	Receipts from customers			
	Payments to suppliers and employees			
	<b>Cash [generated from /(used in)] operations</b>			
	Government grants received			
AASB 107:31	Interest paid			
AASB 107:31	Interest received			
	Transaction costs related to loans and borrowings			
AASB 107:35	Income taxes paid to head entity for tax funding agreement			
	<b>Net cash [from/(used in)] operating activities</b>			
AASB 107:10	<b>Cash flows from investing activities</b>			
AASB 107:31	Dividends received from subsidiaries			
AASB 107:31	Dividends received from associates and joint ventures			
	Dividends received from equity instruments designated at FVTOCI			
	Proceeds on disposal of equity instruments held at FVTOCI			
	Amounts advanced to related parties			
	Repayments by related parties			
	Proceeds on disposal of property, plant and equipment			
	Purchases of property, plant and equipment			
	Government grants towards purchase of equipment			
	Payments for investment property			
	Proceeds from disposal of investment property			
	Payments for intangible assets			
	Acquisition of investment in associate			
	Net cash inflow on disposal of associate			
AASB 107:39	Acquisition of businesses	28		
AASB 107:39	Disposal of businesses	29		
	<b>Net cash [(used in)/from] investing activities</b>			

## Source

		Notes	Year ended 31/12/20X2 \$'000	Year ended 31/12/20X1 \$'000 (Restated)*
AASB 101:51(d), (e)				
AASB 107:10	<b>Cash flows from financing activities</b>			
AASB 107:31	Distributions paid to owners of the Entity			
AASB 107:17(d)	Repayment of loans and borrowings			
AASB 107:17(c)	Proceeds from loans and borrowings			
AASB 107:17(e)	Repayment of lease liabilities			
AASB 107:17(a)	Proceeds on issue of units			
AASB 107:17(b)	Payment for buy-back of units			
	Payment for unit buy-back costs			
AASB 107:17(c)	Proceeds from issue of perpetual notes			
AASB 107:17(c)	Proceeds from government loans			
	<b>Net cash [(used in)/from] financing activities</b>			
	<b>Net [increase/(decrease)] in cash and cash equivalents</b>			
	<b>Cash and cash equivalents at the beginning of the year</b>			
AASB 107:28	Effects of exchange rate changes			
	<b>Cash and cash equivalents at the end of the year</b>	30		

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

Additional sources: AASB 101:10(d), 10(ea), 51(b), 51(c), 113

## Statement of cash flows

For the year ended 31 December 20X2

**(Alternative 2: Indirect method of reporting cash flows from operating activities)**

### Source

	Notes	Year ended 31/12/20X2 \$'000	Year ended 31/12/20X1 \$'000 (Restated)*
AASB 101:51(d), (e) AASB 108:22 AASB 107:10			
	<b>Cash flows from operating activities</b>		
AASB 107:18(b)	<b>Profit for the year</b>		
	Adjustments for:		
	- Share of profits of associates and joint ventures		
	- Finance income		
	- Other gains and losses		
	- Finance costs		
	- [Income tax expense]		
	- Gain on disposal of discontinued operations		
	- Depreciation of property, plant and equipment		
	- Impairment losses on property, plant and equipment		
	- Depreciation of right-of-use assets		
	- Impairment losses, net of reversals, on financial assets		
	- Amortisation of intangible assets		
	- Impairment of goodwill		
	- Share-based payment expense		
	- Fair value gain/loss on investment property		
	- Gain on disposal of property, plant and equipment		
	- Fair value gain/loss on derivatives and other financial assets held for trading		
	- Other [describe]		
	<b>Movements in working capital</b>		
	- (Increase)/decrease in inventories		
	- (Increase)/decrease in trade and other receivables		
	- (Increase)/decrease in other assets		
	- Increase/(decrease) in trade and other payables		
	- Increase/(decrease) in provisions		
	- Increase/(decrease) in other liabilities		
	<b>Cash from/(used in) operations</b>		
	Government grants received		
AASB 107:31	Interest paid		
AASB 107:31	Interest received		
	Transaction costs related to loans and borrowings		
AASB 107:35	[Income taxes paid to head-entity for tax funding agreement]		
	<b>Net cash [from/(used in)] operating activities</b>		



## Source

		Notes	Year ended 31/12/20X2 \$'000	Year ended 31/12/20X1 \$'000 (Restated)*
AASB 101:51(d), (e) AASB 108:22				
AASB 107:10	<b>Cash flows from investing activities</b>			
AASB 107:31	Dividends received from associates and joint ventures			
	Dividends received from equity instruments designated at FVTOCI			
	Proceeds on disposal of equity instruments held on FVTOCI			
	Amounts advanced to related parties			
	Repayments by related parties			
	Purchases of property, plant and equipment			
	Government grants towards purchase of equipment			
	Proceeds on disposal of property, plant and equipment			
	Payments for investment property			
	Proceeds from disposal of investment property			
	Payments for intangible assets			
	Acquisition of investment in associate			
	Net cash inflow on disposal of associate			
AASB 107:39	Acquisition of businesses	28		
AASB 107:39	Disposal of businesses	29		
	<b>Net cash [(used in)/from] investing activities</b>			
AASB 107:10	<b>Cash flows from financing activities</b>			
AASB 107:31	Distributions paid			
AASB 107:17(d)	Repayment of loans and borrowings			
AASB 107:17(c)	Proceeds from loans and borrowings			
AASB 107:17(e)	Repayment of lease liabilities			
AASB 107:17(a)	Proceeds on issue of units			
AASB 107:17(b)	Payment for buy-back of units			
	Payment for unit buy-back costs			
AASB 107:17(c)	Proceeds from issue of perpetual notes			
AASB 107:17(c)	Proceeds from government loans			
	<b>Net cash [(used in)/from] financing activities</b>			

Source

AASB 101:51(d), (e)  
AASB 108:22

Notes	Year ended 31/12/20X2 \$'000	Year ended 31/12/20X1 \$'000 (Restated)*
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Net *[increase/(decrease)]* in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

AASB 107:28      Effect of foreign exchange rate changes

Cash and cash equivalents at the end of the year

30


Additional sources: AASB 101:10(d), 10(ea), 51(b), 51(c), 113

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

# Notes to the financial statements

## Source

### 1. General information

#### Information about the entity

AASB 101:138(a),(d) SPFS Holdings Unit Trust (the Entity) is a trust formed in Australia. SPFS Pty Limited is the trustee of the Entity. *[Provide details of the life of the entity if it has a limited life.]*

AASB 101:138(a) The addresses of the Entity's registered office and principal place of business are as follows:

AASB 101:138(a)	<b>Registered office</b>	<b>Principal place of business</b>
	10 <sup>th</sup> Floor	1 <sup>st</sup> Floor
	ALD Centre	167 Admin Ave
	255 Deloitte Street	SYDNEY NSW 2000
	SYDNEY NSW 2000	Tel: (02) 7010 2000
	Tel: (02) 5550 7000	

AASB 1054:8(b) For the purposes of preparing the financial statements, the Entity is a for-profit entity.

AASB 101:138(c) The parent entity of SPFS Holdings Unit Trust is Parent Holdings (Australia) Limited. Its ultimate parent entity is Ultimate Parent Limited.

AASB 101:138(b) The entity's operations and principal activities are *[describe]*.

AASB 101:138 The following information only needs be disclosed in the financial statements where the information is not disclosed elsewhere in information published with the financial statements:

- The domicile and legal form of the entity, its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office)
- A description of the nature of the entity's operations and its principal activities
- The name of the parent and the ultimate parent of the group
- If the entity is a limited life entity, information regarding the length of its life.

The following sentence is suggested in the year of formation:

The Entity was *[formed/incorporated/describe]* on *[date]* and accordingly only current year figures covering the period from incorporation are shown.

### Financial reporting framework

#### Compliance with International Financial Reporting Standards (IFRS)

AASB 101:16 An entity that is not a reporting entity and which prepares special purpose financial statements is not required to comply with the presentation and disclosure requirements of all Australian Accounting Standards and Interpretations, as is required by an entity that applies Tier 1 reporting requirements under AASB 1053 *Application of Tiers of Australian Accounting Standards*. For-profit entities complying with Tier 1 reporting requirements are required to comply with all Australian Accounting Standards and make a statement of compliance with International Financial Reporting Standards (IFRS Accounting Standards).

Even though special purpose financial statements may be prepared on the basis of the recognition and measurement requirements of all Australian Accounting Standards, they cannot be described as complying with International Financial Reporting Standards (IFRS Accounting Standards) unless they comply with all of the presentation and disclosure requirements of IFRS.

## Source

**1. General information (continued)****Financial reporting framework (continued)****Additional disclosures in special purpose financial statements of certain for-profit private sector entities**

AASB 1054 *Australian Additional Disclosures* requires disclosures that are only required in a specified type of special purpose financial statements, being those of for-profit private sector entities that have a **non-legislative requirement** that:

- Was created and last amended before 1 July 2021
- Requires the preparation of financial statements in accordance with Australian Accounting Standards.

Examples of entities that may be required to make these disclosures include:

- Trusts, partnerships, co-operatives and similar entities that only have a non-legislative requirement through their constitution or similar document to prepare financial statements in accordance with Australian Accounting Standards
- Entities that only have an obligation to prepare financial statements that comply with Australian Accounting Standards under a loan or other agreement.

**Disclosures required**

AASB 1054:9C

The special purpose financial statements of a for-profit private sector entity that is required only by its constituting document or another document (created before 1 July 2021 and not amended on or after that date) to prepare financial statements that comply with Australian Accounting Standards:

AASB 1054:9C(a)

- Disclose the basis on which the decision to prepare special purpose financial statements was made

AASB 1054:9C(b)

- Disclose the following about the material accounting policies applied in the special purpose financial statements, if not already required by another Australian Accounting Standard:
  - The measurement basis (or bases) applied in preparing the special purpose financial statements
  - The other accounting policies applied that are relevant to an understanding of the special purpose financial statements

AASB 1054:9C(c)

- When a change in a material accounting policy has an effect on the current period or any prior period, disclose the following, if not already required by another Australian Accounting Standard:
  - 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 period presented
    - In the aggregate for periods before those presented
  - An explanation if it is impracticable to determine the amounts to be disclosed (referred to immediately above).

Financial statements of subsequent periods need not repeat these disclosures.

## Source

**1. General information (continued)****Financial reporting framework (continued)****Additional disclosures in special purpose financial statements of certain for-profit private sector entities (continued)****Disclosures required (continued)**

- AASB 1054:9C(d) • Where the entity has interests in other entities – disclose whether or not its subsidiaries and investments in associates or joint ventures have been consolidated or equity accounted in a manner consistent with the requirements set out in AASB 10 *Consolidated Financial Statements* or AASB 128 *Investments in Associates and Joint Ventures*, as appropriate. If the entity has not consolidated its subsidiaries or equity accounted its investments in associates or joint ventures consistently with those requirements, it shall also disclose the reasons why that is the case
- AASB 1054:9C(e) • For each material accounting policy applied and disclosed in the financial statements that does not comply with all the recognition and measurement requirements in Australian Accounting Standards (except for AASB 10 and AASB 128), disclose an indication of how it does not comply
- AASB 1054:9C(f) • Disclose whether or not the financial statements overall comply with all the recognition and measurement requirements in Australian Accounting Standards (except for AASB 10 and AASB 128).

Implementation guidance illustrating the disclosures for various entities is included in AASB 1054.

The disclosures are similar to those required in special purpose financial statements of not-for-profit entities. The disclosures may optionally be included in other special purpose financial statements, although similar disclosures are required under APES 205 *Conformity with Accounting Standards* in most cases (discussed in the section that follows).

*The above disclosures have been illustrated in these model special purpose financial statements.*

**Disclosure requirements under APES 205 *Conformity with Accounting Standards***

- APES 205:6.1 In accordance with APES 205 *Conformity with Accounting Standards*<sup>6</sup> paragraph 6.1, members who are involved in, or are responsible for, the preparation, presentation, audit, review or compilation of an entity's special purpose financial statements (except where the special purpose financial statements will be used solely for internal purposes) are required to take all reasonable steps to ensure that the special purpose financial statements, and any associated audit report, review report or compilation report clearly identifies:
  - That the financial statements are special purpose financial statements
  - The purpose for which the special purpose financial statements have been prepared
  - The material accounting policies adopted in the preparation and presentation of the special purpose financial statements.

- APES 205:6.2 Further, per APES 205 paragraph 6.2, members who are involved in, or are responsible for, the preparation, presentation, audit, review or compilation of special purpose financial statements for an entity that has a legislative or non-legislative requirement to prepare financial statements that comply with one or more Australian Accounting Standards are required to take all reasonable steps to ensure that the special purpose financial statements comply with the applicable Australian Accounting Standards, including any disclosures additional to those required by paragraph 6.1.

<sup>6</sup> Revised APES 205 *Conformity with Accounting Standards* effective for engagements commencing on or after 1 January 2023, which was issued in October 2022 to respond to recent changes to the Australian financial reporting framework, including the removal of the reporting entity concept, new disclosures in special purpose financial statements of certain entities and changes to accounting policy disclosure.

## Source

### 1. General information (continued)

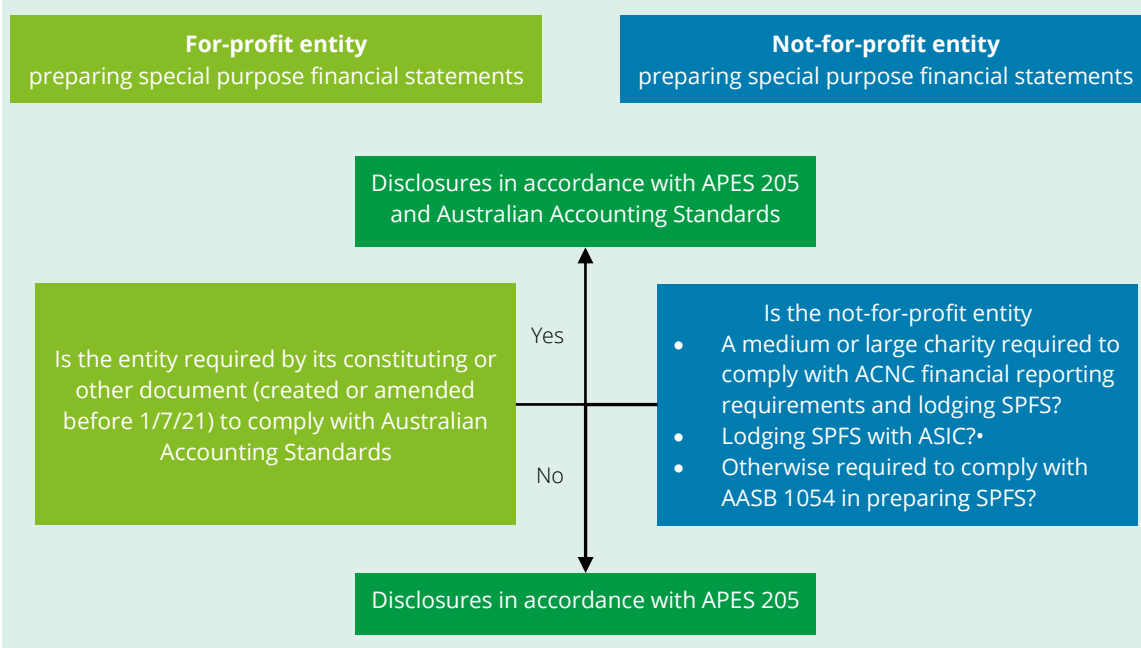
#### Financial reporting framework (continued)

#### Disclosure requirements under APES 205 *Conformity with Accounting Standards* (continued)

The disclosure requirements in APES 205 differ to the requirements in AASB 1054 *Australian Additional Disclosures* (discussed above) in the following ways:

	APES 205 disclosure requirements	AASB 1054 disclosure requirements	Comment
APES 205:6.1(b) AASB 1054:8(a), 9C(a)	The purpose for which the special purpose financial statements have been prepared.	Statutory basis or other reporting framework, if any, under which the financial statements are prepared and the basis on which the decision to prepare special purpose financial statements was made.	AASB 1054 is more explicit than APES 205 as it specifically requires disclosure of the statutory basis or other reporting framework
APES 205:6.1(c) AASB 1054:9C(b), (c),	The material accounting policies adopted in the preparation and presentation of the special purpose financial statements.	Information about the material accounting policies applied in the special purpose financial statements, including information about changes in those policies.	AASB 1054 is more explicit than APES 205, specifically the requirement to disclose information about changes in accounting policies. AASB 1054 also requires disclosure of the measurement basis (or bases) applied in preparing the special purpose financial statements (AASB 1054:9C(b)(i)).

The below extract from the decision tree provided in the [Basis for Conclusions: APES 205 Conformity with Accounting Standards](#) summarises the disclosure requirements for special purpose financial statements for private sector entities.





## Source

**1. General information (continued)****Financial reporting framework (continued)****Disclosure requirements under APES 205 *Conformity with Accounting Standards* (continued)****Illustrative disclosure**

Below is an illustrative disclosure of the disclosure requirements under APES 205:6.1 for entities which are required to only apply APES 205 rather than to apply both APES 205 and AASB 1054.

AASB 1054:9  
APES 205:6.1(a), (b)

The Entity is not a reporting entity because in the opinion of *[those charged with governance, e.g. the directors of the Trustee]* there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the *[state the reporting mandate, e.g. the requirements of the Trust's constitution]*.

AASB 1054:7, 8(a)  
APES 205:6.1(c)

The financial statements have been prepared in accordance with *[state the reporting mandate, e.g. the requirements of the Trust constitution]*, the recognition and measurement requirements specified by all Australian Accounting Standards and the disclosure requirements of the following Australian Accounting Standards:

- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 1054 *Australian Additional Disclosures*.

Or

AASB 1054:7, 8(a)  
APES 205:6.1(c)

The financial statements have been prepared in accordance with *[state the reporting mandate, e.g. the requirements of the Trust's constitution]*, and the basis of the recognition, measurement, presentation and disclosure requirements specified by all Australian Accounting Standards, except the *[presentation and]* disclosure requirements of the pronouncements listed below:

*[specify the Australian Accounting Standards and/or Interpretations not complied with]*

**Guidance**

Australian Accounting Standards and Interpretations should not be listed where:

- The Australian Accounting Standard or Interpretation is not applicable to the Entity, for example, AASB 10 *Consolidated Financial Statements* is not applicable where the Entity has no subsidiaries, or
- The disclosure requirements of the Australian Accounting Standard or Interpretation have been complied with in order to meet the information needs of the special purpose users.

**Presentation of consolidated financial statements**

APES 205:6.1(c)

Where the entity has subsidiaries and AASB 10 *Consolidated Financial Statements* has not been adopted in the preparation of the special purpose financial statements, the financial report should specifically indicate that AASB 10 has not been applied. Illustrative disclosure is set out below.

## Source

**1. General information (continued)****Financial reporting framework (continued)**

Below is an illustrative disclosure which includes the disclosure requirements of both AASB 1054 and APES 205.

AASB 1054:9, 9C(a)  
APES 205:6.1(a), (b)

These special purpose financial statements of the Entity have been prepared to satisfy *[state the reporting mandate, e.g. the requirements of the Trust constitution]*, which requires the financial statements to comply with Australian Accounting Standards. In the opinion of *[those charged with governance, e.g. the directors of the Trustee]*, it is unlikely there are users of the financial report who are not in a position to require the preparation of reports tailored to their information needs.

APES 205:6.1(c)

**Presentation of consolidated financial statements**

Where the entity has subsidiaries and AASB 10 *Consolidated Financial Statements* has not been adopted in the preparation of the special purpose financial statements, the financial report should specifically indicate that AASB 10 has not been applied.

AASB 1054:9, 9C(d), (f)  
APES 205:6.1(c)

The financial statements are presented as separate financial statements of the Entity. The Entity has not applied AASB 10 *Consolidated Financial Statements* in these financial statements and accordingly, has not consolidated its investments in subsidiaries. *[Those charged with governance, e.g. the directors of the Trustee]* will provide consolidated information to financial statement users upon request. The entity's accounting policy for investments in subsidiaries is explained in Note *[specify the note number]*.

AASB 1054:9C(f)

**Additional disclosures in certain special purpose financial statements**

The special purpose financial statements of a for-profit private sector entity that is required only by its constituting document or another document (created before 1 July 2021 and not amended on or after that date) to prepare financial statements that comply with Australian Accounting Standards should disclose whether or not the financial statements overall comply with all the recognition and measurement requirements in Australian Accounting Standards (except for AASB 10 and AASB 128).

AASB 1054:8(a), 9C(f)

The Entity's special purpose financial statements have been prepared in accordance with *[state the reporting mandate, e.g. the requirements of the Trust constitution]* and comply with all the recognition and measurement requirements in Australian Accounting Standards for separate financial statements and the disclosure requirements of the following Australian Accounting Standards:

- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 1054 *Australian Additional Disclosures*.

Or

AASB 1054:8(a), 9C(f)

The Entity's special purpose financial statements have been prepared in accordance with *[state the reporting mandate, e.g. the requirements of the Trust constitution]* and comply with all the recognition, measurement, presentation and disclosure requirements in Australian Accounting Standards for separate financial statements except for the *[presentation and]* disclosure requirements of the following Australian Accounting Standards:

*[specify the Australian Accounting Standards and/or Interpretations not complied with]*

## Source

AASB 1054:9A  
APES 205:6.1

## 1. General information (continued)

### Financial reporting framework (continued)

#### Additional disclosures in certain special purpose financial statements (continued)

Australian Accounting Standards and Interpretations should not be listed where:

- The Australian Accounting Standard or Interpretation is not applicable to the Entity, for example, AASB 10 *Consolidated Financial Statements* is not applicable where the Entity has no subsidiaries, or
- The disclosure requirements of the Australian Accounting Standard or Interpretation have been complied with in order to meet the information needs of the special purpose users.

#### Information about special purpose financial statements of not-for-profit private sector entities

A not-for-profit private sector entity that prepares special purpose financial statements must:

- Disclose the basis on which the decision to prepare special purpose financial statements was made
- Where the entity has interests in other entities – disclose either:
  - Whether or not its subsidiaries and investments in associates or joint ventures have been consolidated or equity accounted in a manner consistent with the requirements set out in AASB 10 *Consolidated Financial Statements* or AASB 128 *Investments in Associates and Joint Ventures*, as appropriate. If the entity has not consolidated its subsidiaries or equity accounted its investments in associates or joint ventures consistently with those requirements, it shall disclose that fact, and the reasons why, or
  - That the entity has not determined whether its interests in other entities give rise to interests in subsidiaries, associates or joint ventures, provided it is not required by legislation to make such an assessment for the purpose of assessing its financial reporting requirements and has not made such an assessment
- For each material accounting policy applied and disclosed in the financial statements that does not comply with all the recognition and measurement requirements in Australian Accounting Standards (except for requirements set out in AASB 10 or AASB 128), disclose an indication of how it does not comply; or if such an assessment has not been made, disclose that fact
- Disclose whether or not the financial statements overall comply with all the recognition and measurement requirements in Australian Accounting Standards (except for requirements set out in AASB 10 or AASB 128) or that such an assessment has not been made.

See section *Considerations in preparing special purpose financial statements* for information on project the AASB is undertaking that may impact the ability of not-for-profit entities to prepare special purpose financial statements in the future, including a new not-for-profit private sector financial reporting framework.

Until the above projects have been finalised, for not-for-profit entities preparing special purpose financial statements, below is wording that can be considered in the case when a not-for-profit entity has applied accounting policies that comply with all the recognition and measurement requirements in Australian Accounting Standards, consolidated all its subsidiaries consistent with the requirements set out in AASB 10 and equity accounted for its investments in associates and joint ventures in a manner consistent with the requirements set out in AASB 128.

## Source

**1. General information (continued)****Financial reporting framework (continued)****Information about special purpose financial statements of not-for-profit private sector entities (continued)**

AASB 1054:9A(a)

AASB 1054:8(b)

**Basis of preparation of the special purpose financial statements**

The Entity is a not-for-profit entity. The *[those charged with governance, e.g. the directors]* are of the opinion that it is unlikely there are users of these financial statements who are not in a position to require the preparation of reports tailored to their information needs and have prepared special purpose financial statements. Accordingly, these financial statements have been prepared to satisfy the reporting requirements of *[those charged with governance, e.g. the directors]* under the *[Australian Charities and Not-for-profits Commission Act 2012 / insert further details of the not-for-profit reporting framework under which the financial statements are prepared]*.

AASB 1054:9A(b)

**Application of the consolidation and equity accounting requirements**

The Entity has consolidated all its subsidiaries consistent with the requirements set out in AASB 10 *Consolidated Financial Statements* and equity accounted for its investments in associates and joint ventures in a manner consistent with the requirements set out in AASB 128 *Investments in Associates and Joint Ventures*.

AASB 1054:9A(d)

**Compliance with the recognition and measurement requirements in Australia Accounting Standards**

These consolidated special purpose financial statements comply with all the recognition and measurement requirements in Australian Accounting Standards.

**Reporting requirements for ACNC-registered charities**

Effective from the 2021-2022 financial year (2022 Annual Information Statements 'AIS' reporting period) onwards, the annual revenue thresholds are as follows:

Charity size	Thresholds	Minimum ACNC reporting requirement
Small	Less than \$500,000	Annual information statement
Medium	\$500,000 or more and less than \$3 million	Annual information statement and reviewed financial report
Large	\$3 million or more	Annual information statement and audited financial report

**Key management personnel remuneration disclosures – certain large charities only**

For the 2021-2022 financial year (2022 AIS reporting period) onwards, large charities preparing special purpose financial statements are required to report key management personnel remuneration<sup>7</sup> paid unless the charity has only one key management personnel who is remunerated and does not have key management personnel services provided by a 'separate management entity'. The ACNC Commissioner has exercised discretion (as announced in the [Key Management Personnel remuneration guidance](#)) that allows charities that prepare special purpose financial statements and apply AASB 124 *Related Party Disclosures* (AASB 124) only to the extent that Standard requires the disclosure of the total amount of key management personnel remuneration (i.e. sub-categories of key management personnel remuneration disclosures are not mandatory). Charities must as a minimum disclose key management personnel remuneration in total.

<sup>7</sup> The definition of key management personnel is taken from AASB 124 *Related Party Disclosures* and AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (paragraph 193) and "are the people with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any director (whether executive or otherwise) of that entity."

## Source

**1. General information (continued)****Financial reporting framework (continued)****Information about special purpose financial statements of not-for-profit private sector entities (continued)****Related party transaction disclosures – large and medium charities**

For the 2022-2023 financial year (2023 AIS reporting period) onwards, all medium and large charities preparing special purpose financial statements are required to report related party transactions to the ACNC. This is aimed to increase transparency of transactions with related individuals or organisations that pose a higher risk of conflict of interest. For 2022-2023 financial year onwards, charities preparing special purpose financial statements need to comply with the following six minimum standards required under the ACNC regulations:

- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 124 *Related Party Disclosures*
- AASB 1048 *Interpretation of Standards*
- AASB 1054 *Australian Additional Disclosures*.

A choice is provided to either adopt full disclosure requirements for all six minimum standards or Simplified Disclosure requirements detailed in AASB 1060 for the six minimum standards.

For more information see:

- [Clarity publication](#): *Not-for-profit 2022 financial reporting update*
- [Clarity publication](#): *Not-for-profit 2023 financial reporting update*
- *Model Tier 2 financial report - Financial reporting periods ending on or after 30 June 2024* which is available at [www.deloitte.com/au/models](http://www.deloitte.com/au/models) for an illustrative disclosure of the Simplified Disclosures requirements for all six minimum standards.

## Source

**1. General information (continued)****Basis of preparation**

AASB 101:17(b), 112(a), 117(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 in note 3. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity 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 Payment*, leasing transactions that are within the scope of AASB 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 *Inventories* or value in use in AASB 136 *Impairment of Assets*.

**Presentation currency and rounding**

AASB 101:51(d) The financial statements of the Entity are presented in the currency of the primary economic environment in which the Entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Entity are expressed in Australian dollars ('\$'), which is the functional currency of the Entity and the presentation currency used in the financial statements.

AASB 101:51(e) Amounts in these financial statements have been rounded to the nearest [*dollar/thousand dollars/hundred thousand dollars/million dollars*].

AASB 101:53 An entity often makes financial statements more understandable by presenting information in thousands or millions of units of presentation currency. This is acceptable as long as the entity discloses the level of rounding and does not omit material information.

When determining the level of rounding to apply in the special purpose financial statements, the entity should consider whether the reporting mandate requiring the preparation of the financial statements stipulates any rounding requirements.

**Going concern basis**

AASB 101:25 Where the financial report is prepared on a going concern basis, but material uncertainties exist in relation to events or conditions which cast doubt on the entity's ability to continue as a going concern, those uncertainties shall be disclosed. The events or conditions requiring disclosure may arise after the reporting date.

AASB 101:25 Where the going concern basis has not been used, this shall be disclosed together with a statement of the reasons for not applying this basis and the basis on which the financial report has been prepared. An entity shall not prepare its financial report on a going concern basis if management determines after the reporting date either that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so.

AASB 101:25 [*Those charged with governance, e.g. the directors of the Trustee*] have, at the time of approving the financial statements, a reasonable expectation that the Entity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

## Source

AASB 108:28  
AASB 1054.9C (see  
note below)

## 2. Adoption of new and revised Australian Accounting Standards

### Change in accounting policy

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

When initial application of an Accounting Standard has an effect on the current period or any prior period, or would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:

- The title of the Australian Accounting Standard<sup>8</sup>
- When applicable, that the change in accounting policy is made in accordance with its transitional provisions<sup>8</sup>
- The nature of the change in accounting policy
- When applicable, a description of the transitional provisions<sup>8</sup>
- When applicable, the transitional provisions that might have an effect on future periods<sup>8</sup>
- 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
  - If AASB 133 *Earnings per Share* applies to the entity, for basic and diluted earnings per share<sup>8,9</sup>
- The amount of the adjustment relating to periods before those presented, to the extent practicable<sup>10</sup>
- If retrospective application required by AASB 108 *Accounting policies, Changes in Accounting Estimates and Errors* is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

*Note:* The disclosure requirements in AASB 1054 *Australian Additional Disclosures* paragraph 9C only apply to the special purpose financial statements of a for-profit private sector entity that is required only by its constituting document or another document (created before 1 July 2021 and not amended on or after that date) to prepare financial statements that comply with Australian Accounting Standards. However if the entity applies AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* the AASB 108 the disclosure requirements in AASB 108 should be provided.

Financial reports of subsequent periods need not repeat these disclosures.

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

#### Voluntary changes in accounting policies

When a voluntary change in accounting policy has an effect on the current period or any prior period, would have an effect on that period except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity discloses:

- The nature of the change in accounting policy
- The reasons why applying the new accounting policy provides reliable and more relevant information
- 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
  - If AASB 133 *Earnings per Share* applies to the entity, for basic and diluted earnings per share<sup>8,9</sup>
- The amount of the adjustment relating to periods before those presented, to the extent practicable<sup>10</sup>
- If retrospective application of the accounting policy is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

AASB 108:29  
AASB 1054.9C (see  
note below)

<sup>8</sup> Disclosure requirement not specifically required by AASB 1054

<sup>9</sup> AASB 133 would generally not be applied in the presentation of special purpose financial statements

<sup>10</sup> AASB 1054 requires the disclosure in *aggregate* for periods before those presented

## Source

## 2. Adoption of new and revised Australian Accounting Standards (continued)

### Change in accounting policy (continued)

#### Voluntary changes in accounting policies (continued)

*Note:* The disclosure requirements in AASB 1054 *Australian Additional Disclosures* paragraph 9C only apply to the special purpose financial statements of a for-profit private sector entity that is required only by its constituting document or another document (created before 1 July 2021 and not amended on or after that date) to prepare financial statements that comply with Australian Accounting Standards. However if the entity applies AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* the disclosure requirements in AASB 108 should be provided.

AASB 108:20

Financial reports of subsequent periods need not repeat these disclosures. The early application of an Australian Accounting Standard is not a voluntary change in accounting policy.

#### Early adoption of Australian Accounting Standards

When applying an Australian Accounting Standard before its mandatory application date, the requirements of the Australian Accounting Standard and the entity's reporting mandate should be considered. For instance, some Australian Accounting Standards may require particular transition provisions to be applied, or the reporting mandate may require the financial statements to apply certain pronouncements early. In addition, many Australian Accounting Standards require disclosure when they have been applied before their mandatory application date.

The following disclosure should be considered where an Australian Accounting Standard has been adopted early:

*'[Those charged with governance, e.g. the directors of the Trustee] have elected to apply [the recognition and measurement requirements of] Australian 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

## 2. Adoption of new and revised Australian Accounting Standards (continued)

### Change in accounting policy (continued)

AASB 108:14-15  
AASB 108:28(a)-(e)

*[Describe the nature of the change in accounting policy, the title of the Australian Accounting Standard being applied for the first time (when applicable), describe the transitional provisions (when applicable) and describe the transitional provisions that might have an effect on future periods (when applicable)].*

AASB 108:28(f)

The following table summarises the impact of the change in policy on the financial statements of the Entity<sup>11</sup>.

AASB 108:28(f)(i)

	31/12/20X2 \$'000	31/12/20X1 \$'000
<b>Consolidated statement of profit or loss and other comprehensive income</b>		
<i>[Describe captions affected]</i>		
Increase/(decrease) in profit for the financial year		
<b>Other comprehensive income for the period, net of income tax</b>		
<i>[Describe captions affected]</i>		
Increase/(decrease) in other comprehensive income for the financial year, net of income tax		
<b>Total increase/(decrease) in comprehensive income for the financial year</b>		

AASB 108:28(f)(i)

	31/12/20X2 \$'000	31/12/20X1 \$'000	1/1/20X1 \$'000
<b>Consolidated statement of financial position</b>			
<i>[Describe captions affected]</i>			
Increase/(decrease) in net assets			

AASB 108:28(g)

There is no impact on the consolidated statement of cash flows.

*[Describe the amount of the adjustment relating to periods before those presented (to the extent practicable)]*

AASB 108:28(h)

*[If retrospective application is impracticable for a particular prior period, or for periods before those presented, describe the circumstances that led to the existence of that condition and describe how and from when the change in accounting policy has been applied].*

<sup>11</sup> The disclosures are based on profit or loss and other comprehensive income presented as a single statement. The impact on the current period (as required by AASB 108:28(f)) may not be considered material.

## Source

## 2. Adoption of new and revised Australian Accounting Standards (continued)

### Change in accounting policy (continued)

AASB 108:28(f)(ii)

The impact of the change in policy on both basic and diluted earnings per unit is presented in the following table.\*

	Impact on profit for the year from continuing operations		Impact on basic earnings per unit*		Impact on diluted earnings per unit*	
	31/12/20X2	31/12/20X1	31/12/20X2	31/12/20X1	31/12/20X2	31/12/20X1
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Changes in accounting policies relating to: [Specify relevant changes in accounting policy]						

\* AASB 133 would generally not be applied in the presentation of special purpose financial statements and accordingly, the impact on basic and diluted earnings per unit would ordinarily not be disclosed.

AASB 108:41, 45

### Prior period errors

AASB 108:49(a)

[Describe the nature of the prior period error.]

AASB 108:49(b)(i)

The following table summarises the impact of the prior period error on the financial statements of the Entity<sup>12</sup>.

	31/12/20X1 \$'000
<b>Consolidated statement of profit or loss and other comprehensive income</b> [Describe captions affected] Increase/(decrease) in profit for the financial year	
<b>Other comprehensive income for the period, net of income tax</b> [Describe captions affected] Increase/(decrease) in other comprehensive income for the financial year, net of income tax	
<b>Total increase/(decrease) in comprehensive income for the financial year</b>	

<sup>12</sup> The disclosures are based on profit or loss and other comprehensive income presented as a single statement.

## Source

## 2. Adoption of new and revised Australian Accounting Standards (continued)

AASB 108:41, 45

### Prior period errors (continued)

	31/12/20X1 \$'000	1/1/20X1 \$'000
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#### Consolidated statement of financial position

*[Describe captions affected]*

Increase/(decrease) in net assets

There is no impact on the consolidated statement of cash flows.

AASB 108:49(b)(ii)

The impact of the prior period error on both basic and diluted earnings per unit is presented in the following table.\*

	Impact on profit for the year from continuing operations		Impact on basic earnings per unit*		Impact on diluted earnings per unit*	
	31/12/20X2	31/12/20X1	31/12/20X2	31/12/20X1	31/12/20X2	31/12/20X1
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Changes in accounting policies relating to:						
<i>[Specify relevant prior period error]</i>						

\* AASB 133 would generally not be applied in the presentation of special purpose financial statements and accordingly, the impact on basic and diluted earnings per unit will ordinarily not be disclosed.

AASB 108:49(d)

If retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

### Comparative amounts

AASB 101:41, 42

When an entity changes the presentation or classification of items in its financial statements comparative amounts shall be reclassified unless the reclassification is impracticable.

When comparative amounts are reclassified, an entity shall disclose:

- The nature of the reclassification
- The amount of each item or class of items that is reclassified
- The reason for the reclassification.

When it is impracticable to reclassify comparative amounts, an entity shall disclose:

- The reason for not reclassifying the amounts
- The nature of the adjustments that would have been made if the amounts had been reclassified.

## Source

## 2. Adoption of new and revised Australian Accounting Standards (continued)

AASB 108:28(a)-(d)

### New and amended Australian Accounting Standards that are effective for the current year

New and revised Australian Accounting Standards *[and Interpretations]* effective for the current year that are relevant to the Entity include:

- *[List all pronouncements that are newly effective for the current year, and provide an explanation of the impacts of those financial statements in accordance with the requirements of AASB 108:28-29]*

### Illustrative examples for particular reporting periods

As these model financial statements are not prepared as being effective for a particular financial reporting period, illustrative examples of the newly applicable pronouncements are not provided (except for the guidance for ACNC registered entities noted immediately below). Entities should refer to the equivalent note included in the relevant edition of the Deloitte *Tier 1 models and reporting considerations* publications, which are prepared for particular financial reporting periods. These model financial statements are available at [www.deloitte.com/au/models](http://www.deloitte.com/au/models).

### New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

AASB 108:30, 31

At the date of authorisation of the financial statements, the Australian Accounting Standards *[and Interpretations]* that were issued but not yet effective are listed below:

- *[List all pronouncements on issue that have not been applied in preparing the financial report, and provide an explanation of the impacts of those financial statements in accordance with the requirements of AASB 108:30-31 as outlined below]*

### Disclosure requirements of AASB 108

AASB 108:30

When an entity has not applied a new Australian Accounting Standard that has been issued but is not yet effective, the entity discloses:

- This fact
- Known or reasonably estimable information relevant to assessing the possible impact that application of the new Australian Accounting Standard will have on the entity's financial report in the period of initial application.

AASB 108:31

In complying with the requirements above, an entity considers disclosing:

- The title of the new Accounting Standard
- The nature of the impending change or changes in accounting policy
- The date by which application of the Accounting Standard is required
- The date as at which it plans to apply the Accounting Standard initially
- Either:
  - A discussion of the impact that initial application of the Accounting Standard is expected to have on the entity's financial report, or
  - If that impact is not known or reasonably estimable, a statement to that effect.

## Source

### 3. Material accounting policies

#### General requirements

#### AASB 101 in relation to material accounting policy information

AASB 101 *Presentation of Financial Statements* requires an entity to disclose material accounting policy information.

AASB 101:117

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.

AASB 101:117B

Accounting policy information is expected to be material if users of an entity's financial statements would need it to understand other material information in the financial statements.

AASB 101:117B

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:

#### 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

- Impact of various amendments to Australian Accounting Standards and IFRIC agenda decisions

The entity chose the accounting policy from one or more options permitted by Australian Accounting Standards

- Accounting for investments in subsidiaries, joint ventures and associates in separate financial statements at cost, in accordance with AASB 9 *Financial Instruments*, or using the equity method described in AASB 128 *Investments in Associates and Joint Ventures*
- Measurement of property, plant and equipment at cost or on the revaluation basis
- Measurement of intangible assets after initial recognition on either the cost or revaluation (fair value) basis, where conditions for doing so are met
- Measurement of investment property under either the cost model or the fair value model
- Recognise a regular way purchase or sale of financial assets using settlement date accounting or trade date accounting
- Classification of investments in equity instruments as fair value through other comprehensive income
- Electing to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration in a business combination
- Presenting 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)
- Accounting for government grants in the form of a non-monetary asset at a nominal amount
- Presenting government grants related to assets as a deduction from the carrying amount of the asset
- Presenting government grants related to assets as a deduction from the carrying amount of the asset
- Deducting government grants received and recognised in the statement of profit or loss and other comprehensive income in reporting by the related expense
- Preparing the statement of cash flows using either the direct or the indirect method

## Source

**3. Material accounting policies (continued)****General requirements (continued)****AASB 101 in relation to material accounting policy information (continued)****Potentially material****Illustrative examples****accounting policy information**

The accounting policy was developed in accordance with AASB 108 in the absence of an Australian Accounting Standard that specifically applies	<ul style="list-style-type: none"> <li>Accounting for the R&amp;D tax offset as either a government grant or income tax</li> <li>Accounting for business combinations under common control</li> <li>The manner in which biological assets or agricultural produce is accounted</li> <li>The manner in which exploration and evaluation activities are accounted</li> </ul>
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	<ul style="list-style-type: none"> <li>Determination of cash-generating units when undertaking impairment testing of assets</li> <li>Allocation of the transaction price to performance obligations and when the entity recognises revenue in relation to complex revenue streams</li> <li>Treatment of uncertain tax provisions</li> </ul>
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	<ul style="list-style-type: none"> <li>Recognition and measurement of written puts over non-controlling interests</li> <li>Deferred tax consequences of investments in subsidiaries within tax-consolidated groups.</li> </ul>

AASB Practice Statement 2 *Making Materiality Judgements* provides further non-mandatory guidance on determining whether accounting policy information is material. In part, the Practice Statement notes the following:

*"Paragraph 117C of AASB 101 describes the type of material accounting policy information that users of financial statements find most useful. Users generally find information about the characteristics of an entity's transactions, other events or conditions—entity-specific information—more useful than disclosures that only include standardised information, or information that duplicates or summarises the requirements of the Australian Accounting Standards. Entity-specific accounting policy information is particularly useful when that information relates to an area for which an entity has exercised judgement—for example, when an entity applies an Australian Accounting Standard differently from similar entities in the same industry."*

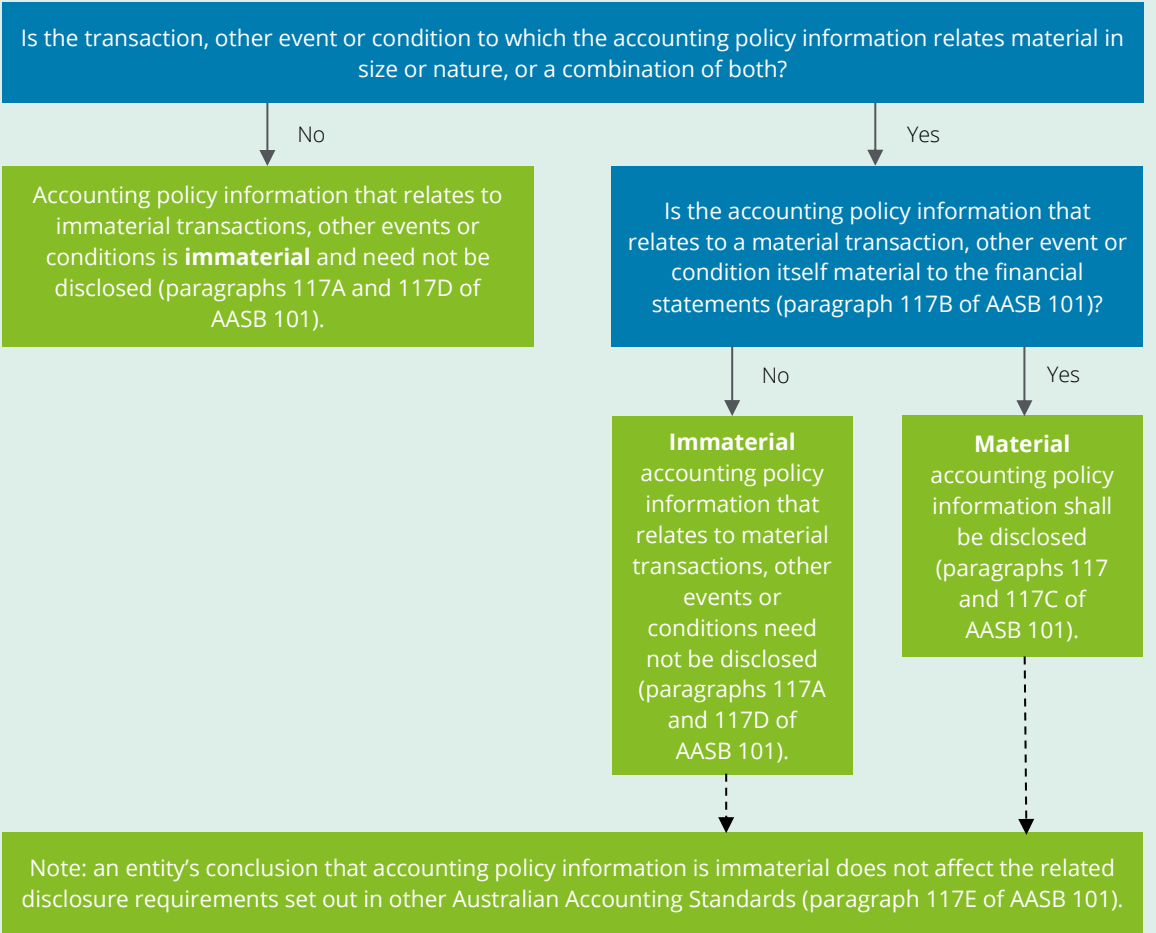
Source

3. Material accounting policies (continued)

General requirements (continued)

AASB 101 in relation to material accounting policy information (continued)

The decision tree below provided in AASB Practice Statement 2 may be helpful in determining whether accounting policy information is material:



AASB 101:117A	Accounting policy information which relates to immaterial transactions, other events or conditions is immaterial and does not need to be disclosed. However, there may be accounting policy information which is considered material due to the nature of related transactions, other events or conditions even if the amounts are immaterial. Conversely, accounting policy information relating to material transactions, other events or conditions should not necessarily be considered material.
AASB 101:117C	Accounting policy information which is entity-specific, focusing on how the entity has applied the requirements of Australian Accounting Standards to its own circumstances, is more useful to users of the financial statements than standardised information or information which duplicates or summarises the requirements of the relevant Australian Accounting Standards.
AASB 101:117D	If an entity chooses to disclose immaterial accounting policy information, that information should not obscure material accounting policy information.
AASB 101:117E	Further, if an entity concludes that accounting policy information is immaterial, that conclusion does not affect the related disclosure requirements of other Australian Accounting Standards.

## Source

### 3. Material accounting policies (continued)

#### General requirements (continued)

##### APES 205 *Conformity with Accounting Standards*

As discussed in section *Disclosure requirements under APES 205 Conformity with Accounting Standards* on page 32, in terms of APES 205 *Conformity with Accounting Standards* paragraphs 6.1 and 6.2, entities that report in accordance with APES 205 (after 1 January 2023<sup>13</sup>) are required to:

- Identify material accounting policies adopted in the preparation and presentation of the special purpose financial statements (in order to satisfy the requirements of APES 205)
- Disclose material accounting policy information where AASB 101 *Presentation of Financial Statements* is being applied in the special purpose financial statements.

Therefore entities are required to disclose information about material accounting policies applied in special purpose financial statements.

#### Developing accounting policy disclosures for special purpose financial statements

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.

#### Entities that comply with all recognition and measurement criteria of Australian Accounting Standards

Entities preparing special purpose financial statements that comply with all the recognition and measurement criteria of Australian Accounting Standards (either including or excluding consolidation) should apply the guidance in AASB 101 *Presentation of Financial Statements* (discussed above) for disclosure of material accounting policy information.

In practice, the requirements may produce accounting policy disclosures similar to those included in general purpose financial statements. However, as special purpose financial statements do not have a prescribed accounting policy framework, it may be helpful to users to carefully consider whether additional information is required. Accounting policy information which may not be considered material for general purpose financial statements may be material accounting policy information for special purpose financial statements where it is determined that users of the financial statements would need it to understand material information in the financial statements.

#### Entities that do not comply with one or more Australian Accounting Standards, including AASB 101

Entities preparing special purpose financial statements that do not comply with one or more Australian Accounting Standards (including AASB 101) will identify material accounting policies adopted in the preparation and presentation of the special purpose financial statements (to satisfy the requirements of APES 205 and AASB 1054). The material accounting policies will need to clearly explain the recognition, measurement and presentation basis adopted by the entity.

<sup>13</sup> Revised APES 205 *Conformity with Accounting Standards* effective for engagements commencing on or after 1 January 2023, which was issued in October 2022 to respond to recent changes to the Australian financial reporting framework, including the removal of the reporting entity concept, new disclosures in special purpose financial statements of certain entities and changes to accounting policy disclosure.



## Source

**3. Material accounting policies (continued)****General requirements (continued)****Developing accounting policy disclosures for special purpose financial statements (continued)****Investments in subsidiaries, associates and joint ventures**

When the special purpose financial statements are being prepared as separate financial statements in accordance with the recognition and measurement requirements of AASB 127 *Separate Financial Statements*, the entity can choose to account for its investments in subsidiaries, joint ventures and associates either:

- At cost
- In accordance with AASB 9 *Financial Instruments*, or
- Using the equity methods as described in AASB 128 *Investments in Associates and Joint Ventures*.

The entity's financial report should specifically indicate that AASB 10 *Consolidated Financial Statements* (for subsidiaries) and AASB 128 *Investments in Associates and Joint Ventures* (for joint ventures and associates) has not been applied.

AASB 1054:9C(d)  
AASB 1054:9A(b)(i)

AASB 1054 requires an entity to disclose whether it has consolidated its subsidiaries or equity accounted its investments in associates or joint ventures consistently with the requirements of AASB 10 and AASB 128 as appropriate, and if not the reasons why that is the case<sup>14</sup>.

AASB 1054:9A(b)(ii)

Alternatively, for not-for-profit entities, if the above does not apply, the entity discloses that it has not determined whether its interests in other entities give rise to interests in subsidiaries, associates or joint ventures, provided it is not required by legislation to make such an assessment for the purpose of assessing its financial reporting requirements and has not made such an assessment.

**Illustrative accounting policies**

For illustrative accounting policies where an entity applies all the recognition and disclosure requirements of Australian Accounting Standards see:

- Our *Tier 2 model financial report - Financial reporting periods ending on or after 30 June 2024* publication<sup>15</sup>, note 46 *Accounting policies*. See also notes 4 *Revenue* and 23 *Lease liabilities* for not-for-profit specific accounting policies relating to revenue and leases respectively
- Our *Tier 1 models and reporting considerations - Financial reporting periods ending on or after 31 December 2024* publication, Appendix 2 *Australian-specific disclosures* (note 3) for example accounting policies for mining entities<sup>15</sup>
- See below for an example accounting policy where an entity subject to the Attribution Managed Investment Trusts (AMIT) rules for Australian income tax purposes.



**The illustrative accounting policies are presented as illustrative examples in various situations, and so do not cover all possibilities or situations. When developing material accounting policy disclosures, entities should focus on material, entity-specific information that users of the financial statements need to understand other material information in the financial statements.**

<sup>14</sup> Applies to for-profit private sector entities required only by their constituting document or another document (created before 1 July 2021 and not amended on or after that date) to prepare financial statements that comply with Australian Accounting Standard and not-for-profit private sector entities preparing special purpose financial statements.

<sup>15</sup> Later editions may be referred to where available

## Source

**3. Material accounting policies (continued)****Taxation**

The taxation circumstances of each entity can vary. The wording below illustrates the accounting policy disclosure for an entity subject to the Attribution Managed Investment Trusts (AMIT) rules for Australian income tax purposes. This wording should be amended accordingly to reflect the respective taxation circumstances of each entity. In the event entity is directly liable for taxation, the wording included in commentary below can be used as a guide for determining an appropriate wording of this accounting policy.

The Entity is subject to the Attribution Managed Investment Trusts (AMIT) rules for Australian income tax purposes, such that the determined trust components of the Entity are taxable in the hands of the beneficiaries (the unitholders) on an attribution basis.

Accordingly, deferred taxes have not been recognised in the financial statements in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains/losses which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements.

Realised capital losses are not attributed to unitholders but instead are retained within the Entity to be offset against realised capital gains. The benefit of any carried forward capital losses are also not recognised in the financial statements. If in any period realised capital gains exceed realised capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income attributed to unitholders as noted above.

## Source

## 4. Critical accounting judgments and key sources of estimation uncertainty

In applying the Entity's accounting policies, which are described in [note \_\_\_\_], [those charged with governance, e.g. the directors of the Trustee] of the Entity 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 101:122, 125

For examples of the types of disclosures that might be required in this area see the latest edition of our *Tier 2 model financial report* publication available at [www.deloitte.com/au/models](http://www.deloitte.com/au/models).

### Key sources of estimation uncertainty

AASB 108:36

The effect of a change in an accounting estimate, is recognised prospectively by including it in profit or loss in:

- The period of the change, if the change affects that period only, or
- The period of the change and future periods, if the change affects both.

AASB 108:37

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it is recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

AASB 108:39, 40

An entity shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect.

AASB 108:40

If the amount of the effect in future periods is not disclosed because estimating it is impracticable, an entity discloses that fact.

AASB 101:131

When it is impracticable to disclose the extent of the possible effects of a key assumption or another key source of estimation uncertainty at the reporting date, the entity discloses that it is reasonably possible, based on existing knowledge, that outcomes within the next annual reporting period that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. In all cases, the entity discloses the nature and carrying amount of the specific asset or liability (or class of assets or liabilities) affected by the assumption.

## Source

## 5. Profit for the year from continuing operations

Profit for the year from continuing operations has been arrived at after charging (crediting):

		Year ended 31/12/20X2 \$'000	Year ended 31/12/20X1 \$'000
	Employee benefits expenses		
	- Post-employment benefits		
	- Share-based payments		
	- Termination benefits		
	- Other employee benefits		
AASB 101:104			
AASB 101:104	Depreciation and amortisation		
	Net gains or losses:		
AASB 101:97	- Loss allowance on trade receivables		
AASB 101:97	- Loss allowance on other financial assets measured at amortised cost		
AASB 101:97	- Loss allowance on debt investments measured at FVTOCI		
AASB 101:97	- Loss allowance on amounts due from contract assets		

### Exceptional rectification costs

AASB 101:97 Costs of \$ \_\_\_\_ have been recognised during the year in respect of rectification work to be carried out on goods supplied to one of the Entity's major customers, which have been included in *[specify category]*.

### Reversals of write-down of inventories

AASB 101:97 *[Describe circumstances of events that led to any reversal of any write-down of inventories.]*

### Disclosure of material items of income and expense

AASB 101:97 When items of income and expense are material, their nature and amount shall be disclosed separately.

### Disclosure of information about the nature of expenses

AASB 101:104 Entities classifying expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense and employee benefit expense. An explanation of the amounts that are included in each of the cost of sales, distribution, marketing, administration and other lines on the face of the statement of profit or loss should be given as best practice of the interpretation of AASB 101:104.

Example:

Impairment losses are included in the line item 'Cost of sales' in the statement of profit or loss.

Where this additional information is disclosed in a separate note, the line item should be included in the disclosure.

## Source

## 6. Other gains and losses

AASB 101:98(c)

AASB 101:98(d)

**Continuing operations**

Gain on disposal of property, plant and equipment

Gain/(loss) on disposal of investments measured at fair value through profit or loss

Reclassification of net gain/(loss) on debt investments classified as at FVTOCI from equity to profit or loss upon disposal

Cumulative loss reclassified from equity on impairment of available-for-sale investments

Government grants received for staff re-training

Net foreign exchange gains/(losses)

Gain arising on effective settlement of legal claim against the distribution business (note 27)

Net gain/(loss) arising on financial assets designated as at FVTPL

Net (loss) arising on financial liabilities designated as at FVTPL (i)

Net gain arising on financial assets mandatorily measured as at FVTPL (ii)

Net (loss) arising on financial liabilities mandatorily measured at FVTPL

Net gain/(loss) arising on derecognition of financial liabilities measured at amortised cost

Net gain/(loss) arising on modification of financial instruments measured at amortised cost that were not derecognised

Change in fair value of investment property

Hedge ineffectiveness on cash flow hedges

Hedge ineffectiveness on net investment hedges

**Year ended**  
**31/12/20X2**

---

**\$'000**

**Year ended**  
**31/12/20X1**

---

**\$'000**

- (i) The net loss on these financial liabilities designated as at FVTPL includes a gain of \$ \_\_\_\_ resulting from the decrease in fair value of the liabilities other than the changes in the fair value of the liabilities attributable to the liabilities' credit risk, offset by dividends of \$ \_\_\_\_ paid during the year.
- (ii) The amount represents a net gain on non-derivative financial assets held for trading and comprises an increase in fair value of \$ \_\_\_\_ (20X1: \$ \_\_\_\_ ), including interest of \$ \_\_\_\_ received during the year (20X1: \$ \_\_\_\_ )

Source

AASB 101:77

7. Deferred tax

Where an entity subject to the AMIT regime has a material amount of carry forward capital losses, it may be appropriate to include disclosure of the amount in the notes to the financial statements. The illustrative wording below can be adapted to suit the entity's circumstances:

As noted in Note 3, the Entity is subject to the Attribution Managed Investment Trusts (AMIT) rules for Australian income tax purposes and no deferred taxes are recognised in the financial statements. The Entity has gross carry forward capital losses of \$ \_\_\_\_ (20X1: \$ \_\_\_\_ ) which can be offset against future capital gains prior to attribution to unitholders. These capital losses are not recognised as deferred tax assets.

Where the entity is subject to income tax, the entity may wish to provide relevant information about the current and deferred taxes recognised in the financial statements, and the existence of any material unrecognised deferred tax amounts in respect of tax losses, tax credits and deductible temporary differences.

8. Discontinued operations

Disposal of [describe] operations

AASB 101:98(e)

On {date}, the Entity entered into a sale agreement to dispose of its [describe] operations. The proceeds of sale substantially exceeded the carrying amount of the related net assets and, accordingly, no impairment losses were recognised on the reclassification of these operations as held for sale. The disposal of the [describe] manufacturing operations is consistent with the Entity's long-term policy to focus its activities in [describe]. The disposal was completed on [date], on which date control of the [describe] manufacturing operations passed to the acquirer. Details of the assets and liabilities disposed are disclosed in note 28.

Analysis of profit for the year from discontinued operations

AASB 101:97, 98(e)

The combined results of the discontinued operations (i.e. [describe] businesses) included in the profit or loss for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	Year ended 31/12/20X2 \$'000	Year ended 31/12/20X1 \$'000
Profit for the year from discontinued operations		
Revenue		
Other gains		
Expenses		
Profit before tax		
Attributable income tax expense		
Loss on remeasurement to fair value less costs to sell		
Gain/(loss) on disposal of operation including a cumulative exchange gain of \$ ____ reclassified from foreign currency translation reserve to profit and loss		
Attributable income tax expense		
Profit for the year from discontinued operations		

## Source

**8. Discontinued operations (continued)**

	Year ended 31/12/20X2	Year ended 31/12/20X1
	\$'000	\$'000
<b>Cash flows from discontinued operations</b>		
Net cash inflows from operating activities		
Net cash inflows/(outflow) from investing activities		
Net cash outflows/(outflow) from financing activities		
Net cash inflows		

## AASB 101:77

**9. Assets classified as held for sale**

	31/12/20X2	31/12/20X1
	\$'000	\$'000
Freehold land held for sale (i)		
Assets related to <i>[describe]</i> business (ii)		
Liabilities associated with assets held for sale (ii)		
Amounts recognised directly in equity associated with assets held for sale		

## AASB 101:98(e)

**Plan to dispose of the *[describe]* business**

On *[date]*, *[those charged with governance, e.g. the directors of the Trustee]* announced a plan to dispose of the Entity's *[describe]* business and negotiations with several interested parties have subsequently taken place. The disposal is consistent with the Entity's long-term policy to focus its activities on the Entity's other businesses. These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position. The proceeds of disposal are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

## Source

**9. Assets classified as held for sale (continued)****Plan to dispose of the *[describe]* business (continued)**

AASB 101:98(e)

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	<b>31/12/20X2</b>
	<b>\$'000</b>
Goodwill	
Property, plant and equipment	
Inventories	
Trade receivables	
Contract assets	
Cash and bank balances	
Assets of <i>[describe]</i> business classified as held for sale	
Trade and other payables	
Current tax liabilities	
Deferred tax liabilities	
Liabilities of <i>[describe]</i> business associated with assets classified as held for sale	
Net assets of <i>[describe]</i> business classified as held for sale	

**10. Trade and other receivables**

	<b>31/12/20X2</b>	<b>31/12/20X1</b>
	<b>\$'000</b>	<b>\$'000</b>
AASB 101:78(a) Trade receivables		
Loss allowance		
AASB 101:78(a) Deferred consideration		
AASB 101:78(a) Other receivables		
AASB 101:78(a) Goods and services tax recoverable		
AASB 101:78(a) Other <i>[describe]</i>		



## Source

**11. Other financial assets**

		<u>31/12/20X2</u>	<u>31/12/20X1</u>
		\$'000	\$'000
	Financial assets measured at amortised cost		
AASB 101:78(b)	- Bills of exchange		
AASB 101:78(b)	- Debentures		
AASB 101:78(b)	- Loans to related parties		
AASB 101:78(b)	- Loans to other entities		
AASB 101:77	Derivatives designated and effective as hedging instruments carried at fair value		
AASB 101:77	Financial assets mandatorily measured at fair value through profit or loss (FVTPL)		
AASB 101:77	Financial assets designated as at FVTPL		
AASB 101:77	Investments in debt instruments classified as at fair value through other comprehensive income (FVTOCI)		
AASB 101:77	Investments in equity instruments designated as at FVTOCI		
	Current		
	Non-current		

**12. Inventories**

		<u>31/12/20X2</u>	<u>31/12/20X1</u>
		\$'000	\$'000
	<b>Carrying amounts</b>		
AASB 101:78(c)	Raw materials		
AASB 101:78(c)	Work in progress		
AASB 101:78(c)	Finished goods		

## Source

**13. Property, plant and equipment**

		<u>31/12/20X2</u>	<u>31/12/20X1</u>
		<u>\$'000</u>	<u>\$'000</u>
	<b>Carrying amounts</b>		
AASB 101:78(a)	Freehold land		
	- At fair value		
	- Accumulated depreciation and impairment		
AASB 101:78(a)	Buildings		
	- At fair value		
	- Accumulated depreciation and impairment		
AASB 101:78(a)	Plant and equipment		
	- At cost		
	- Accumulated depreciation and impairment		

The following useful lives are used in the calculation of depreciation:

- Buildings 20 – 30 years
- Plant and equipment 5 – 15 years
- Equipment under finance lease 5 years

**Impairment losses recognised in the year**

AASB 101:125

During the year, as the result of the unexpected poor performance of the manufacturing plant, the Entity carried out a review of the recoverable amount of that manufacturing plant and the related equipment. The review led to the recognition of an impairment loss of \$ \_\_\_, which has been recognised in profit or loss. The Entity also estimated the fair value less costs of disposal of the manufacturing plant and the related equipment, which is based on the recent market prices of assets with similar age and obsolescence. The fair value less costs of disposal is less than the value in use and hence the recoverable amount of the relevant assets has been determined on the basis of their value in use, which amounted to \$ \_\_\_ as at 31 December 20X2. The discount rate used in measuring value in use was \_\_\_% per annum. No impairment assessment was performed in 20X1 as there was no indication of impairment.

Additional impairment losses recognised in respect of property, plant and equipment in the year amounted to \$ \_\_\_ (20X1: \$ \_\_\_). These losses are attributable to greater than anticipated wear and tear. These assets have been impaired in full.

The impairment losses have been included in the profit or loss in *[describe]* line item.

## Source

AASB 101:125, 128

### 13. Property, plant and equipment (continued)

#### Fair value measurement of the Entity's freehold land and buildings

An entity shall disclose information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next annual reporting period. Such disclosures are not required in respect of assets measured at fair value based on recently observed market prices.

Where the fair value of property, plant and equipment measured on the fair value basis is not based on recently observed market prices, the following example wording may be used as a guide:

The Entity's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Entity's freehold land and buildings as at 31 December 20X2 and 31 December 20X1 were performed by *[name of valuers]*, independent valuers not related to the Entity. *[Name of valuers]* are members of the Institute of Valuers of \_\_\_\_\_, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

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]*.

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.

## Source

**14. Right-of-use assets**

		<u>31/12/20X2</u>	<u>31/12/20X1</u>
		\$'000	\$'000
	<b>Carrying amounts</b>		
AASB 101:78(a)	Buildings		
	- At cost		
	- Accumulated depreciation and impairment		
AASB 101:78(a)	Plant		
	- At cost		
	- Accumulated depreciation and impairment		
AASB 101:78(a)	Equipment		
	- At cost		
	- Accumulated depreciation and impairment		

The following useful lives are used in the calculation of depreciation:

- Buildings 7 – 10 years
- Plant 5 – 15 years
- Equipment 5 years.

**15. Investments in subsidiaries, associates and joint ventures**

		<u>31/12/20X2</u>	<u>31/12/20X1</u>
		\$'000	\$'000
	<b>At cost</b>		
AASB 101:77	Investments in subsidiaries		
AASB 101:77	Accumulated impairment		
	<b>Using the equity method</b>		
AASB 101:77	Investments in associates		
AASB 101:77	Investments in joint ventures		

Source

16. Other intangible assets

		31/12/20X2	31/12/20X1
		\$'000	\$'000
	Carrying amounts		
AASB 101:77	Capitalised development		
	- At cost		
	- Accumulated amortisation and impairment		
AASB 101:77	Patents		
	- At cost		
	- Accumulated amortisation and impairment		
AASB 101:77	Trademarks		
	- At cost		
	- Accumulated amortisation and impairment		

The following useful lives are used in the calculation of amortisation:

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

AASB 101:125, 128

An entity discloses information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next annual reporting period. Such disclosures are not required in respect of assets measured at fair value based on recently observed market prices.

## Source

AASB 101:77

## 17. Other assets

		31/12/20X2 \$'000	31/12/20X1 \$'000
AASB 101:78(b)	Prepayments		
	Contract assets (i)		
	- Construction contracts		
	- Manufacturing contracts		
	Contract costs		
	- Costs to obtain contracts		
	Other <i>[describe]</i>		
	Current		
	Non-current		
AASB 101:112(c)	(i) Amounts relating to contract assets are balances due from customers under construction contracts that arise when the entity receives payments from customers in line with a series of performance related milestones. The entity will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.		

## 18. Trade and other payables

		31/12/20X2 \$'000	31/12/20X1 \$'000
AASB 101:77	Trade payables		
AASB 101:77	Cash-settled share-based payments		
AASB 101:77	Other payables		
AASB 101:77	Other <i>[describe]</i>		

AASB 101:61

For each liability line item that combines amounts expected to be recovered or settled (a) no more than twelve months after the reporting date, and (b) more than twelve months after the reporting date, an entity shall disclose the amount expected to be recovered or settled after more than twelve months.

## Supplier finance arrangement

Entities with material supplier finance arrangements can refer to our *Tier 1 models and reporting consideration* publication, available at [www.deloitte.com/au/models](http://www.deloitte.com/au/models) for illustrative disclosures which can be used as a guide for providing disclosures on supplier financing arrangements in the special purpose financial statements.

## Source

## 19. Lease liabilities

	31/12/20X2	31/12/20X1
	\$'000	\$'000
<b>Secured – at amortised cost</b>		
Current		
Non-current		

## 20. Borrowings

	31/12/20X2	31/12/20X1
	\$'000	\$'000

AASB 101:77

## Unsecured – at amortised cost

Bank overdrafts  
 Bills of exchange  
 Loans from:  
     - Related parties  
     - Other entities  
     - Government  
 Convertible notes  
 Perpetual notes  
 Other *[describe]*


AASB 101:77

## Secured – at amortised cost

Bank overdrafts  
 Bank loans (i)  
 Loans from other entities  
 Transferred receivables  
 Other *[describe]*


Current  
 Non-current


## Covenants

AASB 101:72A, 76ZA

- (i) A secured bank loan of loan of \$ \_\_\_\_ (31 December 20X1: \$ \_\_\_\_ ) is subject to a financial covenant which is tested semi-annually on 30 June and 31 December each year. The covenant measures the Group's gearing ratio. The group has complied with this covenant in 20X2 and 20X1.

The Entity's expected compliance with the covenant is monitored on an ongoing basis and based on forecasts at reporting date, the Entity expects to remain in compliance with the covenant in the next 12 months.

The Entity's other borrowings are not subject to any covenants.

Source

AASB 101:72A, 76ZA

20. Borrowings (continued)

Effective for annual reporting periods beginning on or after 1 January 2024, if an entity has classified a liability as non-current but the right to defer settlement of that liability is subject to the entity complying with covenants within 12 months after the reporting period, it should disclose information which enables users of financial statements to understand the risk of the liabilities becoming repayable within 12 months after the reporting period, including:

- Information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of related liabilities
- Facts and circumstances, if any, which indicate that the entity may have difficulties complying with the covenants (e.g. if the entity would be in breach of the covenant if it had been assessed at the end of the reporting period).

Below is an illustrative example where there is a risk that an entity may not comply with its covenants resulting in the liabilities becoming repayable within twelve months after the reporting period.

A secured bank loan of \$ \_\_\_\_ (31 December 20X1: \$ \_\_\_\_ ) is subject to a financial covenant which is tested semi-annually on 31 March and 30 September each year. The Entity has complied with this covenant in in 20X2 and 20X1. The covenant measures the Entity's gearing ratio. However, the Entity's liquidity has been impacted by the decrease in sales of [product A] due to increased competition by [Land A] suppliers. As a result the Entity expects it may have difficulties complying with the covenant at 31 March 20X3. The Entity has entered into negotiations with the lender to obtain a waiver with respect to this expected breach.

21. Other financial liabilities

		31/12/20X2	31/12/20X1
		\$'000	\$'000
AASB 101:77	Financial guarantee contracts		
AASB 101:77	Derivatives that are designated and effective as hedging instruments carried at fair value		
AASB 101:77	Financial liabilities carried at fair value through profit or loss (FVTPL)		
AASB 101:77	Contingent consideration		
AASB 101:77	Other <i>[describe]</i>		
	Current		
	Non-current		



## Source

**22. Provisions**

		<u>31/12/20X2</u>	<u>31/12/20X1</u>
		\$'000	\$'000
AASB 101:78(d)	Employee benefits		
AASB 101:78(d)	Warranty provision		
AASB 101:78(d)	Restructuring provision		
AASB 101:78(d)	Restoration provision		
AASB 101:78(d)	Other <i>[describe]</i>		
	Current		
	Non-current		

**23. Other liabilities**

		<u>31/12/20X2</u>	<u>31/12/20X1</u>
		\$'000	\$'000
AASB 101:77	Contract liabilities (i)		
AASB 101:77	Refund liability		
AASB 101:77	Deferred income – government grants (ii)		
AASB 101:77	Other <i>[describe]</i>		
	Current		
	Non-current		

- AASB 101:112(c)
- (i) Contract liabilities arise from the customer loyalty programme amounts related to construction contracts, and amounts received in advance for the delivery of internet sales
  - (ii) Deferred income arises as a result of the benefit received from an interest-free government loan received in December 20X2. The revenue will be offset against training costs to be incurred in 20X3 (\$ \_\_\_\_ ) and 20X4 (\$ \_\_\_\_ ).

**Source**

AASB 101:77

**24. Unitholder capital****Information about the following notes**

Notes 24-26 below set out detailed descriptions and reconciliations for each class of share capital and each component of equity, as required by AASB 101:79, AASB 101:106 and AASB 101:106A. AASB 101 permits some flexibility regarding the level of detail presented in the statement of changes in equity and these supporting notes. AASB 101 allows an analysis of other comprehensive income by item for each component of equity to be presented either in the statement of changes in equity or in the notes. These model financial statements are prepared on the basis that the Entity has elected to present the analysis of other comprehensive income in the notes.

AASB 101 also allows that some of the details regarding items of other comprehensive income (income tax and reclassification adjustments) may be disclosed in the notes rather than in the statement of profit or loss and other comprehensive income. Entities will determine the most appropriate presentation for their circumstances – electing to present much of the detail in the notes (as we have done in these model financial statements) ensures that the primary financial statements are not cluttered by unnecessary detail, but it does result in very detailed supporting notes.

Whichever presentation is selected, entities will need to ensure that the following requirements are met:

AASB 101:106A

- Detailed reconciliations are required for each class of share capital (in the statement of financial position or the statement of changes in equity or in the notes)

AASB 101:106(d)

- Detailed reconciliations are required for each component of equity – separately disclosing the impact on each such component of (i) profit or loss, (ii) each component of other comprehensive income, and (iii) transactions with owners in their capacity as owners (in the statement of changes in equity or in the notes)

AASB 101:90

- The amount of income tax relating to each item of other comprehensive income should be disclosed (in the statement of profit or loss and other comprehensive income or in the notes)

AASB 101:106(b)

- Reclassification adjustments should be presented separately from the related component of other comprehensive income (in the statement of profit or loss and other comprehensive income or in the notes).

AASB 101:79(a)

An entity that elects to present a statement of changes in equity showing reconciliations between the carrying amount of each class of contributed equity at the beginning and the end of the period on the face of the statement need not repeat these disclosures in the notes to the financial statements. However, such entities disclose, either on the face of the statement of financial position or in the notes to the financial statements, for each class of share capital:

- The number of shares authorised
- The number of shares issued and fully paid, and issued but not fully paid
- Par value per share, or that the shares have no par value
- A reconciliation of the number of shares outstanding at the beginning and at the end of the period
- The rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital
- Shares in the entity held by the entity or by its subsidiaries or associates
- Shares reserved for issue under options and contracts for sale of shares, including the terms and amounts.

**Entities without share capital**

AASB 101:80

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

## Source

AASB 101:77

## 24. Unitholder capital (continued)

		31/12/20X2 \$'000	31/12/20X1 \$'000
AASB 101:79(a)(ii)	_____ fully paid units (31 December 20X1: _____ )	_____	_____
AASB 101:79(a)(i),(iii),(v) AASB 101:80	<i>[Describe the nature of the entity's equity interests, including rights, preferences and restrictions attaching to each category of equity interest (including any restrictions on entitlements to distributions and repayment of capital).]</i>		
AASB 101:79(a)(i), (iii)	An entity that has share capital is required to disclose the number of shares authorised and the par value per share, or that the share have no par value.		
AASB 101:79(a)(iv)	<b>Fully paid units</b>	<b>Number of units '000</b>	<b>Issued capital \$'000</b>
	Balance at 1 January 20X1		
	Movements <i>[describe]</i>		
	Balance at 31 December 20X1		
	Unit buy-backs		
	Unit buy-back costs		
	<i>[Income tax relating to share buy-back costs]</i>		
	Balance at 31 December 20X2		

Fully paid units carry one vote per share and carry a right to distributions.

**Other share options on issue**

AASB 101:79(a)(vii)

An entity shall disclose, for each class of share capital, shares reserved for issue under options, including the terms and amounts.

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

As at 31 December 20X2, the Entity has \_\_\_\_\_ share options on issue (20X1: \_\_\_\_\_), exercisable on a 1:1 basis for \_\_\_\_\_ ordinary shares of the Entity (20X1: \_\_\_\_\_) at an exercise price of \$ \_\_\_\_\_. The options expire between *[date]* and *[date]* (20X1: *[date]* and *[date]*), and carry no rights to dividends and no voting rights.

**Contracts for the sale of shares**

AASB 101:79(a)(vii)

An entity discloses, for each class of share capital, contracts for the sale of shares, including the terms and amounts.

An entity that has contracted to sell its shares to another party, for example, in a business combination occurring after the reporting date, may wish to use the following wording as a guide:

'On *[date]*, the Entity finalised negotiations to purchase 100% of the ordinary share capital of *[Entity name]*. As part of the purchase consideration for the acquisition, the Entity will issue \_\_\_\_\_ ordinary *[describe equity instrument]* to the acquiree. Further details of the acquisition are disclosed in note *[x]*.'

## Source

AASB 101:77

## 24. Unitholder capital (continued)

AASB 101:79(vi)

### Shares held by subsidiaries and associates

Where a subsidiary or an associate holds shares in the entity, the number of shares held is disclosed.

AASB 101:AusCF1

### Disclosure of information to enable users to evaluate the entity's objectives, policies and processes for managing capital

AusCF paragraphs and footnotes included in AASB 101 apply only to:

- Not-for-profit entities
- For-profit entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. For-profit entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) cannot apply AusCF paragraphs or footnotes.

AASB 101:AusCFAus  
136.1

In respect of AusCF entities, an entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is not a reporting entity need not present the disclosures required by paragraphs 134–136.

AASB 101:AusCFAus  
136.2

Notwithstanding paragraph AusCFAus136.1, in respect of AusCF entities, a not-for-profit entity need not present the disclosures required by paragraphs 134–136.

**Source**

AASB 101:77

AASB 101:90

AASB 101:106A

AASB 101:79(b)

**25. Reserves [(net of income tax)]**

An entity shall disclose the amount of income tax relating to each item of other comprehensive income, including reclassification adjustments, either in the statement of profit or loss and other comprehensive income or in the notes.

For each component of equity an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.

Entities shall further disclose, either on the face of the balance sheet or in the notes to the financial statements, a description of the nature and purpose of each reserve within equity.

		<b>31/12/20X2</b>	<b>31/12/20X1</b>
		<b>\$'000</b>	<b>\$'000</b>
AASB 101:78(e)	Properties revaluation		
AASB 101:78(e)	Investments revaluation		
AASB 101:78(e)	Financial liabilities at FVTPL credit risk		
AASB 101:78(e)	Contributions		
AASB 101:78(e)	Cash flow hedging		
AASB 101:78(e)	Foreign currency translation		
AASB 101:78(e)	Option premium on convertible notes		
AASB 101:78(e)	Other <i>[describe]</i>		

AASB 101:90, 106(d), 106A

**Properties revaluation reserve**

	<b>Year ended</b>	<b>Year ended</b>
	<b>31/12/20X2</b>	<b>31/12/20X1</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at the beginning of the year</b>		
Increase arising on revaluation of properties		
Impairment losses		
Reversals of impairment losses		
<i>[Deferred tax liability arising on revaluation]</i>		
<i>[Reversal of deferred tax liability on revaluation]</i>		
Transferred to retained earnings		
Other <i>[describe]</i>		
<b>Balance at the end of the year</b>		

AASB 101:79(b), 82A

The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the properties revaluation reserve will not be reclassified subsequently to profit or loss.

## Source

AASB 101:90, 106(d),  
106A**25. Reserves [(net of income tax)] (continued)****Investments revaluation reserve**

AASB 101:82(cb)

AASB 101:82(cb)

AASB 101:79(b), 82A

	Investments in equity instruments designated as at FVTOCI \$'000	Investments in debt instruments classified as at FVTOCI \$'000	Investments revaluation reserve \$'000
<b>Balance at 1 January 20X1</b>			
Fair value gain/(loss) arising during the period [Income tax relating to fair value gain/(loss) arising during the period]			
Cumulative (gain)/loss on investments in equity instruments designated as at FVTOCI transferred to retained earnings upon disposal			
Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal			
Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL			
<b>Balance at 1 January 20X2</b>			
Fair value gain/(loss) arising during the period [Income tax relating to fair value gain/(loss) arising during the period]			
Cumulative (gain)/loss on investments in equity instruments designated as at FVTOCI transferred to retained earnings upon disposal			
Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal			
Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL			
<b>Balance at 31 December 20X2</b>			
The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.			

## Source

AASB 101:90, 106(d),  
106A**25. Reserves [(net of income tax)] (continued)****Financial liabilities at FVTPL credit risk reserve**

	Year ended 31/12/20X2	Year ended 31/12/20X1
	\$'000	\$'000
<b>Balance at the beginning of the year</b>		
Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk		
<i>[Income tax relating to fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk]</i>		
Transfer of credit risk reserve to retained earnings upon derecognition of related financial liabilities		
<b>Balance at the end of the year</b>		
The financial liabilities at FVTPL credit risk reserve accumulates the changes in the fair value of <i>[describe the financial instrument e.g. the preference shares]</i> due to the changes in the credit risk which do not create or enlarge the accounting mismatch.		

AASB 101:106(d), 106A **Contributions reserve**

	Year ended 31/12/20X2	Year ended 31/12/20X1
	\$'000	\$'000
<b>Balance at the beginning of the year</b>		
Arising on share-based payments		
Other <i>[describe]</i>		
<b>Balance at the end of the year</b>		

AASB 101:79(b), 82A

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

## Source

AASB 101:90, 106(d),  
106A**25. Reserves [(net of income tax)] (continued)****Cash flow hedging reserve**

	<b>Year ended 31/12/20X2 \$'000</b>	<b>Year ended 31/12/20X1 \$'000</b>
<b>Balance at the beginning of the year</b>		
Gain/(loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges		
- Forward foreign exchange contracts		
- Interest rate swaps		
- Currency swaps		
<i>[Income tax related to gains/losses recognised in other comprehensive income]</i>		
Cumulative (gain)/loss arising on changes in fair value of hedging instruments reclassified to profit or loss		
- Forward foreign exchange contracts		
- Interest rate swaps		
- Currency swaps		
<i>[Income tax related to amounts reclassified to profit or loss]</i>		
Transferred to initial carrying amount of hedged item		
- Forward foreign exchange contracts		
<i>[Income tax related to amounts transferred to initial carrying amount of hedged item]</i>		
Other <i>[describe]</i>		
<b>Balance at the end of the year</b>		

AASB 101:79(b), 82A

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items (basis adjustment).



## Source

AASB 101:90, 106  
(d), 106A**25. Reserves [(net of income tax)] (continued)****Foreign currency translation reserve**

	<b>Year ended 31/12/20X2 \$'000</b>	<b>Year ended 31/12/20X1 \$'000</b>
<b>Balance at the beginning of the year</b>		
Exchange differences arising on translating the foreign operations <i>[Income tax relating to gains arising on translating the net assets of foreign operations]</i>		
Loss on hedging instrument designated in hedges of the net assets of foreign operations <i>[Income tax relating to loss on hedge of the net assets of foreign operations]</i>		
(Gain)/loss reclassified to profit or loss on disposal of foreign operations <i>[Income tax related to gain/loss reclassified on disposal of foreign operations]</i>		
(Gain)/loss on hedging instrument reclassified to profit or loss on disposal of foreign operations <i>[Income tax related to gain/loss on hedging instruments reclassified on disposal of foreign operation]</i>		
Other <i>[describe]</i>		
<b>Balance at the end of the year</b>		

AASB 101:79(b), 82A

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

AASB 101:106  
(d), 106A**Option premium on convertible notes reserve**

	<b>Year ended 31/12/20X2 \$'000</b>	<b>Year ended 31/12/20X1 \$'000</b>
<b>Balance at the beginning of the year</b>		
Recognition of option premium on issue of convertible notes <i>[Related income tax]</i>		
<b>Balance at the end of the year</b>		

AASB 101:79(b),  
82A

The option premium on convertible notes represents the equity component (conversion rights) of the \_\_\_\_ million \_\_\_\_ % convertible notes issued during the year.

## Source

AASB 101:106  
(b), (d), 106A

## 26. Retained earnings

	31/12/20X2 \$'000	31/12/20X1 \$'000
Retained earnings		
	<b>Year ended 31/12/20X2 \$'000</b>	<b>Year ended 31/12/20X1 \$'000</b>
<b>Balance at the beginning of the year</b>		
Profit attributable to members of the Entity		
Other comprehensive income arising from remeasurement of defined benefit obligation, <i>[net of income tax]</i>		
Payment of distributions		
Unit buy-back <i>[Related income tax]</i>		
Transfer from properties revaluation reserve		
Other <i>[describe]</i>		
<b>Balance at the end of the year</b>		

## 27. Distributions

AASB 101:107

**Recognised  
amounts**Fully paid ordinary  
unit  
Interim distribution  
Final distribution

Year ended 31/12/20X2		Year ended 31/12/20X1	
Cents per unit	Total \$'000	Cents per unit	Total \$'000

**Unrecognised  
amounts**Fully paid ordinary  
units  
Final distribution

AASB 101:137(a)

On 28 February 20X3, *[those charged with governance, e.g. the directors of the Trustee]* declared a distribution of \_\_\_\_ cents per unit to the holders of fully paid units in respect of the financial year ended 31 December 20X2. This distribution has not been included as a liability in these financial statements and will be paid to unitholders on *[date]*. The total estimated distribution to be paid is \$ \_\_\_\_.

AASB 101:107

An entity presents, either in the statement of changes in equity or in the notes, the amount of dividends recognised as distributions to owners during the period, and the related amount of dividends per share.

## Source

**27. Distributions (continued)****Imputation credits (franking credits)**

Where the entity has franking credits, the information below should be disclosed where AASB 1054 *Australian Additional Disclosures* is applied. Example disclosures can be found in our *Tier 1 models and reporting consideration* publication, available at [www.deloitte.com/au/models](http://www.deloitte.com/au/models).

AASB 101:107

An entity presents, either in the statement of changes in equity or in the notes, the amount of dividends recognised as distributions to owners during the period, and the related amount of dividends per share.

AASB 1054:12

The term 'imputation credits' is used in paragraphs 13-15 to also mean 'franking credits'. The disclosures required by paragraphs 13 and 15 shall be made separately in respect of any New Zealand imputation credits and any Australian imputation credits.

AASB 1054:13

An entity shall disclose the amount of imputation credits available for use in subsequent reporting periods.

AASB 1054:14

For the purposes of determining the amount required to be disclosed in accordance with paragraph 13, entities may have:

- Imputation credits that will arise from the payment of the amount of the provision for income tax
- Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

AASB 1054:15

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

**Deferred franking debits**

The receipt of refundable R&D tax offsets gives rise to deferred franking debits which 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 available under Australian tax law, the Entity 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 Entity 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 \$ \_\_\_\_ (2023: \$ \_\_\_\_). 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

## 27. Distributions (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, disclosure may be warranted where it satisfies the needs of likely users of the financial report.

#### Cumulative preference dividends not recognised

An entity shall disclose in the notes to the financial statements the amount of any cumulative preference dividends not recognised.

AASB 101:137(b)

## Source

**28. Acquisition of businesses**

For clarity of presentation in these model financial statements, it has been assumed that there were no businesses acquired in the comparative period. If there had been a business acquired in 20X1, all of the disclosures illustrated would also be required for that prior year acquisition.

**Businesses acquired**

During the year, the Entity acquired *[Business 1]* and *[Business 2]*. Details of the acquisitions are as follows:

AASB 107:40(a)

**Consideration transferred**

	<u><i>[Business 1]</i></u>	<u><i>[Business 2]</i></u>
	\$'000	\$'000
Cash		
Transfer of land and buildings at fair value at date of acquisition		
Contingent consideration arrangement		
Plus: effect of settlement of legal claim against the distribution business		
Total		

AASB 107:40(d)

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

	<u><i>[Business 1]</i></u>	<u><i>[Business 2]</i></u>	<u>Total</u>
	\$'000	\$'000	\$'000
Cash and cash equivalents			
Trade and other receivables			
Inventories			
Plant and equipment			
Trade and other payables			
<i>[Deferred tax liabilities]</i>			
Contingent liabilities			

AASB 107:40(c)

**Net cash outflow on acquisition of businesses**

	<u>Year ended 31/12/20X2</u>	<u>Year ended 31/12/20X1</u>
	\$'000	\$'000
Consideration paid in cash		
Less: cash and cash equivalent balances acquired		

AASB 107:40(b)

AASB 107:40(c)

## Source

**29. Disposal of businesses**

For clarity of presentation in these model financial statements, it has been assumed that there were no businesses disposed in the comparative period. If there had been a business disposed in the comparative period, all of the disclosures illustrated would also be required for that prior year disposal.

On 30 May 20X2, the Entity disposed of its *[Disposed business 1]*.

**Consideration received**

		<b>Year ended 31/12/20X2 \$'000</b>
AASB 107:40(b)	Consideration received in cash and cash equivalents	
	Deferred sales proceeds	
AASB 107:40(a)	Total consideration received	

**Book value of net assets sold**

		<b>Year ended 31/12/20X2 \$'000</b>
	Cash and cash equivalents	
	Trade receivables	
	Inventories	
	Property, plant and equipment	
	Right-of-use assets	
	Goodwill	
	Payables	
	Lease liabilities	
	Borrowings	
	<i>[Deferred tax liability]</i>	
	Net assets disposed of	

**Net cash inflow/(outflow) on disposal of business**

		<b>Year ended 31/12/20X2 \$'000</b>
	Consideration received in cash and cash equivalents	
AASB 107:40(c)	Less: cash and cash equivalent balances disposed of	

## Source

**30. Notes to the statement of cash flows****Reconciliation of cash and cash equivalents**

AASB 107:45

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

	<b>31/12/20X2</b>	<b>31/12/20X1</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and bank balances		
Bank overdraft		
Cash and bank balances included in a disposal group held for sale		

**Cash balances not available for use**

AASB 107:48

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 bank balances includes demand deposits of \$\_\_ million (20X1: nil) that are required to be maintained as warranty and can be used only to settle future claims, if any, on the completed [Project X]. The contractual restriction on the use of demand deposits ends on 1 August 20X3.

**Reconciliation of profit for the year to net cash flows from operating activities**

AASB 1054:16

When an entity uses the direct method to present its statement of cash flows, the financial statements provide a reconciliation of the net cash flow from operating activities to profit (loss).

AASB 107:Aus20.2

Not-for-profit entities that use the direct method and that highlight the net cost of services in their statement of comprehensive income for the reporting period disclose in the complete set of financial statements a reconciliation of cash flows arising from operating activities to net cost of services as reported in the statement of comprehensive income.

	<b>Year ended</b>	<b>Year ended</b>
	<b>31/12/20X2</b>	<b>31/12/20X1</b>
	<b>\$'000</b>	<b>\$'000</b>

**Profit for the year**

[Income tax expense recognised in profit or loss]

Share of profits of associates

Finance costs recognised in profit or loss

Investment revenue recognised in profit or loss

Gain on disposal of property, plant and equipment

Gain on revaluation of investment property

Gain on disposal of business

Gain on disposal of interest in former associate

## Source

**30. Notes to the statement of cash flows (continued)**

	Year ended 31/12/20X2	Year ended 31/12/20X1
	\$'000	\$'000
Net loss arising on financial liabilities designated as at fair value through profit or loss		
Net loss arising on financial assets classified as held for trading		
Hedge ineffectiveness on cash flow hedges		
(Gain)/loss transferred from equity on sale of available-for-sale financial assets		
(Gain)/loss transferred from equity on impairment of available-for-sale financial assets		
Impairment loss recognised on trade receivables		
Reversal of impairment loss on trade receivables		
Depreciation and amortisation of non-current assets		
Impairment of non-current assets		
Net foreign exchange (gain)/loss		
Amortisation of financial guarantee contracts		
Gain arising on effective settlement of claim against the distribution business		
Movements in working capital		
- [(Increase)/decrease] in trade and other receivables		
- [(Increase)/decrease] in inventories		
- [(Increase)/decrease] in other assets		
- [(Increase)/decrease] in trade and other payables		
- [(Increase)/decrease] in provisions		
- [(Increase)/decrease] in deferred revenue		
- [(Increase)/decrease] in other liabilities		
Cash generated from operations		
Interest paid		
[Income taxes paid to head entity for tax funding agreement]		
<b>Net cash [from/(used in)] operating activities</b>		



### Source

### 30. Notes to the statement of cash flows (continued)

### Reconciliation of liabilities arising from financing activities

**AASB 107:44A-44E** The table below details changes in the Entity's liabilities arising from financing activities, including both cash and non-cash changes.

Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the entity's consolidated statement of cash flows as cash flows from financing activities.

AASB 107:44B

Year ended 31 December 20X2	Non-cash changes							Balance as at 31/12/20X2	
	Balance as at 1/1/20X2	Financing cash flows (ii)	Equity component of convertible notes	Acquisition of business	Disposal of business	Fair value adjustments	New leases		Other changes (iii)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities (note 19)									
Bank loans (note 20)									
Bills of exchange (note 20)									
Loans from related parties (note 20)									
Loans from other entities (note 20)									
Loans from government (note 20)									
Convertible notes (note 20)									
Perpetual notes (note 20)									
Other borrowings (i)									
Interest rate swaps fair value hedging or economically hedging finance liabilities (note 21)									
Contingent consideration (note 21)									

[illegible]

(i) Other borrowings consist of all items included in note 20, except for those separately disclosed above.

(ii) The cash flows from bank loans, loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(iii) Other changes include interest accruals and payments.

## Source

### 30. Notes to the statement of cash flows (continued)

#### Other disclosures

AASB 107:50

Additional information may be relevant to users in understanding the financial position and liquidity of an entity. Disclosure of this information, together with a commentary by management, is encouraged and may include:

- The amount of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments, indicating any restrictions on the use of these facilities
- The aggregate amount of cash flows that represent increases in operating capacity separately from those cash flows that are required to maintain operating capacity.

AASB 107:51

The separate disclosure of cash flows that represent increases in operating capacity and cash flows that are required to maintain operating capacity is useful in enabling the user to determine whether the entity is investing adequately in the maintenance of its operating capacity.

AASB 107:43

#### Non-cash transactions

During the current year, the Entity entered the following non-cash investing and financing activities which are not reflected in the statement of cash flows:

- The Entity disposed of property, plant and equipment with an aggregate fair value of \$ \_\_\_\_ to acquire *[Business 1]* as indicated in note 27
- The Entity acquired \$ \_\_\_\_ of equipment under lease in 20X2 (20X1: \$ \_\_\_\_).

Source

AASB 1060.194  
Australian Charities and  
Not-for-profits  
Commission  
Amendment Regulation  
2013 (No. 3)

31. Related parties

**Note: This note is only applicable for ACNC registered charities.**

**Remuneration of key management personnel**

Large charities preparing special purpose financial statements are required to report key management personnel<sup>16</sup> remuneration paid unless the charity has only one key management personnel who is remunerated and does not have key management personnel services provided by a ‘separate management entity’.

The ACNC Commissioner has exercised discretion that allows charities that prepare special purpose financial statements and apply AASB 124 *Related Party Disclosures* (AASB 124) to only disclose the total amount of key management personnel remuneration (i.e. sub-categories of key management personnel remuneration disclosures are not mandatory). Charities must as a minimum disclose key management personnel remuneration in total which is in line with disclosure requirements under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*. Comparatives are also required and charities only need to report one period of key management personnel remuneration in total.

For ACNC-registered charities preparing special purpose financial statements, below is an illustrative disclosure that can be considered when an ACNC-registered charity is required to disclose key management personnel remuneration in accordance with AASB 124 without the remuneration sub-categories (as allowed by the ACNC Commissioner).

**Key management personnel remuneration**

**31/12/20X2**  
**\$’000**

Aggregate key management personnel remuneration

For ACNC-registered charities preparing special purpose financial statements, below is an illustrative disclosure that can be considered when the ACNC-registered charity is required to disclose key management personnel remuneration and chooses to voluntarily apply the key management personnel remuneration disclosure requirements in AASB 124 in full (including the remuneration sub-categories).

**Key management personnel remuneration**

**31/12/20X2**  
**\$’000**

Short- term employee benefits

Post-employment benefits

Other long-term benefits

Termination benefits

Share-based payments

Aggregate key management personnel remuneration

<sup>16</sup> The definition of key management personnel is taken from AASB 124 *Related Party Disclosures* and AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (paragraph 193) and “are the people with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.”

## Source

AASB 1060.192

**31. Related parties (continued)****Related party transactions in accordance with AASB 1060**

For medium and large ACNC-registered charities preparing special purpose financial statements, the illustrative disclosures below can be considered when an ACNC-registered charity has decided to make simplified related party transaction disclosures in accordance with AASB 1060.

The Entity 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]*.

Balances and transactions between the Entity and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note<sup>17</sup>. Transactions between the Group and its related parties are disclosed below.

**Transactions with related parties**

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

AASB 1060.198(a)

	Sale of goods		Purchase of goods	
	31/12/20X2	31/12/20X1	31/12/20X2	31/12/20X1
	\$'000	\$'000	\$'000	\$'000
<i>[Ultimate parent company name]</i>				
Associates				
<i>[Describe nature of each related party relationship]</i>				

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

AASB 1060.198(b)

	Amounts owed by related parties		Amounts owed to related parties	
	31/12/20X2	31/12/20X1	31/12/20X2	31/12/20X1
	\$'000	\$'000	\$'000	\$'000
<i>[Ultimate parent company name]</i>				
Associates				
<i>[Describe nature of each related party relationship]</i>				

AASB 1060.199

AASB 1060.198(c)

Less: Allowance for uncollectable amounts		

<sup>17</sup> If entities do not prepare consolidated financial statements, unconsolidated subsidiaries are related parties and should be disclosed in this note. Charities may prepare consolidated financial statements and to make this note more useful, we have illustrated group disclosures.

## Source

**31. Related parties (continued)****Related party transactions in accordance with AASB 1060 (continued)****Transactions with related parties (continued)**

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 \$ \_\_\_\_ (20X1: \$ \_\_\_\_ ) for an allowance for doubtful debts in respect of the amounts owed by related parties was recognised. Amounts repayable to X Holdings carry interest of \_\_\_\_ % to \_\_\_\_ % (20X1: \_\_\_\_ % to \_\_\_\_ %) per annum charged on the outstanding loan balances.

**Loans to related parties**

AASB 1060.198(b)

The following are details of loans to related parties:

		<b>31/12/20X2</b>	<b>31/12/20X1</b>
		<b>\$'000</b>	<b>\$'000</b>
AASB 1060.199(a)	Loans to entities with control, joint control or significant influence over the Entity <i>[describe]</i>		
AASB 1060.198(c)	Less: Allowance for uncollectable receivables		
AASB 1060.199(b)	Loans to associates		
AASB 1060.198(c)	Less: Allowance for uncollectable receivables		
AASB 1060.199(c)	Loans to key management personnel		
AASB 1060.198(c)	Less: Allowance for uncollectable receivables		
AASB 1060.199(d)	Loans to other related parties <i>[describe]</i>		
AASB 1060.198(c)	Less: Allowance for uncollectable receivables		

AASB 1060.198

AASB 1060.198(a)

During the period, the Group has provided its associates with short-term loans of \$ \_\_\_\_ (20X1: \$ \_\_\_\_ ) 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]*

## Source

AASB 124:23,  
Aus 13.1(a),  
AASB 101:138(c)

AASB 124:13

AASB 124:13

AASB 124:18-19

## 31. Related parties (continued)

### Related party transactions in accordance with AASB 124

For medium and large ACNC-registered charities preparing special purpose financial statements, the illustrative disclosures below can be considered in the case when an ACNC-registered charity has decided to make full related party transaction disclosures in accordance with AASB 124.

The immediate parent and ultimate controlling party of the Group are X Holdings Limited (incorporated in *[M Land]*) and Y Holdings Limited (incorporated in *[N Land]*) respectively.

### Transactions with related parties

Balances and transactions between the Entity and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note<sup>18</sup>. Transactions between the Group and its associates/ joint ventures are disclosed below.

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

	Sale of goods		Purchase of goods	
	31/12/20X2	31/12/20X1	31/12/20X2	31/12/20X1
	\$'000	\$'000	\$'000	\$'000
<i>[Ultimate parent company name]</i>				
Associates				
<i>[Describe nature of each related party relationship]</i>				

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

	Amounts owed by related parties		Amounts owed to related parties	
	31/12/20X2	31/12/20X1	31/12/20X2	31/12/20X1
	\$'000	\$'000	\$'000	\$'000
<i>[Ultimate parent company name]</i>				
Associates				
<i>[Describe nature of each related party relationship]</i>				
Less: Allowance for uncollectable amounts				

<sup>18</sup> If entities do not prepare consolidated financial statements, unconsolidated subsidiaries are related parties and should be disclosed in this note. Charities may prepare consolidated financial statements and that to make this note more useful, we have illustrated group disclosures.

Source

AASB 124:23

31. Related parties (continued)  
Related party transactions in accordance with AASB 124 (continued)  
Transactions with related parties (continued)

X Holdings is a related party of the Group because *[give reasons]*.

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.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Amounts repayable to X Holdings carry interest of \_\_ % to \_\_ % (20X1: \_\_ % to \_\_ %) per annum charged on the outstanding loan balances (see note xx).

AASB 124:18

Loans to related parties

The following are details of loans to related parties:

	31/12/20X2	31/12/20X1
	\$'000	\$'000
<b>Loans to entities with control, joint control or significant influence over the Entity <i>[describe]</i></b>		
<i>[Entity name]</i> Sub A		
<b>Loans to associates</b>		
<i>[Associate's name]</i>		
<b>Loans to joint venture</b>		
<i>[Joint venture's name]</i>		
<b>Loans to key management personnel</b>		
Key management personnel A		
<b>Loans to other related parties <i>[describe]</i></b>		
<i>[Name of related party]</i>		

The Group has provided its associates with short-term loans at rates comparable to the average commercial rate of interest (see note xxx).

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

Other related party transactions

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]*.

## Source

## 32. Remuneration of auditors

		31/12/20X2	31/12/20X1
		\$	\$
AASB 1054:10, 11	<b>Deloitte and related network firms*</b>		
AASB 1054:10(a)	Audit or review of financial reports:		
	- Entity		
	- Joint operations		
	Statutory assurance services required by legislation to be provided by the auditor		
	Other assurance and agreed-upon procedures under other legislation or contractual arrangements		
AASB 1054:10(b)	Other services:		
	- Tax compliance services #		
	- Consulting services #		
	- Other [describe]		
AASB 1054:10, 11	<b>Other auditors and their related network firms</b>		
AASB 1054:10(a)	Audit or review of financial reports:		
	- Joint operations		
	- Other [describe]		
	Statutory assurance services required by legislation to be provided by the auditor		
	Other assurance and agreed-upon procedures under other legislation or contractual arrangements		
AASB 1054:10(b)	Other services:		
	- Tax compliance services #		
	- Other [describe]		

\*The auditor of SPFS Holdings Unit Trust is Deloitte Touche Tohmatsu

# These line items are provided by way of example only. The disclosures should provide sufficient detail of the amounts paid or payable to the auditor for each non-audit service



## Source

**32. Remuneration of auditors (continued)****Suggested changes to disclosures**

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

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

- Fees to the 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 FS71)
- 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**

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.

Remuneration of international associates of Deloitte Touche Tohmatsu Australia is disclosed under 'Deloitte and related network firms'.

'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 400.50 A1 to 400.54 A1 of APES 110.

# Appendix – Abbreviations

Abbreviations used in this document are as follows:

Term	Meaning
AASB	Australian Accounting Standards Board
AASB 'XX'	Australian Accounting Standard AASB 'XX' issued by the Australian Accounting Standards Board
ACNC	Australian Charities and Not-for-profits Commission
ACNC Act	<i>Australian Charities and Not-for-profits Commission Act 2012</i>
ACNC Reg	<i>Australian Charities and Not-for-profits Commission Regulation 2013</i>
APESB	Accounting Professional & Ethical Standards Board
APES	Professional and Ethical Standard issued by the Accounting Professional and Ethical Standards Board
ASIC	Australian Securities and Investments Commission
Australian Accounting Standards	Accounting Standards made by the Australian Accounting Standards Board
ED	Exposure Draft issued by the Australian Accounting Standards Board
Int	Interpretation issued by the Australian Accounting Standards Board
PS	IFRS Practice Statement issued by the International Accounting Standards Board



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