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NZ IFRS (RDR) Holdings Limited

Illustrative financial statements for the year ended 31 December 2024

The illustrative financial statements of NZ IFRS (RDR) Holdings Limited for the year ended 31 December 2024 are intended to illustrate the presentation and disclosure requirements of New Zealand Equivalents to IFRS Accounting Standards – Reduced Disclosure Regime ('NZ IFRS (RDR)') without the use of any actual numbers. They also contain additional disclosures that are considered to be best practice, particularly where such disclosures are included in the illustrative examples provided within a specific standard.

NZ IFRS (RDR) Holdings Limited is assumed to have presented financial statements in accordance with NZ IFRS (RDR) Accounting Standards for a number of years. Therefore, it is not a first-time adopter of NZ IFRS (RDR). Readers should refer to NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards* for specific requirements regarding an entity's first NZ IFRS (RDR) financial statements.

It is further assumed that NZ IFRS (RDR) Holdings Limited does not qualify as an investment entity as defined in NZ IFRS 10 *Consolidated Financial Statements* and does not have any contracts that meet the definition of an insurance contract under NZ IFRS 17 *Insurance Contracts*. Illustrative disclosures for entities applying NZ IFRS 17 are available in Deloitte's publication Illustrative disclosures for insurers applying IFRS 17.

The illustrative financial statements demonstrate the impact of the application of the amendments to NZ IFRS Accounting Standards that were issued on or before 22 August 2024 and are mandatorily effective for the annual period beginning on 1 January 2024. Accordingly, the illustrative financial statements do not illustrate the impact of the application of new and revised NZ IFRS Accounting Standards that are not yet mandatorily effective on 1 January 2024.

The illustrative financial statements do not include separate financial statements for the parent, which may be required by local laws or regulations, or may be prepared voluntarily. Where an entity presents separate financial statements that comply with NZ IFRS Accounting Standards, the requirements of NZ IAS 27 *Separate Financial Statements* will apply. Separate statements of profit or loss and other comprehensive income, financial position, changes in equity and cash flows for the parent will generally be required, together with supporting notes.

Further, these illustrative financial statements assume that neither the parent company nor its subsidiaries are entities whose functional currency is the currency of a hyperinflationary economy.

Suggested disclosures are cross-referenced to the underlying requirements in the texts of the relevant standards and interpretations.

For the purposes of presenting the statements of profit or loss and other comprehensive income and cash flows, the alternatives allowed under NZ IFRS Accounting Standards for those statements have been illustrated. Preparers should select the alternatives most appropriate to their circumstances and apply the chosen presentation method consistently.

Note that in these illustrative financial statements, we have frequently included line items that are not applicable to NZ IFRS (RDR) Holdings Limited, so as to illustrate items that are commonly encountered in practice. This does not mean that we have illustrated all possible disclosures, nor should it be taken to mean that entities are required to display such line items in practice.

These illustrative financial statements can be used by Tier 2 for-profit entities to identify the required NZ IFRS (RDR) disclosures in Group financial statements for a December 2024 balance date, which are less extensive than full NZ IFRS. The Reduced Disclosure Regime provides exemptions from certain disclosures of full NZ IFRS Accounting Standards. In some cases, NZ IFRS RDR provides only a partial disclosure concession, or requires specific additional disclosures. These model financial statements also contain additional disclosures that are considered to be best practice, particularly where such disclosures are included in illustrative examples provided within a specific Standard.

Areas that could be affected by climate change are marked with a icon in the margin. The icon indicates that disclosures might need to be adapted to explain how risks and uncertainties arising from climate change or the transition to a lower carbon economy could impact on the financial statements. The table in Appendix 1 gives an overview of all areas impacted by climate change.

New Zealand Equivalents to IFRS Accounting Standards – Tier 1 entities

Tier 1 entities should refer to our full NZ IFRS and NZ IFRS (RDR) illustrative financial statements, which set out NZ IFRS requirements but also distinguish the RDR content by way of shading. Also, for full details of the presentation and disclosure requirements of NZ IFRS for tier 1 entities, readers should refer to Deloitte's Global IFRS Compliance, Presentation and Disclosure Checklist, along with the requirements of FRS-44 *New Zealand Additional Disclosures.* The FRS-44 standard can be accessed at https://www.xrb.govt.nz/standards/accounting-standards/for-profit-standards/standards-list/frs-44/.

Source references

Suggested disclosures are cross-referenced to the underlying requirements of the relevant legislation and NZ IFRS Accounting Standards and Interpretations in the left-hand column of each page of these illustrative financial statements (either in the row of the disclosure item itself, or at the top of the section/table).

If a disclosure is required by more than one source, but not all sources are the subject of an RDR disclosure concession, then the disclosure content has been included in these illustrative financial statements. Where doubt exists as to the appropriate treatment, examination of the source of the disclosure requirement is recommended. Additional New Zealand specific references are added:

- *"Co. Act"* stands for Companies Act 1993
- *"XRB A1"* refers to XRB A1 *Application of the Accounting Standards Framework* which sets down the accounting standards framework for for-profit and public benefit entities in New Zealand
- *"FRS-44"* refers to FRS-44 *New Zealand Additional Disclosures* which prescribes New Zealand-specific disclosures which are required in addition to those required under NZ IFRS.

Limitations

These illustrative financial statements are not designed to meet the specific needs of specialised industries. Rather, they are intended to meet the needs of the vast majority of entities in complying with the annual reporting requirements of the New Zealand Companies Act 1993 and Standards and Interpretations approved by the External Reporting Board (XRB) as at 22 August 2024. Enquiries regarding specialised industries (e.g. life insurance companies, financial institutions, agriculture, etc.) should be directed to an industry specialist in your nearest Deloitte office. We see this publication as an illustration and strongly encourage preparers of financial statements to ensure that disclosures made are relevant, practical and useful. Current accounting practices and applicable changes in financial reporting standards have been incorporated into these illustrative financial statements at the time of publication. Due to the continually evolving nature of accounting practices it is important that the preparer of the annual report maintains an awareness of financial reporting developments and how these impact on the preparer's annual report.

These illustrative financial statements do not and cannot be expected to cover all situations that may be encountered in practice. Therefore, knowledge of the disclosure provisions of the relevant legislation and NZ IFRS are pre-requisites for the preparation of financial statements.

Specifically, these illustrative financial statements do not provide guidance on the disclosure requirements of the following Standards:

NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards*

NZ IFRS 6 *Exploration for and Evaluation of Mineral Resources*

NZ IFRS 14 *Regulatory Deferral Accounts*

NZ IFRS 17 *Insurance contracts*

NZ IAS 26 *Accounting and Reporting by Retirement Benefit Plans*

NZ IAS 27 *Separate Financial Statements*

NZ IAS 29 *Financial Reporting in Hyperinflationary Economies*

NZ IAS 34 *Interim Financial Reporting*

NZ IAS 41 *Agriculture*

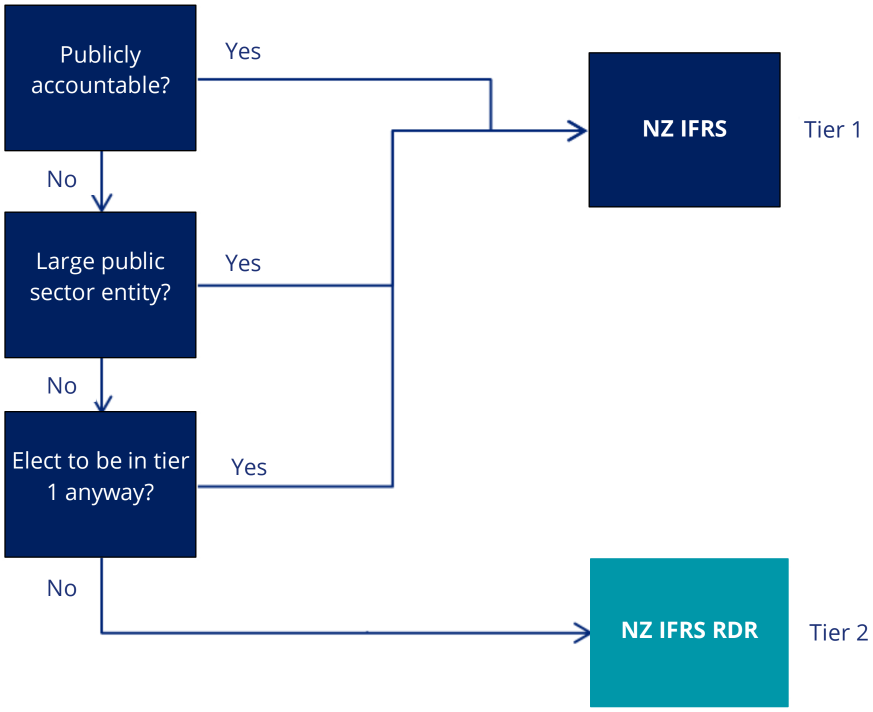
FRS-42 *Prospective Financial Statements*

FRS-43 *Summary Financial Statements*

Other useful tools and publications to assist in meeting the International Financial Reporting Standards ('IFRS') challenge can be found on Deloitte's New Zealand website www.deloitte.co.nz and Deloitte's Global IFRS website www.iasplus.com which contains checklists and other useful IFRS publications.

Using these illustrative financial statements for New Zealand Entities

The New Zealand Accounting Standards Framework is a multi-tiered framework. Before using these illustrative financial statements, preparers should determine which reporting tier the reporting entity falls into. The following flow chart and guidance may be used to determine a reporting entity's tier, and therefore which accounting standards to apply:



Guidance Notes

Public accountability

An entity has public accountability if:

- its debt or equity instruments are traded (or about to be traded) in a public market, or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (e.g. banks, credit unions, insurance providers, securities brokers/dealers, mutual funds and investment banks), or
- it is deemed to be publicly accountable in New Zealand. An entity would be deemed to be publicly accountable in the New Zealand context if:
  - it is an FMC reporting entity or class of FMC reporting entities that is considered to have a higher level of public accountability than other FMC reporting entities under section 461K of the Financial Markets Conduct Act (FMCA) 2013, or
  - it is an FMC reporting entity or class of FMC reporting entities that is considered to have a higher level of public accountability by a notice issued by the Financial Markets Authority (FMA) under section 461L(1(a) of the FMCA 2013.

Large public sector entity

- For-profit entities that are public entities as defined in the Public Audit Act 2001.
- Considered large if total expenses are over $30m, as recognised in accordance with NZ IFRS in profit or loss. This excludes items of other comprehensive income but includes income tax. Where items are allowed to be offset the net expense is included. Where the reporting entity is a group, total expenses is applied to the group including the parent and all of its subsidiaries/controlled entities.

Elects to be in Tier 1

Any entity can elect to be in Tier 1.

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Source	NZ IFRS (RDR) Holdings Limited			
NZ IAS 1:51(b)-(e) NZ IAS 1:10(b) NZ IAS 1:10(ea) NZ IAS 1:10A	**Consolidated Statement of Profit or Loss – Alt 1** **for the year ended 31 December 2024**			
NZ IAS 1:113 NZ IAS 8:22			31/12/2024	31/12/2023
		Note	CU	CU
	Continuing operations			
NZ IAS 1:82(a) NZ IFRS 15:113(a)	**Revenue**	5		
NZ IAS 1:99–103	Cost of sales			
NZ IAS 1:85 NZ IAS 1:85A NZ IAS 1:85B	**Gross profit**			
NZ IAS 1:99–103	Distribution costs			
NZ IAS 1:99–103	Administrative expenses			
NZ IAS 1:99–103	Other expenses			
NZ IAS 1:82(c)	Share of results of associates	21		
NZ IAS 1:82(c)	Share of results of joint ventures	22		
	Finance income – interest income	9		
	Finance income – other	9		
NZ IAS 1:82(aa)	Gains and losses from the derecognition of financial assets measured at amortised cost			
NZ IAS 1:82(ca)	Gains and losses on reclassification of financial assets from amortised cost to FVTPL			
NZ IAS 1:82(cb)	Gains and losses on reclassification of financial assets from FVTOCI to FVTPL			
NZ IAS 1:82(ba)	Impairment losses and gains (including reversals of impairment losses) on financial assets and contract assets	7		
	Other gains and losses	10		
NZ IAS 1:82(b) NZ IFRS 16:49	Finance costs	11		
NZ IAS 1:85 NZ IAS 1:85A NZ IAS 1:85B	**Profit before tax**			
NZ IAS 1:82(d) NZ IAS 12:77	Income tax	12		
NZ IAS 1:85 NZ IAS 1:85A NZ IAS 1:85B	**Profit for the year from continuing operations**			

Source	NZ IFRS (RDR) Holdings Limited			
	Discontinued operations			
NZ IAS 1:82(ea) NZ IFRS 5:33(a)	Loss for the year from discontinued operations	13		
NZ IAS 1:81A(a)	**Profit for the year**	7		
NZ IAS 1:81B(a)	Attributable to:			
	Owners of the Company			
	Non-controlling interests			

Source	NZ IFRS (RDR) Holdings Limited			
NZ IAS 1:10A NZ IAS 1:10(b) NZ IAS 1:10(ea)	**Consolidated Statement of Comprehensive Income for the year ended 31 December 2024**			
NZ IAS 1:113		Note	31/12/2024 CU	31/12/2023 CU
NZ IAS 1:10A	**Profit for the year**			
NZ IAS 1:82A(a)(i)	**Items that will not be reclassified subsequently to profit or loss:**			
	Gains/(losses) on property revaluation	43		
	Remeasurement of net defined benefit liability	58		
NZ IFRS 7:20(a)(vii)	Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI	43		
NZ IFRS 9:B5.7.9 NZ IFRS 7:RDR 20.1	Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk	45		
NZ IAS 1:82A(b)(i)	Share of other comprehensive income of associates	21		
NZ IAS 1:82A(b)(i)	Share of other comprehensive income of joint ventures	22		
NZ IAS 1:91(b) NZ IAS 12:RDR 81.1	Income tax relating to items that will not be reclassified subsequently to profit or loss	12		
NZ IAS 1:82A(a)(ii)	**Items that may be reclassified subsequently to profit or loss:**			
	Debt instruments measured at FVTOCI	43		
NZ IFRS 7:20(a)(viii) NZ IFRS 9:5.7.10 NZ IFRS 9:B5.7.1A	Fair value gain/(loss) on investments in debt instruments measured at FVTOCI			
NZ IFRS 7:20(a)(viii)	Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal			
NZ IAS 1:82(cb)	Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL			
NZ IFRS 7:24C(b)(iv) NZ IFRS 7:24C(b)(i)	Cash flow hedges	46		
NZ IAS 1:96 NZ IFRS 9:6.5.11(d)(i)	Fair value gain/(loss) arising on hedging instruments during the period			
NZ IFRS 7:RDR 24C.2	Less: Cumulative (gain)/loss arising on hedging instruments reclassified to profit or loss			
	Foreign currency translation, net of investment hedges of a foreign operation	48		
NZ IAS 21:52(b)	Foreign exchange differences on translation of foreign operations			

Source	NZ IFRS (RDR) Holdings Limited	Notes
	Less: (Gain)/loss reclassified to profit or loss on disposal of foreign operation	
NZ IFRS 7:24C(b) NZ IFRS 7:RDR 24C.2	Gain/(loss) arising on hedging instruments designated in hedges of the net assets in foreign operation	
	Less: (Gain)/loss on hedging instruments reclassified to profit or loss on disposal of foreign operation	
	Cost of hedging	
NZ IAS 1:82A(b)(ii)	Share of other comprehensive income of associates	21
NZ IAS 1:82A(b)(ii)	Share of other comprehensive income of joint ventures	22
NZ IAS 1:91(b) NZ IAS 12:RDR 81.1	Income tax relating to items that may be reclassified subsequently to profit or loss	12
NZ IAS 1:81A(b)	**Other comprehensive income for the year, net of income tax**	
NZ IAS 1:81A(c)	**Total comprehensive income for the year**	
NZ IAS 1:81B(b)	Total comprehensive income attributable to:	
	Owners of the Company	
	Non-controlling interests	

Commentary:

One statement vs. two statements

NZ IAS 1 Presentation of Financial Statements permits an entity to present profit or loss and other comprehensive income (OCI) in either a single statement or in two separate but consecutive statements. Alt 1 presented above illustrates the presentation of profit or loss and OCI in two separate but consecutive statements with expenses analysed by function. Alt2 (presented on the following pages) illustrates the presentation of profit or loss and OCI in one statement with expenses analysed by nature.

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

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

OCI: items that may or may not be reclassified

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

Presentation options for income tax relating to items of OCI

Furthermore, for items of OCI, additional presentation options are available as follows: the individual items of OCI may be presented net of tax in the statement of profit or loss and other comprehensive income, or they may be presented gross with a single line deduction for tax relating to those items by allocating the tax between the items that may be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to profit or loss section as presented in these illustrative financial statements.

Source	NZ IFRS (RDR) Holdings Limited

A Tier 2 entity is not required to disclose income tax relating to each item of other comprehensive income or reclassification adjustments, and to prevent duplication, may choose the reduced disclosures on the face of the statement of profit or loss and other comprehensive income instead.

Subtotals

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

- *a) comprise of line items made up of amounts recognised and measured in accordance with NZ IFRS Accounting Standards;*
- *b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;*
- *c) be consistent from period to period; and*
- *d) not be displayed with more prominence than the subtotals and totals required in NZ IFRS Accounting Standards.*

Immaterial items

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

Earnings per share

The Tier 1 entity public accountability criteria are very similar to the scope of NZ IAS 33. As a result an entity which is in scope of NZ IAS 33 is unlikely to be able to elect to report under Tier 2, and earnings per share disclosures are unlikely to be required for Tier 2 entities.

Source	NZ IFRS (RDR) Holdings Limited			
NZ IAS 1:10(b) NZ IAS 1:10(ea) NZ IAS 1:10A	**Consolidated Statement of Profit or Loss and Other Comprehensive Income – Alt.2** **for the year ended 31 December 2024**			
NZ IAS 1:113		Note	31/12/2024 CU	31/12/2023 CU
	Continuing operations			
NZ IAS 1:82(a) NZ IFRS 15:113(a)	**Revenue**	5		
	Finance income – interest income	9		
	Finance income – other	9		
NZ IAS 1:99	Changes in inventories of finished goods and work in progress			
NZ IAS 1:99	Raw materials and consumables used			
NZ IAS 1:99	Depreciation and amortisation expenses			
NZ IAS 1:99	Employee benefits expense			
NZ IAS 1:82(b) NZ IFRS 16:49	Finance costs	11		
NZ IAS 1:99	Transport costs			
NZ IAS 1:99	Advertising costs			
NZ IAS 1:99	Impairment of property, plant and equipment			
	Impairment of goodwill			
	Other expenses			
NZ IAS 1:82(c)	Share of results of associates	21		
NZ IAS 1:82(c)	Share of results of joint ventures	22		
NZ IAS 1:82(aa)	Gains and losses from the derecognition of financial assets measured at amortised cost			
NZ IAS 1:82(ca)	Gains and losses on reclassification of financial assets from amortised cost to FVTPL			
NZ IAS 1:82(ba)	Impairment losses (including reversals of impairment losses) on financial assets and contract assets	8		
NZ IAS 1:82(cb)	Gains and losses on reclassification of financial assets from FVTOCI to FVTPL			
	Other gains and losses	10		
NZ IAS 1:85 NZ IAS 1:85A NZ IAS 1:85B	**Profit before tax**			
NZ IAS 1:82(d) NZ IAS 12:77	Income tax	12		
NZ IAS 1:85 NZ IAS 1:85A NZ IAS 1:85B	**Profit for the year from continuing operations**			
	Discontinued operations			
NZ IAS 1:82(ea) NZ IFRS 5:33(a)	Loss for the year from discontinued operations	13		
NZ IAS 1:81A(a)	**Profit for the year**	7		

Source	NZ IFRS (RDR) Holdings Limited			
	Other comprehensive income for the year			
NZ IAS 1:82A(a)(i)	**Items that will not be reclassified subsequently to profit or loss:**			
	Gains/(losses) on property revaluation	43		
	Remeasurement of net defined benefit liability	58		
NZ IFRS 7:20(a)(vii)	Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI	43		
NZ IFRS 9:B5.7.9 NZ IFRS 7:RDR 20.1	Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk	45		
NZ IAS 1:82A(b)(i)	Share of other comprehensive income of associates	21		
NZ IAS 1:82A(b)(i)	Share of other comprehensive income of joint ventures	22		
NZ IAS 1:91(b) NZ IAS 12:RDR 81.1	Income tax relating to items that will not be reclassified subsequently to profit or loss	12		
NZ IAS 1:82A(a)(ii)	**Items that may be reclassified subsequently to profit or loss:**			
	Debt instruments measured at FVTOCI	43		
NZ IFRS 7:20(a)(viii) NZ IFRS 9:5.7.10 NZ IFRS 9:B5.7.1A	Fair value gain/(loss) on investments in debt instruments measured at FVTOCI			
NZ IFRS 7:20(a)(viii)	Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal			
NZ IAS 1:82(cb)	Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL			
NZ IFRS 7:24C(b)(iv) NZ IFRS 7:24C(b)(i)	Cash flow hedges	46		
NZ IAS 1:96 NZ IFRS 9: 6.5.11(d)(i)	Fair value gain/(loss) arising on hedging instruments during the period			
	Less: Cumulative (gain)/loss arising on hedging instruments reclassified to profit or loss			
	Foreign currency translation, net of investment hedges of a foreign operation	48		
NZ IAS 21:52(b)	Foreign exchange differences on translation of foreign operations			
	Less: (Gain)/loss reclassified to profit or loss on disposal of foreign operation			
NZ IFRS 7:24C(b)	Gain/(loss) arising on hedging instruments designated in hedges of the net assets in foreign operation			
	Less: (Gain)/loss on hedging instruments reclassified to profit or loss on disposal of foreign operation			

Source	NZ IFRS (RDR) Holdings Limited			
	Cost of hedging			
NZ IAS 1:82A(b)(ii)	Share of other comprehensive income of associates	21		
NZ IAS 1:82A(b)(ii)	Share of other comprehensive income of joint ventures	22		
NZ IAS 1:91(b) NZ IAS 12:RDR 81.1	Income tax relating to items that may be reclassified subsequently to profit or loss	12		
NZ IAS 1:81A(b)	**Other comprehensive income for the year, net of income tax**			
NZ IAS 1:81A(c)	**Total comprehensive income for the year**			
NZ IAS 1:81B(a)	Profit for the year attributable to:			
	Owners of the Company			
	Non-controlling interests			
NZ IAS 1:81B(b)	Total comprehensive income attributable to:			
	Owners of the Company			
	Non-controlling interests			

Commentary:

The format outlined above aggregates expenses according to their nature.

Source	NZ IFRS (RDR) Holdings Limited			
NZ IAS 1:10(a) NZ IAS 1:10(ea)	**Consolidated Statement of Financial Position – Alt. 1** **as at 31 December 2024**			
NZ IAS 1:113 NZ IAS 8:22		Note	31/12/2024 CU	31/12/2023 CU (Restated)*
	Assets			
NZ IAS 1:60 NZ IAS 1:66-68	***Non-current assets***			
NZ IAS 1:55	Goodwill	16		
NZ IAS 1:54(c)	Intangible assets	17		
NZ IAS 1:54(a)	Property, plant and equipment	18		
NZ IAS 1:55 NZ IFRS 16:47(a)	Right-of-use assets	30		
NZ IAS 1:54(b)	Investment property	19		
NZ IAS 1:54(e) NZ IAS 1:55	Investments in associates	21		
NZ IAS 1:54(e) NZ IAS 1:55	Investments in joint ventures	22		
NZ IAS 1:54(d) NZ IAS 1:55	Investments in financial assets	24		
NZ IAS 1:54(d) NZ IAS 1:55	Finance lease receivables	29		
NZ IAS 1:54(d) NZ IAS 1:55	Derivative financial instruments	34		
NZ IAS 1:54(o) NZ IAS 1:56	Deferred tax assets	35		
NZ IAS 1:55; NZ IFRS 15:105 NZ IFRS 15:116(a)	Contract assets	27		
NZ IAS 1:55 NZ IFRS 15:105 NZ IFRS 15:91 NZ IFRS 15:95	Contract costs	28		
NZ IAS 1:60 NZ IAS 1:66-68	***Current assets***			
NZ IAS 1:54(g)	Inventories	25		
NZ IAS 1:54(d) NZ IAS 1:55	Investments in financial assets	24		
NZ IAS 1:55 NZ IFRS 15:B21	Right to returned goods asset	26		
NZ IAS 1:55 NZ IFRS 15:105	Contract assets	27		
NZ IAS 1:55 NZ IFRS 15:105 NZ IFRS 15:91 NZ IFRS 15:95	Contract costs	28		
NZ IAS 1:54(d) NZ IAS 1:55	Finance lease receivables	29		

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

Source	NZ IFRS (RDR) Holdings Limited			
NZ IAS 1:54(h) NZ IFRS 15:116(a)	Trade and other receivables	31		
NZ IAS 1:54(d) NZ IAS 1:55	Derivative financial instruments	34		
NZ IAS 1:54(i)	Cash and cash equivalents			
NZ IAS 1:54(j) NZ IFRS 5:38–39	Assets classified as held for sale	13		
NZ IAS 1:55–55A	**Total assets**			
NZ IAS 1:60 NZ IAS 1:69-76	***Current liabilities***			
NZ IAS 1:54(k)	Trade and other payables	37		
NZ IAS 1:54(n) NZ IAS 1:56	Current tax liabilities			
NZ IAS 1:54(m) NZ IAS 1:55 NZIFRS 16:47(b)	Lease liabilities	36		
NZ IAS 1:54(m) NZ IAS 1:55	Borrowings	32		
NZ IAS 1:54(m) NZ IAS 1:55	Derivative financial instruments	34		
NZ IAS 1:54(m) NZ IAS 1:55	Other financial liabilities	38		
NZ IAS 1:54(l)	Provisions	39		
NZ IAS 1:55	Deferred income – government grant	59		
NZ IAS 1:55 NZ IFRS 15:105 NZ IFRS 15:116(a)	Contract liabilities	60		
NZ IAS 1:55 NZ IFRS 15:B21 NZ IFRS 15:119(d)	Refund liability	61		
NZ IAS 1:54(p) NZ IFRS 5:38–39	Liabilities directly associated with assets classified as held for sale	13		
	Net current assets			
NZ IAS 1:60 NZ IAS 1:69-76	**Non-current liabilities**			
NZ IAS 1:54(m) NZ IAS 1:55	Borrowings	32		
NZ IAS 1:54(m) NZ IAS 1:55	Convertible loan notes	33		
NZ IAS 1:55	Retirement benefit obligations	58		
NZ IAS 1:54(o) NZ IAS 1:56	Deferred tax liabilities	35		
NZ IAS 1:54(l)	Provisions	39		
NZ IAS 1:55	Deferred income – government grant	59		
NZ IAS 1:55 NZ IFRS 15:105 NZ IFRS 15:116(a)	Contract liabilities	60		
NZ IAS 1:54(m)	Lease liabilities	36		

Source	NZ IFRS (RDR) Holdings Limited			
NZ IAS 1:55 NZ IFRS 16:47(b)				
NZ IAS 1:54(m) NZ IAS 1:55	Liability for share-based payments	57		
NZ IAS 1:55-55A	**Total liabilities**			
	Net assets			
	Equity			
	Share capital	40		
	Share premium account	41		
	Other reserves	42-49		
	Retained earnings	50		
NZ IAS 1:54(r)	Equity attributable to owners of the Parent Company			
NZ IAS 1:54(q) NZ IFRS 10:22	Non-controlling interests	51		
NZ IAS 1:55-55A	**Total equity**			

Source	NZ IFRS (RDR) Holdings Limited			
NZ IAS 1:10(a) NZ IAS 1:10(ea)	**Consolidated statement of financial position – Alt. 2** **as at 31 December 2024**			
NZ IAS 1:113		Note	31/12/2024 CU	31/12/2023 CU (Restated)*
	Assets			
NZ IAS 1:60 NZ IAS 1:66-68	***Non-current assets***			
NZ IAS 1:55	Goodwill	16		
NZ IAS 1:54(c)	Intangible assets	17		
NZ IAS 1:54(a)	Property, plant and equipment	18		
NZ IAS 1:55 NZ IFRS 16:47(a)	Right-of-use assets	30		
NZ IAS 1:54(b)	Investment property	19		
NZ IAS 1:54(e) NZ IAS 1:55	Investments in associates	21		
NZ IAS 1:54(e) NZ IAS 1:55	Investments in joint ventures	22		
NZ IAS 1:54(d) NZ IAS 1:55	Investments in financial assets	24		
NZ IAS 1:54(d) NZ IAS 1:55	Finance lease receivables	29		
NZ IAS 1:54(d) NZ IAS 1:55	Derivative financial instruments	34		
NZ IAS 1:54(o) NZ IAS 1:56	Deferred tax assets	35		
NZ IAS 1:55 NZ IFRS 15:105 NZ IFRS 15:116(a)	Contract assets	27		
NZ IAS 1:55 NZ IFRS 15:105 NZ IFRS 15:91 NZ IFRS 15:95	Contract costs	28		
NZ IAS 1:55-55A	**Total non-current assets**			
NZ IAS 1:60 NZ IAS 1:66-68	***Current assets***			
NZ IAS 1:54(g)	Inventories	25		
NZ IAS 1:54(d) NZ IAS 1:55	Investments in financial assets	24		
NZ IAS 1:55 NZ IFRS 15:B21	Right to returned goods asset	26		
NZ IAS 1:55 NZ IFRS 15:105	Contract assets	27		

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

Source	NZ IFRS (RDR) Holdings Limited			
NZ IAS 1:55 NZ IFRS 15:105 NZ IFRS 15:91	Contract costs	28		
NZ IFRS 15:95				
NZ IAS 1:54(d) NZ IAS 1:55	Finance lease receivables	29		
NZ IAS 1:54(h) NZ IFRS 15:116(a)	Trade and other receivables	31		
NZ IAS 1:54(d) NZ IAS 1:55	Derivative financial instruments	34		
NZ IAS 1:54(i)	Cash and cash equivalents			
NZ IAS 1:54(j) NZ IFRS 5:38–39	Assets classified as held for sale	13		
	Total current assets			
NZ IAS 1:55–55A	**Total assets**			
	Equity and liabilities			
	Capital and reserves			
	Issued share capital and share premium	40-41		
	Other reserves	42-49		
	Retained earnings	50		
NZ IAS 1:54(r)	Equity attributable to owners of the Parent Company			
NZ IAS 1:54(q) NZ IFRS 10:22	Non-controlling interests	51		
NZ IAS 1:55-55A	**Total equity**			
NZ IAS 1:60 NZ IAS 1:69-76	***Non-current liabilities***			
NZ IAS 1:54(m) NZ IAS 1:55	Borrowings	32		
NZ IAS 1:54(m) NZ IAS 1:55	Convertible loan notes	33		
NZ IAS 1:55	Retirement benefit obligations	58		
NZ IAS 1:54(o) NZ IAS 1:56	Deferred tax liabilities	35		
NZ IAS 1:54(l)	Provisions	39		
NZ IAS 1:55	Deferred income – government grant	59		
NZ IAS 1:55 NZ IFRS 15:105 NZ IFRS 15:116(a)	Contract liabilities	60		
NZ IAS 1:54(m) NZ IAS 1:55 NZ IFRS 16:47(b)	Lease liabilities	36		
NZ IAS 1:54(m) NZ IAS 1:55	Liability for share-based payments	57		
	Total non-current liabilities			

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

Source	NZ IFRS (RDR) Holdings Limited
NZ IAS 1:10(c) NZ IAS 1:10(ea) NZ IAS 1:106 NZ IAS 1:108	**Consolidated Statement of Changes in Equity** **For the year ended 31 December 2024**

Source		Share capital	Share premium account	Own shares	Properties revaluation reserve	Investments revaluation reserve	Option premium on convertible notes	Financial liabilities at FVTPL credit risk reserve	Cash flow hedging reserve	Cost of hedging reserve	Foreign exchange translation reserve	Share-based payments reserve	Retained earnings	**Attributable to owners of the parent**	Non-controlling interest	**Total equity**
		Equity attributable to equity holders of the parent														
NZ IFRS 9:6.5.8(a) NZ IFRS 9:6.5.11(a) & (d) NZ IAS 21:52(b) NZ IFRS 9:6.5.14		CU	CU	CU	CU	CU	CU	CU	CU	CU	CU	CU	CU	CU	CU	CU
	Balance at 1 January 2023															
NZ IAS 1:106(b) NZ IAS 8:49(c)	Effect of change in accounting policy for [*insert as relevant*]															
	Balance at 1 January 2023 – As restated*															
NZ IAS 1:106(d)(i)	Profit for the year															
NZ IAS 1:106(d)(ii) NZ IAS 1:106A	Other comprehensive income for the year															
NZ IAS 1:106(a)	**Total comprehensive income for the year**															
NZ IAS 1:106(d)(iii)	Issue of share capital															
NZ IAS 1:107	Dividends															
	Transfer of cash flow hedging (gains)/losses and cost of hedging to the initial carrying amount of hedged items															
	Transfer of credit risk reserve upon derecognition of the related financial liabilities															
	Transfer of investment revaluation reserve upon disposal of investments in equity instruments designated as at FVTOCI															
	Own shares acquired in the year															
	Equity-settled share-based payments															
	Deferred tax on share-based payment transactions															
	Balance at 31 December 2023															

Source	NZ IFRS (RDR) Holdings Limited															
		Equity attributable to equity holders of the parent														
NZ IFRS 9:6.5.8(a) NZ IFRS 9:6.5.11(a) & (d) NZ IAS 21:52(b) NZ IFRS 9:6.5.14		Share capital	Share premium account	Own shares	Properties revaluation reserve	Investments revaluation reserve	Option premium on convertible notes	Financial liabilities at FVTPL credit risk reserve	Cash flow hedging reserve	Cost of hedging reserve	Foreign exchange translation reserve	Share-based payments reserve	Retained earnings	**Attributable to owners of the parent**	Non-controlling interest	**Total equity**
		CU	CU	CU	CU	CU	CU	CU	CU	CU	CU	CU	CU	CU	CU	CU
	Balance at 1 January 2024															
NZ IAS 1:106(d)(i)	Profit for the year															
NZ IAS 1:106(d)(ii) NZ IAS 1:106A	Other comprehensive income for the year															
NZ IAS 1:106(a)	**Total comprehensive income for the year**															
NZ IAS 1:106(d)(iii)	Issue of share capital															
NZ IAS 1:107	Dividends															
	Transfer of cash flow hedging (gains)/losses and cost of hedging to the initial carrying amount of hedged items															
	Transfer of credit risk reserve upon derecognition of the related financial liabilities															
	Transfer of investment revaluation reserve upon disposal of investments in equity instruments designated as at FVTOCI															
	Own shares acquired in the year															
	Equity-settled share-based payments															
	Deferred tax on share-based payment transactions															
	Adjustments arising from change in non-controlling interest															
	Recognition of equity component of convertible loan notes															
	Deferred tax on equity component of convertible loan notes															
	Balance at 31 December 2024															

Source	NZ IFRS (RDR) Holdings Limited			
NZ IAS 1:10(d) NZ IAS 1:10(ea) NZ IAS 7:1 NZ IFRS 5:33(c)	**Consolidated Statement of Cash Flows – Alt. 1** **for the year ended 31 December 2024**			
NZ IAS 1:113		Note	31/12/2024 CU	31/12/2023 CU
	Profit for the year			
	Adjustments for:			
	Share of profit of associates			
	Share of profit of joint ventures			
	Finance income			
	Other gains and losses			
	Finance costs			
	Income tax expense			
	Gain on disposal of discontinued operations			
	Depreciation of property, plant and equipment			
	Impairment loss on property, plant and equipment			
	Depreciation of right-of-use assets			
	Impairment losses, net of reversals, on financial assets			
	Amortisation of intangible assets			
	Impairment of goodwill			
	Share-based payment expense			
	Fair value gain/loss on investment property			
	Gain on disposal of property, plant and equipment			
	Increase/(decrease) in provisions			
	Fair value gain/loss on derivatives and other financial assets held for trading			
	Difference between pension funding contributions paid and the pension cost charge			
	Operating cash flows before movements in working capital			
	Decrease/(increase) in inventories			
	Decrease/(increase) in trade and other receivables			
	Decrease/(increase) in contract assets			
	Decrease/(increase) in contract costs			
	Decrease/(increase) in right to returned good assets			
	Increase/(decrease) in trade and other payables			
	Increase/(decrease) in contract liabilities			
	Increase/(decrease) in refund liability			
	Increase/(decrease) in deferred income			
	Cash generated by operations			
NZ IAS 7:35-36	Income taxes paid			
	Net cash from operating activities			

Source	NZ IFRS (RDR) Holdings Limited			
NZ IAS 7:10 NZ IAS 7:16 NZ IAS 7:21-24 NZ IFRS 9:IG.G.2	**Investing activities**			
NZ IAS 7:31	Interest received			
NZ IAS 7:38 NZ IAS 24:19(d)	Dividends received from associates			
NZ IAS 7:38 NZ IAS 24:19(e)	Dividends received from joint ventures			
NZ IAS 7:31	Dividends received from equity instruments designated at FVTOCI			
	Proceeds on disposal of equity instruments held at FVTOCI			
NZ IAS 7:39	Proceeds on disposal of subsidiary	52		
	Proceeds on disposal of property, plant and equipment			
	Purchases of property, plant and equipment			
NZ IAS 20:28	Government grants towards purchase of equipment			
	Acquisition of investment in an associate			
	Purchases of equity instruments designated at FVTOCI			
	Purchases of patents and trademarks			
NZ IAS 7:39	Acquisition of subsidiary	53		
	Cash received from settlements of the derivative financial instruments held for hedging purposes			
	Cash paid due to the settlements of the derivative financial instruments held for hedging purposes			
	Net cash (used in)/from investing activities			
NZ IAS 7:10 NZ IAS 7:17 NZ IAS 7:21-24 NZ IFRS 9:IG.G.G2	**Financing activities**			
NZ IAS 7:31 NZ IAS 7:34	Dividends paid			
NZ IAS 7:31 NZ IFRS 16:50(b)	Interest paid			
NZ IAS 7:21	Transaction costs related to loans and borrowings			
NZ IAS 7:17(d)	Repayments of loans and borrowings			
NZ IAS 7:17(c)	Proceeds from loans and borrowings			
NZ IAS 7:17(b)	Repurchase of treasury shares			
NZ IAS 7:17(e) NZ IFRS 16:50(a)	Repayment of lease liabilities			
NZ IAS 7:17(c)	Proceeds on issue of convertible loan notes			
NZ IAS 7:17(a)	Proceeds on issue of shares			
	Proceeds from sale of own shares			
	Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control	20		
	Cash received from the settlements of the derivative financial instruments used to hedge liabilities arising from financing activities			

Source	NZ IFRS (RDR) Holdings Limited			
	Cash paid due to the settlements of the derivative financial instruments used to hedge liabilities arising from financing activities			
	Net cash (used in)/from financing activities			
	Net increase/(decrease) in cash and cash equivalents			
	Cash and cash equivalents at beginning of year			
NZ IAS 7:28	Effect of foreign exchange rate changes			
	Cash and cash equivalents at end of year	54		

Commentary:

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

Source	NZ IFRS (RDR) Holdings Limited			
NZ IAS 1:10(d) NZ IAS 1:10(ea) NZ IAS 7:1 NZ IFRS 5:33(c)	**Consolidated Statement of Cash Flows – Alt. 2** **for the year ended 31 December 2024**			
NZ IAS 1:113		Note	31/12/2024 CU	31/12/2023 CU
NZ IAS 7:10 NZ IAS 7:12-15; NZ IAS 7:18-20	**Cash from operating activities**			
	Receipts from customers			
NZ IFRS 16:50(c)	Payments to suppliers and employees			
	Cash generated by operations			
NZ IAS 7:35-36	Income taxes paid			
	Net cash from operating activities			
NZ IAS 7:10 NZ IAS 7:16 NZ IAS 7:21-24 NZ IFRS 9:IG.G.2	**Investing activities**			
NZ IAS 7:31	Interest received			
NZ IAS 7:38 NZ IAS 24:19(d)	Dividends received from associates			
NZ IAS 7:38 NZ IAS 24:19(e)	Dividends received from joint ventures			
NZ IAS 7:31	Dividends received from equity instruments designated at FVTOCI			
	Proceeds on disposal of equity instruments held at FVTOCI			
NZ IAS 7:39	Proceeds on disposal of subsidiary	52		
	Proceeds on disposal of property, plant and equipment			
	Purchases of property, plant and equipment			
NZ IAS 20:28	Government grants towards purchase of equipment			
	Acquisition of investment in an associate			
	Purchases of equity instruments designated at FVTOCI			
	Purchases of patents and trademarks			
NZ IAS 7:39	Acquisition of subsidiary	53		
	Cash received from settlements of the derivative financial instruments held for hedging purposes			
	Cash paid due to the settlements of the derivative financial instruments held for hedging purposes			
	Net cash (used in)/from investing activities			

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

Commentary:

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

Source	NZ IFRS (RDR) Holdings Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

1. General information

NZ IAS 24:13

NZ IFRS (RDR) Holdings Limited (the parent company)'s ultimate controlling party is [*name*].

NZ IAS 1:51(d) – (e)

These financial statements are presented in Currency Units (CUs) and are rounded to the nearest CU. Foreign operations are included in accordance with the policies set out in note 3.

2. Adoption of new and revised standards

NZ IAS 8:RDR 28.1

Commentary:

NZ IAS 8 requires an entity to disclose for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each line item affected. NZ IAS 8 also requires disclosure of the amount of the adjustment relating to periods before those presented. However, if it is impracticable for a Tier 2 entity to determine the amounts required, it shall disclose an explanation instead. These disclosures have not been shared below as entities will first need to assess if they can determine the amounts for disclosure.

NZ IAS 8:14-15

Change in accounting policy

NZ IAS 8:28(a)
NZ IAS 8:28(c)

[*Describe the nature of the change in accounting policy.*]

NZ IAS 8:28(f)(i)

The following table summarises the impact of the change in accounting policy on the financial statements of the group.

	31/12/2024	31/12/2023
	CU	CU
Consolidated statement of profit or loss		
[Describe captions affected]		
Increase/(decrease) in profit for the financial year		
Consolidated statement of financial position		
[Describe captions affected]		
Increase/(decrease) in net assets		

NZ IAS 8:28(g)

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

NZ IAS 8:41
NZ IAS 8:45

Prior period errors

NZ IAS 8:49(a)

[*Describe the nature of the prior period error*].

NZ IAS 8:49(b)(i)

The following table summarises the impact of the prior period error on the financial statements of the group.

	31/12/2023
	CU
Consolidated statement of profit or loss	
[Describe captions affected]	
Increase/(decrease) in profit for the financial year	
Consolidated statement of financial position	
[Describe captions affected]	

Source	NZ IFRS (RDR) Holdings Limited
	Increase/(decrease) in net assets
NZ IAS 8:49(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.*]
NZ IAS 8:28	**New and amended NZ IFRS Accounting Standards that are effective for the current year**
NZ IAS 8:28	In the current year, the group has applied a number of amendments to NZ IFRS Accounting Standards issued by the New Zealand Accounting Standards Board (NZASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to NZ IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*	The group has adopted the amendments to NZ IAS 1 published on 9 April 2020, for the first time in the current year. The amendments only affect the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
Amendments to NZ IAS 1 *Presentation of Financial Statements – Non-current Liabilities with Covenants*	The group has adopted the amendments to NZ IAS 1 published on 25 May 2023 for the first time in the current year. The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least 12 months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the rights exist at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The NZASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enable users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of the related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.
Amendments to NZ IFRS 16 *Leases – Lease Liability in a Sale and Leaseback*	The group has adopted the amendments to NZ IFRS 16 for the first time in the current year. The amendments to NZ IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in NZ IFRS 15 *Revenue from Contracts with Customers* to be accounted for a sale. The amendments require the seller-lessee to determine 'lease payments' or

Source	NZ IFRS (RDR) Holdings Limited

‘revised lease payments’ such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification of change in the lease term) applying the general requirements in NZ IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying NZ IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with NZ IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applies NZ IFRS 16.

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

3. Accounting policies

Commentary:

Entities are required to disclose material accounting policy information. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements when considered together with other information included in the financial statements.

Accounting policy information is expected to be material if the users of the financial statements need the information to understand other material information in the financial statements. For example, accounting policy information is likely to be considered material if the information relates to material transactions, other events or conditions and the accounting policy:

- *Has changed during the period resulting in a material change to the information in the financial statements*
- *Was chosen from alternatives permitted by NZ IFRS Accounting Standards*
- *Was developed in accordance with NZ IAS 8 in the absence of an NZ IFRS Accounting Standard which specifically applies*
- *Relates to an area for which the entity is required to make significant judgements and assumptions which are disclosed in accordance with NZ IAS 1:122 and 125*
- *Relates to complex accounting for which users of the financial statements would otherwise not understand the relating transactions, other events or conditions*

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.

NZ IAS 1:117C notes that accounting policy information which is entity-specific, focusing on how the entity has applied the requirements of NZ IFRS 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 NZ IFRS Accounting Standards.

If an entity chooses to disclose immaterial accounting policy information, that information should not obscure material accounting policy information. Further, if an entity concludes that accounting policy information is

Source	NZ IFRS (RDR) Holdings Limited

immaterial, that conclusion does not affect the related disclosure requirements of other NZ IFRS Accounting Standards.

Please note that the accounting policy information included in this document is provided for illustrative purposes, without an assessment of its materiality.

NZ IAS 1:17(b)
NZ IAS 1:112(a)
NZ IAS 1:117

Basis of accounting

NZ IAS 1:117A-E

FRS-44:7(a), (b), (c)
FRS-44:RDR 5.1

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). For the purposes of complying with NZ GAAP, the Company is a Tier 2 for-profit entity. These financial statements comply with New Zealand equivalents to IFRS Accounting Standards – Reduced Disclosure Regime (NZ IFRS RDR).

Commentary:

NZ IAS 1.RDR 16.1

A Tier 2 entity would not be able to state compliance with NZ IFRS.

XRB A1:20, 21

An entity which is eligible for and has elected to report in accordance with Tier 2 accounting standards (NZ IFRS RDR) shall disclose:

(a) that is a Tier 2 for-profit entity and has elected to report in accordance with Tier 2 for-profit accounting standards; and

(b) the criteria that establish the entity as eligible to report with Tier 2 for-profit accounting standards.

For example:

FRS-44:RDR 7.1

The Group qualifies for NZ IFRS (RDR) as it does not have public accountability and it is not a large for-profit public sector entity. The Group has elected to apply NZ IFRS (RDR) and has applied disclosure concessions."

FRS-44:7(a)

The financial statements have been prepared in accordance with [*insert relevant legislation*].

Commentary:

The example below illustrates the FRS 44.7(a) requirement for a company which is not an FMC reporting entity:

"These financial statements have been prepared in accordance with the Companies Act 1993".

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of NZ IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of when
NZ IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in NZ IAS 2 *Inventories* or value in use in NZ IAS 36 *Impairment of Assets*.

The accounting policies adopted are set out below.

Source	NZ IFRS (RDR) Holdings Limited

Goods and Services Tax

The consolidated statement of profit or loss (and other comprehensive income) and the consolidated statement of financial position have been prepared on a goods and services tax (GST) exclusive basis, except for trade receivables and payables or where GST incurred is not recoverable. [*Also disclose an accounting policy for GST in the statement of cash flows on whether GST is presented on an inclusive or exclusive basis and how GST on investing and financing activities are treated*].

NZ IAS 1:125 *

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, the group has applied the going concern basis of accounting in preparing the financial statements.

Commentary:

FRS-44:12A.1

The following specific disclosures are required when management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as going concern:

- *(a) that there are one or more material uncertainties related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern;*
- *(b) information about the principal events or conditions giving rise to those material uncertainties;*
- *(c) information about management's plans to mitigate the effect of those events or conditions; and*
- *(d) that, as a result of those material uncertainties, it may be unable to realise its assets and discharge its liabilities in the normal course of business.*

FRS-44:12A.2

Disclosures of information about significant judgements and assumptions are required when an entity prepares its financial statements on a going concern basis, and management is aware of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (but management has concluded there is no material uncertainty). These disclosures are required to the extent that this information is not disclosed in accordance with paragraphs 122 and 125 of NZ IAS 1 requiring disclosures on significant judgements and estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and entities controlled by the group made up to 31 December each year. Control is achieved when the group:

- has the power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee
- has the ability to use its power to affects its returns

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

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

- the size of the group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- potential voting rights held by the group, other vote holders or other parties
- rights arising from other contractual arrangements

*This icon indicates that this area of the model financial statements may be impacted by the effects of climate change. Please see the table in Appendix 1 to see how this area may be affected. For areas affected by the effects of climate change, it would be expected that the entity discusses in its disclosures how the area is affected.

Source	NZ IFRS (RDR) Holdings Limited

- any additional facts and circumstances that indicate that the group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

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

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

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

Business combinations

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

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

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with NZ IAS 12 *Income Taxes* and NZ IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with NZ IFRS 2 Share-Based Payments at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with NZ IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Source	NZ IFRS (RDR) Holdings Limited

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

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

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

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

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

Goodwill

Goodwill is initially recognised and measured as set out above.

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

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

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

Investments in associates and joint ventures

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

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

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

Source	NZ IFRS (RDR) Holdings Limited

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

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

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

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

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

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

The group applies NZ IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee.

Furthermore, in applying NZ IFRS 9 to long-term interests, the group does not take into account adjustments to their carrying amount required by NZ IAS 28 *Investments in Associates and Joint Ventures* (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with NZ IAS 28).

Interests in joint operations

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

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

Source	NZ IFRS (RDR) Holdings Limited

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

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

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

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

Non-current assets held for sale

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

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

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

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

Revenue recognition

The group recognises revenue from the following major sources:

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

NZ IFRS 15:31
NZ IFRS 15:46
NZ IFRS 15:47
NZ IFRS 15:119

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Sale of leisure goods

NZ IFRS 15:119(e)
NZ IFRS 15:B30

The group sells sport shoes, sport equipment and outdoor play equipment both to the wholesale market and directly to customers through its own retail outlets. Sales-related warranties associated with leisure goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the group accounts for warranties in accordance with NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (see note 39).

NZ IFRS 15:125

For sales of leisure goods to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the

Source	NZ IFRS (RDR) Holdings Limited
	primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods.
NZ IFRS 15:125 NZ IFRS 15:108	A receivable is recognised by the group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.
NZ IFRS 15:125	For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.
NZ IFRS 15:55 NZ IFRS 15:119(d) NZ IFRS 15:B21	Under the group's standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the group has a right to recover the product when customers exercise their right of return so consequently the group recognises a right to returned goods asset and a corresponding adjustment to cost of sales.
	Sale of electronic equipment
	The group sells electronic equipment to the wholesale market and directly to customers both through its own retail outlets and through internet sales.
NZ IFRS 15:55 NZ IFRS 15:125 NZ IFRS 15:119(d) NZ NZ IFRS 15:B21	For sales of electronic equipment to the wholesale market and through retail outlets and internet sales, revenue is recognised by the group at a point in time in line with the policy outlined above for the sale of leisure goods. For sales to retail customers (from both retail outlet and internet sales) there exists the same 30-day right of return and accordingly a refund liability and a right to returned goods asset are recognised in relation to electronic equipment expected to be returned.
NZ IFRS 15:106 NZ IFRS 15:125	For internet sales, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location.
	'Maxi-Points' customer loyalty programme
NZ IFRS 15:B39 NZ IFRS 15:B40	The group operates a 'Maxi-Points' loyalty programme through which retail customers accumulate points on purchases of leisure goods and electronic equipment that entitle them to discounts on future purchases. These points provide a discount to customers that they would not receive without purchasing the leisure goods or electronic equipment (i.e. a material right). The promise to provide the discount to the customer is therefore a separate performance obligation.
NZ IFRS 15:74 NZ IFRS 15:106 NZ IFRS 15:B42	Revenue from the loyalty points is recognised when the points are redeemed by the customer. Revenue for points that are not expected to be redeemed is recognised in proportion to the pattern of rights exercised by customers.
	Maintenance relating to electronic equipment
NZ IFRS 15:B41	Included in the transaction price for the sale of electronic equipment is an after-sales service. This service relates to maintenance work that may be required to be carried out on the equipment for a three-year period after sale. This period can then be extended if the customer requires additional years of maintenance services. The renewal of services after the three-year period will be for the price at which these are sold by the group to all of its customers as at the date of renewal regardless of the existence of a renewal option. Consequently, the option to extend the renewal period does not provide customers with any advantage when they enter into the initial contract and therefore no revenue has been deferred relating to this renewal option.
NZ IFRS 15:27 NZ IFRS 15:74 NZ IFRS 15:81 NZ IFRS 15:B29	The maintenance service is considered to be a distinct service as it is both regularly supplied by the group to other customers on a stand-alone basis and is available for customers from other providers in the market.
NZ IFRS 15:35(a) NZ IFRS 15:123(a) NZ IFRS 15:124 NZ IFRS 15:106	Revenue relating to the maintenance services is recognised over time.
	Installation of software services
NZ IFRS 15:35(b) NZ IFRS 15:124 NZ IFRS 15:107	The group provides a service of installation of various software products for recognised business operations. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these installation services based on the stage of completion of the contract. The directors have assessed that the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the

Source	NZ IFRS (RDR) Holdings Limited
	reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under NZ IFRS 15 *Revenue from Contracts with Customers*.
	Construction of residential properties
NZ IFRS 15:35(c) NZ IFRS 15:124	The group constructs and sells residential properties under long-term contracts with customers. Such contracts are entered into before construction of the residential properties begins. Under the terms of the contracts, the group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from construction of residential properties is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under NZ IFRS 15.
NZ IFRS 15:106 NZ IFRS 15:107	The group becomes entitled to invoice customers for construction of residential properties based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third party assessor and an invoice for the related milestone payment.
	Leases
NZ IFRS 16:51	*(a) The group as a lessee*
NZ IFRS 16:5 NZ IFRS 16:6 NZ IFRS 16:9 NZ IFRS 16:60	The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.
NZ IFRS 16:26	The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.
	The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the group and the lease does not benefit from a guarantee from the group.
NZ IFRS 16:27	Lease payments included in the measurement of the lease liability comprise: • fixed lease payments (including in-substance fixed payments), less any lease incentives receivable • variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date • the amount expected to be payable by the lessee under residual value guarantees • the exercise price of purchase options, if the lessee is reasonably certain to exercise the options • payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
NZ IFRS 16:39	The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
	The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
NZ IFRS 16:40(a)	• the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
NZ IFRS 16:42	• the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
NZ IFRS 16:45(c)	• a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.
	The group did not make any such adjustments during the periods presented.

Source	NZ IFRS (RDR) Holdings Limited
NZ IFRS 16:24 NZ IFRS 16:30	The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.
	Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under NZ IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.
NZ IFRS 16:32	Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.
NZ IFRS 16:47	The group applies NZ IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.
NZ IFRS 16:38	Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in profit or loss (see Note 30).
NZ IFRS 16:12 NZ IFRS 16:15	As a practical expedient, NZ IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.
NZ IFRS 16:89	*(b) The group as lessor*
NZ IFRS 16:61 NZ IFRS 16:62	The group enters into lease agreements as a lessor with respect to some of its investment properties. The group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the group.
	Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.
NZ IFRS 16:B58	When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.
NZ IFRS 16:81 NZ IFRS 16:83	Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.
NZ IFRS 16:67 NZ IFRS 16:75	Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.
	Subsequent to initial recognition, the group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of NZ IFRS 9, recognising an allowance for expected credit losses on the finance lease receivables.
	Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).
NZ IFRS 16:17	When a contract includes lease and non-lease components, the Group applies NZ IFRS 15 to allocate the consideration under the contract to each component.
	Foreign currencies
	In preparing the financial statements of the group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in

Source	NZ IFRS (RDR) Holdings Limited

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

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

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

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

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

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

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

Borrowing costs

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

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

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

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

NZ IAS 20:39(a)

Government grants

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

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

Source	NZ IFRS (RDR) Holdings Limited

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

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

Retirement and termination benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurements recognised in the statement of comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs.

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements
- net interest expense or income
- remeasurements.

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

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

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

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

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

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

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

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

Source	NZ IFRS (RDR) Holdings Limited

Short-term and other long-term employee benefits

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

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

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

Taxation

The income tax expense represents the sum of current and deferred income tax expense.

Current tax

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

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

Deferred tax

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

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

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

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

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

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

Source	NZ IFRS (RDR) Holdings Limited

group has not recognised any deferred taxes on changes in fair value of the investment properties as the group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

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

Current tax and deferred tax for the year

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

NZ IAS 16:73(a)-(c)

Property, plant and equipment

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

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

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

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

Freehold land is not depreciated.

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

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

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

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

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

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

Source	NZ IFRS (RDR) Holdings Limited

Commentary:

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

NZ IAS 40:75(a)

Investment property

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

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

Commentary:

A group that elects to use the cost model for investment property (not illustrated in these illustrative financial statements) should disclose an appropriate policy and make reference, if relevant, to the use of the elections to use fair value or previous revaluations as deemed cost on transition.

NZ IAS 38:118(a)

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in note 17. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

NZ IAS 38:118(b)

Internally-generated intangible assets – research and development expenditure

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

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

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

NZ IAS 38:118(b)

Intangible assets acquired in a business combination

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

Source	NZ IFRS (RDR) Holdings Limited

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

Derecognition of intangible assets

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

Patents and trademarks

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

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

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

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

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

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

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

NZ IAS 2:36(a)

Inventories

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

Cash and cash equivalents

In the statement of financial position, cash and cash equivalents are comprised of cash (i.e. cash on hand and on-demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank balances for which use by the group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 54. If the contractual restrictions to use the cash

Source	NZ IFRS (RDR) Holdings Limited

extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the group's cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

NZ IFRS 7:21

Financial instruments

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

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

Financial assets

NZ IFRS 7:B5(c)

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective

Source	NZ IFRS (RDR) Holdings Limited

interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

NZ IFRS 7:B5(e)

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item (note 9).

(ii) Debt instruments classified as at FVTOCI

The corporate bonds held by the group are classified as at FVTOCI. Fair value is determined in the manner described in note 62(a)(i). The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with NZ IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Finance income - Other' line item (note 9) in profit or loss.

The group designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition (see note 24).

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Source	NZ IFRS (RDR) Holdings Limited

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

NZ IFRS 7:B5(e)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item (note 10). Fair value is determined in the manner described in note 62(a)(i).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item (note 10)
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item (note 10). As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the investments revaluation reserve;

NZ IFRS 7:B5(e)

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item as part of the fair value gain or loss (note 10); and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

See hedge accounting policy regarding the recognition of exchange differences where the foreign currency risk component of a financial asset is designated as a hedging instrument for a hedge of foreign currency risk.

NZ IFRS 7:35F

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Source	NZ IFRS (RDR) Holdings Limited

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment.

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

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

The repurchase of equity instruments issued by the group is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the equity instruments issued by the group.

Compound instruments

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

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

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

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in

Source	NZ IFRS (RDR) Holdings Limited

the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if either:

- it has been acquired principally for the purpose of repurchasing it in the near term
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if either:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis
- it forms part of a contract containing one or more embedded derivatives, and NZ IFRS 9 permits the entire combined contract to be designated as at FVTPL.

NZ IFRS 7:B5(e)

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other gains and losses' line item (note 10) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the group that are designated by the group as at FVTPL are recognised in profit or loss.

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

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

Source	NZ IFRS (RDR) Holdings Limited

Financial guarantee contract liabilities

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

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

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

Foreign exchange gains and losses

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

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

Derecognition of financial liabilities

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

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

NZ IFRS 7:21

Derivative financial instruments

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

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

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the group has both legally enforceable right and intention to offset. The impact of the master netting agreements on the group's financial position is disclosed in note 34. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Source	NZ IFRS (RDR) Holdings Limited

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

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of NZ IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the group generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

NZ IFRS 7:21

Hedge accounting

The group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the group applies straight-line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

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

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

Fair value hedges

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

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

Source	NZ IFRS (RDR) Holdings Limited

designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

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

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

Cash flow hedges

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

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

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

Hedges of net investments in foreign operations

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

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

Provisions

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

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

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

Restructurings

A restructuring provision is recognised when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision

Source	NZ IFRS (RDR) Holdings Limited

includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the group's obligation.

Onerous contracts

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

Restoration provisions

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

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with NZ IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of NZ IFRS 15.

Own shares

Own shares represent the shares of the parent company NZ IFRS (RDR) Holdings Limited that are held in treasury or by the employee benefit trust. Own shares are measured at cost and deducted from equity.

Share-based payments

Share-based payment transactions of the parent company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 57.

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

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

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

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

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

Source	NZ IFRS (RDR) Holdings Limited

acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

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

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

Factoring of receivables

When an entity enters into arrangements for factoring of receivables where they are not fully derecognised, it is important that the policy adopted for the treatment of cash flows arising is clearly explained and that any non-cash financing transactions are disclosed in accordance with NZ IAS 7:43. In particular, an explanation of whether the cash flows received on the receivables are treated as operating inflows with associated financing outflows that are deemed to repay the financing liability that was recognised when the receivables were transferred.

4. Critical accounting judgements and key sources of estimation uncertainty

Commentary:

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

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

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

NZ IAS 1:122

Critical judgements in applying the group's accounting policies

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

NZ IFRS 15:123(a)
NZ IFRS 15:125

Judgements in determining the timing of satisfaction of performance obligations

Note 7 describes the expenditure required in the year for rectification work carried out on goods supplied to one of the group's major customers. These goods were delivered to the customer in the months of ___to ___ 2024, and shortly thereafter the defects were identified by the customer. Following negotiations, a schedule of works was agreed, which will involve expenditure by the group until 2025. In the light of the problems identified, management was required to consider whether it was appropriate to recognise the revenue from these transactions of CU ___ million in the current year, in line with the group's general policy of recognising revenue when goods are delivered, or whether it was more appropriate to defer recognition until the rectification work was complete.

Source	NZ IFRS (RDR) Holdings Limited

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

Capitalisation of borrowing costs

As described in note 3, the group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. Capitalisation of the borrowing costs relating to construction of the group's premises in [*A Land*] was suspended in 2023, while the development was delayed as management reconsidered its detailed plans. Capitalisation of borrowing costs recommenced in 2024 – following the finalisation of revised plans, and the resumption of the activities necessary to prepare the asset for its intended use. Although construction of the premises was not restarted until May 2024, borrowing costs have been capitalised from February 2024, at which time the technical and administrative work associated with the project recommenced.

Business model assessment

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

Deferred taxation on investment properties

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

NZ IFRS 12:7(a)

Control over Subsidiary B Limited

NZ IFRS 12:9(b)

Note 20 describes that Subsidiary B Limited is a subsidiary of the group even though the group has only a 45 per cent ownership interest and has only 45 per cent of the voting rights in Subsidiary B Limited. Subsidiary B Limited is listed on the stock exchange of [*A Land*]. The group has held its 45 per cent ownership since June 2018 and the remaining 55 per cent of the ownership interests are held by thousands of shareholders that are unrelated to the group.

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

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

Source	NZ IFRS (RDR) Holdings Limited

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

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

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

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

NZ IAS 1:125
NZ IAS 1:128
NZ IAS 1:129

Key sources of estimation uncertainty

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

Taxation provisions

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

Impairment testing

Following the assessment of the recoverable amount of goodwill allocated to 'Leisure goods – retail outlets', to which goodwill of CU__ is allocated, the directors consider the recoverable amount of goodwill allocated to 'Leisure goods – retail outlets' to be most sensitive to the achievement of the 2025 budget. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the board. Whilst the group is able to manage most of 'Leisure goods – retail outlets' costs, the revenue projections are inherently uncertain due to the short-term nature of the business and unstable market conditions. Revenue of the CGU is most sensitive to changes in the sectors demand for sales in retail outlets, reflecting the increased use of internet sales by rivals, a service which the group does not currently offer.

The market for 'Leisure goods – retail outlets' products has seen a significant slowdown over the past 18 months due to a decline in the customer appetite for retail sales and increases in internet sales of rivals in the sector. It is possible that further underperformance may occur in 2025 if prevailing trends continue.

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

Calculation of loss allowance

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

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

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

Source	NZ IFRS (RDR) Holdings Limited

If the ECL rates on trade receivables between 61 and 90 days past due had been __ per cent higher (lower) as of December 2024, the loss allowance on trade receivables would have been CU__ million (2023: CU__ million) higher (lower).

If the ECL rates on trade receivables between 31 and 60 days past due had been __ per cent higher (lower) as of December 2024, the loss allowance on trade receivables would have been CU__ million (2023: CU__ million) higher (lower).

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

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

Fair value measurements and valuation processes

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

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

Provision for restoration of contaminated land

On 15 December 2024, new legislation in [*A Land*] was enacted which resulted in the requirement for the group to clean up historically contaminated waste sites in [*A Land*] and bear the costs thereof. Consequently, a provision of CU__ million has been recognised. In estimating the provision, the directors have made assumptions regarding the interpretation of the legislation and have estimated costs based on currently available information about the likely extent of contamination and potential clean-up techniques. Due to the associated uncertainty, it is possible that estimates may need to be revised during the next year as interpretations of the legislation evolve and the extent of contamination and potential approaches to clean-up are assessed in more detail. Whilst a range of outcomes is possible, the directors believe that the reasonably possible range is an increase in provisions of up to CU__ million to a reduction in provisions of up to CU__ million. See note 39 for further details.

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

In January 2018 [*Subsidiary D Limited*], a subsidiary of the group, entered into a 10-year lease for an office building located in [*location*]. Following the acquisition of [*Acquisition A Limited*] on [*date*] 2024 and the subsequent restructuring programme, the group identified that the office space occupied by [*Subsidiary E Limited*], which is also located in [*location*], could accommodate all of the staff of [*Subsidiary D Limited*], and took the decision to relocate staff to a single office. The leased property previously occupied by [*Subsidiary D Limited*], has been marketed with a local estate agent and is expected to be sub-leased by the firm for the remainder of the lease term.

The directors have estimated that the entirety of the lease payment will be recoverable through the sub-lease of the property. This reflects the current achievable market rates for similar properties with similar lease terms and therefore no impairment has been recognised. The carrying amount of right-of-use asset in respect of the property is CU__ at 31 December 2024 (2023: CU__).

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

Source	NZ IFRS (RDR) Holdings Limited

NZ IFRS 15:113(a)

5. Revenue

The group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines.

NZ IFRS 15:114

NZ IFRS 15:B87-B89

Disaggregation of revenue

	31/12/2024	31/12/2023
	CU	CU
External revenue by product line		
Electronic equipment – direct sale customers		
Electronic equipment – wholesale customers		
Electronic equipment – internet customers		
Leisure goods – wholesale customers		
Leisure goods – retail outlets		
Computer software installation		
Construction		

	31/12/2024	31/12/2023
	CU	CU
External revenue by timing of revenue		
Goods transferred at a point in time		
Goods transferred over time		
Services transferred at a point in time		
Services transferred over time		

Commentary:

NZ IFRS 15:114 requires an entity to disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This disaggregation will depend on the entity's individual facts and circumstances.

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

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

Receivables	*Balance described as 'Trade receivables' (Note 31)*
Contract assets	*Note 27*
Contract costs	*Note 28*
Contract liabilities	*Note 60*

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

Source	NZ IFRS (RDR) Holdings Limited

6. Operating segments

Commentary:

When are entities required to present segment information?

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

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

The Tier 1 entity public accountability criteria are very similar to the scope of NZ IFRS 8. As a result an entity which is in scope of NZ IFRS 8 is unlikely to be able to elect to report under Tier 2, and disclosure of segment information is unlikely to be required for Tier 2 entities.

7. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

Source		31/12/2024	31/12/2023
		CU	CU
NZ IAS 21:52(a)	Net foreign exchange losses/(gains)		
NZ IAS 38:126	Research and development costs		
NZ IAS 20:20	Government grant for the purpose of immediate financial support		
NZ IAS 20:39(b)	Government grants towards training costs		
	Amortisation of government grants towards purchase of property, plant and equipment		
NZ IAS 36:126(a)	Impairment of property, plant and equipment		
NZ IAS 1:97–98	Gain/(loss) on disposal of property, plant and equipment		
NZ IFRS 16:53(a) NZ IFRS 16:49	Depreciation of right-of-use assets		
NZ IAS 38:118(d)	Amortisation of internally-generated intangible assets included in other expenses		
NZ IAS 36:126(a)	Impairment of goodwill		
NZ IAS 2:36(d)	Cost of inventories recognised as expense		
NZ IAS 2:36(e)	Write downs of inventories recognised as an expense		
NZ IAS 2:36(f)	Reversal of write downs of inventories recognised in the year		
NZ IFRS 7:20(a)(vi)	Loss allowance on trade receivables (note 31)		
NZ IFRS 7:20(a)(vi)	Loss allowance on other financial assets measured at amortised cost (note 24)		
NZ IFRS 7:20(a)(viii)	Loss allowance on debt investments measured at FVTOCI (note 43)		
Co. Act s.211(1)(h)	Loss allowance on amounts due from contract assets (note 27)		
	Donations made		

Source	NZ IFRS (RDR) Holdings Limited

Source	
Co. Act s.211(1)(h), 211(3)	***Commentary:*** *New Zealand companies are required to disclose in their annual report any donations made during the period, unless shareholders who together hold at least 95% of the voting shares agree that the report need not do so.*
	There was no loss allowance on financial guarantee contracts (note 38).
NZ IAS 1:97-98	Costs of CU ___ have been recognised during the year in respect of rectification work to be carried out on goods supplied to one of the group's major customers, which have been included in [specify caption].
NZ IAS 20:20 NZ IAS 20:39(b)	In 2024, government grants of CU__ were received as part of a government initiative to provide immediate financial support as a result of [*describe event that led to receipt of grants and the effect the grants have on the results*]. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year. Government grants towards training costs and purchase of property, plant and equipment are described in note 59.
NZ IAS 1:98	The restructuring costs charged to profit or loss consist of an impairment loss recognised in respect of assets of CU__ and redundancy costs of CU__.
NZ IAS 1:104	***Commentary:*** *A Tier 2 entity classifying expenses by function is not required to disclose additional information on the nature of expenses, including depreciation and amortisation expense.*

Fees paid to auditor

Source		31/12/2024	31/12/2023
		CU	CU
FRS-44:8.1(a)	Audit or review of the financial statements (i)		
FRS-44:8.1(b)	Other services (ii)		
	Total fees paid to auditor		

(i) The audit fee includes the fees for both the annual audit of the financial statements and the review of the interim financial statements.

FRS-44:8.2 — (ii) Other services include [describe – this would include other assurance and non-assurance services].

Source	
FRS 44: RDR8.3	***Commentary:*** *A Tier 2 entity shall disclose the total fees incurred for services other than the audit or review of the financial statements provided by the entity's audit or review firm, and a general description of these services.*

8. Staff costs

Source		31/12/2024	31/12/2023
		CU	CU
	Post-employment benefits (note 58)		
NZ IAS 19:53	Defined contribution plans		
NZ IAS 19:135(b)	Defined benefit plans		
NZ IFRS 2:RDR 50.1(a)	Share-based payments (note 57)		

Source	NZ IFRS (RDR) Holdings Limited

NZ IFRS 2:RDR 50.1(a)

Commentary:

A Tier 2 entity shall disclose the total expense recognised in the profit or loss for the period from the effect of share-based payment transactions.

A Tier 2 classifying expenses by function is not required to disclose additional information on the nature of expenses, including employee benefits expense.

9. Finance income

Source		31/12/2024	31/12/2023
		CU	CU
NZ IFRS 7:20(b)	Interest income:		
	Financial instruments measured at amortised cost:		
	– Bank deposits		
	– Other financial assets measured at amortised cost (see note 24)		
	Investment in debt instruments measured at FVTOCI (see note 24)		
NZ IFRS 7:B5(e)	Other:		
	Dividends received from equity investments (see note 24)		
	Total finance income		

10. Other gains and losses

Source		31/12/2024	31/12/2023
		CU	CU
NZ IFRS 7:RDR 20.1	Net gain/(loss) arising on financial liabilities at FVTPL (i) (iii)		
NZ IFRS 7:RDR 20.1	Net gain/(loss) arising on financial assets at FVTPL (ii)		
NZ IFRS 7:20(a)(viii)	Reclassification of net gain/(loss) on debt investments classified as at FVTOCI from equity to profit or loss upon disposal		
NZ IFRS 7:20(a)(v)	Net gain/(loss) arising on derecognition of financial liabilities measured at amortised cost		
NZ IFRS 7:20(a)(v)	Net gain/(loss) arising on modification of financial instruments measured at amortised cost that were not derecognised		
NZ IAS 40:76(d)	Gain/(loss) on remeasurement of investment property		
NZ IFRS 7:24A(c)	Hedge ineffectiveness on the cash flow hedges		
NZ IFRS 7:24A(c) NZ IFRS 7:24C(b)(ii)	Hedge ineffectiveness on the net investment hedge		
NZ IFRIC 19:11	(Gain)/loss on debt for equity swap		
	Net foreign exchange gain/(loss)		

NZ IFRS 7:RDR 20.1

Commentary:

A Tier 2 entity shall disclose, either in the statement of comprehensive income or in the notes, net gains or losses on financial assets or financial liabilities measured at fair value through profit or loss. For financial liabilities designated as at fair value through profit or loss, a Tier 2 entity shall show separately the amount of gain or loss recognised in other comprehensive income and the amount recognised in profit or loss.

Source	NZ IFRS (RDR) Holdings Limited

NZ IFRS 7:20(a), B5(e)
(i) The net loss on the redeemable preference shares designated as at FVTPL includes a gain of CU___ resulting from the decrease in fair value of the liabilities other than changes in the fair value of the liabilities attributable to the liabilities' credit risk, offset by dividends of CU___ paid during the year (note 11).

NZ IFRS 7:20(a), B5(e)
(ii) The amount represents a net gain on investments in listed equity shares (see note 24) and comprises an increase in fair value of CU___ (2023: CU___), including dividends of CU___ received during the year (2023:CU___).

NZ IFRS 7:20(a), B5(e)
(iii) The amount represents a net loss on an interest rate swap that economically hedges the fair value of the redeemable cumulative preference shares, but for which hedge accounting is not applied (see note 34). The net loss on the interest rate swap comprises an increase in fair value of CU___ of the swap, including interest of CU___ paid during the year.

NZ IAS 1:97
The (gain)/loss arising on adjustment for the hedged item in a designated fair value hedge accounting relationship relates to the fixed rate bank loan, details of which are disclosed in note 32. This (gain)/loss forms part of the net gains or net losses on other financial liabilities carried at amortised cost.

During the year the Group extinguished some of its borrowings by issuing equity instruments. In accordance with NZ IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*, the (gain)/loss recognised on these transactions was CU___ (2023: CU___).

The foreign exchange gains/losses arose on the unhedged monetary items denominated in foreign currencies. The amount predominantly consists of retranslation of bank loans of CU__ (2023: CU__).

11. Finance costs

Source		31/12/2024	31/12/2023
		CU	CU
	Interest on bank overdrafts and loans		
	Interest on convertible loan notes		
NZ IFRS 16:49 NZ IFRS 16:53(b)	Interest on lease liabilities		
NZ IFRS 7:20(b)	Total interest expense for financial liabilities not classified as at FVTPL		
NZ IAS 23:26(a)	Less: amounts included in the cost of qualifying assets		
NZ IFRS 9:6.5.8(a)			
NZ IFRS 9:6.5.8(b)	Loss/(gain) arising on derivatives as designated hedging instruments in fair value hedges		
	(Gain)/loss arising on adjustment for the hedged item attributable to the hedged risk in a designated fair value hedge accounting relationship		
NZ IFRS 7:24C(b)(iv) NZ IFRS 9:6.5.11 (d)(ii)	(Gain)/loss arising on interest rate swaps as designated hedging instruments in cash flow hedges of floating rate debt reclassified from equity to profit or loss		
NZ IFRS 7:24C(b)(iv) NZ IFRS 9:6.5.12(b)	(Gain)/loss arising on forward foreign exchange contracts designated as hedging instruments in cash flow hedges of forecast transactions that are no longer expected to occur reclassified from equity to profit or loss		
NZ IAS 19:134	Net interest expense on defined benefit obligation		
	Other finance costs		

Source	NZ IFRS (RDR) Holdings Limited

12. Income tax

Source		31/12/2024	31/12/2023
		CU	CU
NZ IAS 12:79–80	Corporation income tax:		
	Current year		
	Adjustments in respect of prior years		
NZ IAS 12:79–80	Deferred tax (see note 35)		
	Origination and reversal of temporary differences		
	Effect of changes in tax rates		
	Write-down of previously recognised deferred tax assets		
	Other [*describe*]		

The standard rate of corporation tax applied to reported profit is __ per cent (2023: __ per cent).

Commentary:

NZ IAS 12:85

The applicable rate used in the tax reconciliation should provide the most meaningful information to users of the financial statements. When profits are earned across a number of jurisdictions default to the tax rate in the country of domicile may not provide the most meaningful information. It may be more appropriate to use a weighted average applicable rate for the year, reflecting the applicable rates for the countries in which the Group earned profits.

NZ IAS 12:81(d)

The applicable rate has changed following [*describe the impact of any changes in the tax authorities tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period*].

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

NZ IAS 12:81(h)

No tax charge or credit arose on the disposal of [*name of subsidiary*].

NZ IAS 12: 82A

The group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

NZ IAS 12:88C-88D

On [*date*] 2023, the government of [*A Land*], where the parent company is incorporated, enacted the Pillar Two income taxes legislation effective predominantly from 1 January 2025**. Under the legislation, the parent company is required to pay, in [*A Land*], top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15 per cent. The main jurisdictions in which exposures to this tax may exist include [*C Land*] and [*D Land*].

Commentary:

*** Details relating to each core element of Pillar Two Rules in New Zealand:*

Rule	Applicability
Income Inclusion Rule (IIR)	from 1 January 2025
Under Taxed Profits Rule (UTPR)	from 1 January 2025
Domestic Income Inclusion Rule (DIIR)	from 1 January 2026
Qualified Domestic Minimum Top-up Tax (QDMTT)	N/A - not enacted in New Zealand

Source	NZ IFRS (RDR) Holdings Limited

More information relating to the applicability of Pillar Two pronouncements within New Zealand can be found here: [OECD Pillar Two rules enacted in New Zealand- navigating the 15% minimum tax for multinationals | Deloitte New Zealand]

NZ IAS 12:88C-88D

As at 31 December 2024, approximately __ per cent of the group's annual profits may be subject to the tax which are currently taxed at the average effective tax rate applicable to those profits of __ per cent. This information is based on the profits and tax expense determined as part of the preparation of the group's consolidated financial statements, considering only certain adjustments that would have been required applying the legislation, namely [*explain which adjustments were made*]. Because not all of the adjustments that would have been by required by the legislation were made, the actual impact that the Pillar Two income taxes legislation would have had on the group's results if it had been in effect for the year ending 31 December 2024 may have been significantly different.

The group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

NZ IAS 12:81(c)

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

	31/12/2024	31/12/2023
	CU	CU
Profit before tax on continuing operations		
Tax at the [*Land A*] corporation tax rate of __per cent (2023: __per cent)		
Tax effect of share of results of associates		
Tax effect of expenses that are not deductible in determining taxable profit		
Tax effect of income not taxable in determining taxable profit		
Tax effect of utilisation of tax losses not previously recognised		
Change in unrecognised deferred tax assets		
Effect of different tax rates of subsidiaries operating in other jurisdictions		
Tax expense for the year		

Commentary:

NZ IAS 12:84

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

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised in other comprehensive income:

	31/12/2024	31/12/2023
	CU	CU
Current tax		
Deferred tax		
Total income tax recognised in other comprehensive income		

NZ IAS 12:81(a)

NZ IAS 12:RDR81.1

Commentary:

A Tier 2 entity shall disclose the aggregate amount of current and deferred income tax relating to items recognised in other comprehensive income.

Source	NZ IFRS (RDR) Holdings Limited

In addition to the amount charged to profit or loss and other comprehensive income, the following amounts relating to tax have been recognised directly in equity:

		31/12/2024	31/12/2023
		CU	CU
	Current tax		
	Deferred tax		
NZ IAS 12:81(a)	**Total income tax recognised directly in equity**		

NZ IFRS 5:30-32

13. Discontinued operations

On [*date*] 2024, the group entered into a sale agreement to dispose of [*name of subsidiary*], which carried out all of the group's [*specify*] operations. The disposal was effected in order to generate cash flows for the expansion of the group's other businesses. The disposal was completed on [*date*] 2024, on which date control of [*name of subsidiary*] passed to the acquirer.

NZ IFRS 15:34 The results of the discontinued operations, which have been included in the profit for the year, were as follows:

		Period ended 2024	Year ended 2023
		CU	CU
	Profit before tax		
NZ IAS 12:81(h)	Attributable tax expense		
	Loss on disposal of discontinued operations		
NZ IAS 12:81(h)	Attributable tax expense		
	Net loss attributable to discontinued operations		

Cash flows from discontinued operations

	31/12/2024	31/12/2023
	CU	CU
Net cash from operating activities		
Net cash inflow/(outflow) from investing activities		
Net cash inflow/(outflow) from financing activities		

A loss of CU__ million arose on the disposal of [*name of subsidiary*], being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets and attributable goodwill.

NZ IFRS 5:41
NZ IFRS 5:38

In addition, on [*date*] the board resolved to dispose of the group's [*specify*] operations and negotiations with several interested parties have subsequently taken place. The disposal is consistent with the group's long-term policy to focus its activities on the group's other businesses. These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position. The proceeds of disposal are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale. The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	31/12/2024
	CU
Goodwill	
Property, plant and equipment	
Inventories	

Source	NZ IFRS (RDR) Holdings Limited

Trade and other receivables	
Cash and cash equivalents	
Total assets classified as held for sale	
Trade and other payables	
Tax liabilities	
Bank overdrafts and loans	
Total liabilities associated with assets classified as held for sale	
Net assets of disposal group	

14. Dividends

Source		31/12/2024	31/12/2023
		CU	CU
NZ IAS 1:107 and RDR 107.1	Amounts recognised as distributions to equity holders in the year:		
	Final dividend for the year ended 31 December 2023 (31 December 2022)		
	Interim dividend for the year ended 31 December 2024 (31 December 2023: CU___)		

NZ IAS 33:2-3

15. Earnings per share

Commentary:

The Tier 1 entity public accountability criteria are very similar to the scope of NZ IAS 33. As a result, an entity which is in scope of NZ IAS 33 is unlikely to be able to elect to report under Tier 2, and earnings per share disclosures are unlikely to be required for Tier 2 entities.

If entities choose to disclose EPS information voluntarily in their financial statements that comply with NZ IFRS, the disclosures in relation to EPS information should comply fully with the requirements set out in NZ IAS 33.

16. Goodwill

Source		CU
	Cost	
	At 1 January 2023	
NZ IFRS 3: RDR B67.1	At 31 December 2023	
	Exchange differences	
	Recognised on acquisition of a subsidiary	
	Derecognised on disposal of a subsidiary	
	Classified as held for sale	
NZ IFRS 3:B67(d)	Other changes	
	At 31 December 2024	

Source	NZ IFRS (RDR) Holdings Limited	
	Accumulated impairment losses	
	At 1 January 2023	
	At 31 December 2023	
NZ IFRS 3:B67(d)	Exchange differences	
	Impairment losses for the year	
NZ IAS 36:126	Eliminated on disposal of a subsidiary	
	At 31 December 2024	
NZ IFRS 3:B67(d)	**Carrying amount**	
	At 31 December 2024	
	At 31 December 2023	
	At 1 January 2023	

NZ IFRS 3:RDR B67.1

Commentary:
A Tier 2 entity is not required to disclose the reconciliation specified in paragraph B67(d) for prior periods, however, they are not exempt from the requirement to disclose impairment and reversals under NZ IAS 36.126. If the impairment lines are disclosed elsewhere in the financial statements, the entire prior period reconciliation may be deleted from this note.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The directors have consequently determined to write-off the goodwill directly related to Alpha Construction amount to CU__.

NZ IAS 36:RDR 130.1 — The recoverable amount of the Alpha Construction cash-generating unit amounted to CU___ as at 31 December 2024.

NZ IAS 36:126(a) — The impairment losses (reversals) has been included in profit or loss in the [*other operating expenses/cost of sales*] line item.

NZ IAS 36:RDR 130.1

Commentary:
A Tier 2 entity shall disclose the recoverable amount of each asset (cash generating unit) for which an impairment loss has been recognised or reversed during the period.

17. Intangible assets

Source		Capitalised development costs	Patents and trademarks	Total
		CU	CU	CU
NZ IAS 38:118(c) NZ IAS 38:118(e)	**Cost**			
	At 1 January 2023			
	At 31 December 2023			
	Additions from internal development			
	Additions from separate acquisitions			
	Acquired on acquisition of a subsidiary			
	Others [*describe*]			
	At 31 December 2024			

Source	NZ IFRS (RDR) Holdings Limited			
NZ IAS 38:118(c) NZ IAS 38:118(e)	**Amortisation**			
	At 1 January 2023			
	At 31 December 2023			
	Charge for the year			
	Others [*describe*]			
	At 31 December 2024			
	Carrying amount			
	At 31 December 2024			
	At 31 December 2023			
	At 1 January 2023			

NZ IAS 38:RDR 118.1

Commentary:

A Tier 2 entity is not required to disclose the reconciliation specified in paragraph 118(e) or as shown above for prior periods.

The amortisation period for development costs incurred on the group's [*specify*] development is [*number*] years.

Patents and trademarks are amortised over their estimated useful lives, which is on average [*number*] years.

NZ IAS 38:122(b)

The group holds a patent for the manufacture of its Z Series Electronic Equipment. The carrying amount of the patent of CU___ million (2023: CU___ million) will be fully amortised in __ years (2023: __ years).

18. Property, plant and equipment

Source		Land and buildings	Plant and machinery	Fixtures and fittings	Total
		CU	CU	CU	CU
	Cost or valuation				
	At 1 January 2023				
NZ IAS 16:73(d) - (e)	At 31 December 2023				
	Additions				
	Acquisitions of subsidiary				
	Reclassified as held for sale				
	Revaluation increase				
	Transferred to investment property				
	Others [*describe*]				
NZ IAS 16:73(d) - (e)	**At 31 December 2024**				
	Comprising:				
	At cost				
	At valuation 2024				

Source	NZ IFRS (RDR) Holdings Limited				
	Accumulated depreciation and impairment				
	At 1 January 2023				
NZ IAS 16:73(d) - (e)	At 31 December 2023				
	Charge for the year				
NZ IAS 36:126	Impairment loss				
	On assets reclassified as held for sale				
	Eliminated on revaluation				
	Transferred to investment property				
	Others [*describe*]				
NZ IAS 16:73(d) - (e)	**At 31 December 2024**				
	Carrying amount				
	At 31 December 2024				
	At 31 December 2023				
	At 1 January 2023				

NZ IAS 16:RDR 73.1

NZ IAS 36.126

Commentary:

A Tier 2 entity is not required to disclose the reconciliation specified in paragraph 73(e) or as above for prior periods, however, they are not exempt from the requirement to disclose impairment and reversals under NZ IAS 36.126. If the impairment lines are disclosed elsewhere in the financial statements, the entire prior period reconciliation may be deleted from this note.

Although not illustrated in these illustrative financial statements, for items of property, plant and equipment which are subject to an operating lease, a lessor should apply the disclosure requirements of NZ IAS 16.

NZ IFRS 16:95

For this purpose, each class of property, plant and equipment should be segregated into assets subject to operating leases and assets not subject to operating leases (i.e. the disclosures required by NZ IAS 16 should be provided separately for assets subject to an operating lease (by class of underlying asset) and owned assets held and used by the lessor.

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

The group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the group's freehold land and buildings as at 31 December 2024 and 31 December 2023 were performed by [*Name of valuers*], independent valuers not related to the group. [*Name of valuers*] are members of the Institute of Valuers of [*A Land*], and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

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	NZ IFRS (RDR) Holdings Limited

NZ IFRS 13:93(a) — Details of the group's freehold land and buildings as at the end of the reporting period are as follows:

	Fair value as at 31/12/2024
	CU
A manufacturing plant in [*A Land*] contains:	
Freehold land	
Buildings	

	Fair value as at 31/12/2023
	CU
A manufacturing plant in [*A Land*] contains:	
Freehold land	
Buildings	

The revaluation surplus is disclosed in note 43. The revaluation surplus arises in a subsidiary and cannot be distributed to the parent due to legal restrictions in the country of incorporation.

NZ IAS 16:74(c) — At 31 December 2024, the group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to CU___ million (2023: CU___ million).

Impairment losses recognised in the year

During the year, the group carried out a review of the recoverable amount of that manufacturing plant and the related equipment.

NZ IAS 36:126
NZ IAS 36:RDR 130.1 — The review led to the recognition of an impairment loss of CU__, which has been recognised in profit or loss. The manufacturing plant and the related equipment were impaired to their recoverable amount based on value in use of CU__, which is their carrying value at year end.

NZ IAS 36:126 — Additional impairment losses recognised in respect of property, plant and equipment in the year amounted to CU__ million. These losses are attributable to greater than anticipated wear and tear. Those assets have been impaired in full and they belong to the group's [name segment] reportable segment.

NZ IAS 36:126(a) — The impairment losses have been included in the profit and loss in the [*other expenses/cost of sales*] line item.

The impairment loss on fixtures and equipment arose in connection with the restructuring following the disposal of [*specify/provide cross-reference*].

NZ IAS 16:74(a) — **Assets pledged as security**

Freehold land and buildings with a carrying amount of CU___ million (2023: CU___ million) have been pledged to secure borrowings of the group (see note 32). The group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

NZ IFRS 16:96 — **19. Investment property**

	CU
Fair value	
At 1 January 2023	
At 31 December 2023	
Additions	
Disposals	
Increase in fair value during the year	
Transferred from property, plant and equipment	

NZ IAS 40:76

Source	NZ IFRS (RDR) Holdings Limited
	Others [*describe*]
NZ IAS 40:76	**At 31 December 2024**

Commentary:

NZ IAS 40:RDR 76.1 and RDR 76.2

A Tier 2 entity is not required to disclose the reconciliation above for prior periods.

A Tier 2 entity is not required to disclose separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognised in the carrying amount of an asset.

NZ IAS 40:75(e)

The fair value of the group's investment property at 31 December 2024 has been arrived at on the basis of a valuation carried out at that date by [*name of valuers*], independent valuers not connected with the group. The valuation conforms to International Valuation Standards. The fair value was determined [*based on the market comparable approach that reflects recent transaction prices for similar properties/other methods [describe]*].

NZ IFRS 13:91(a)

In estimating the fair value of the properties, the highest and best use of the properties is their current use. [*Describe the valuation technique and inputs used in the fair value measurement*].

NZ IFRS 13:93(a)

Details of the group's investment properties as at the end of the reporting period are as follows:

	Fair value as at 31/12/2024
	CU
Commercial units located in [*A Land*] – [*B City*]	
Office units located in [*A Land*] – [*C City*]	
Residential units located in [*A Land*] – [*D City*]	

	Fair value as at 31/12/2023
	CU
Commercial units located in [*A Land*] – [*B City*]	
Office units located in [*A Land*] – [*C City*]	
Residential units located in [*A Land*] – [*D City*]	

	Valuation technique(s)	Significant input(s)
Commercial property units located in [*A Land*] – [*C City*]	Income Capitalisation Approach	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property

The group has pledged all of its investment property to secure general banking facilities granted to the group.

NZ IAS 40:75(h)

The group has entered into a contract for the maintenance of its investment property for the next five years, which will give rise to an annual charge of CU___ million.

Source	NZ IFRS (RDR) Holdings Limited

20. Subsidiaries

Commentary:

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

New Zealand entities which are required to prepare parent financial statements should also consider, in respect of the parent entity, the requirements of NZ IAS 27 Separate Financial Statements and NZ IAS 24 Related Party Disclosures.

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

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

Principal activity	Place of incorporation and operation	Number of non-wholly-owned subsidiaries	
		31/12/2024	31/12/2023
[*Insert activity X*]	[*A Land*]		
[*Insert activity Y*]	[*B Land*]		

Principal activity	Place of incorporation and operation	Number of non-wholly-owned subsidiaries	
		31/12/2024	31/12/2023
[*Insert activity X*]	[*A Land*]		
[*Insert activity Y*]	[*B Land*]		

Commentary:

For illustrative purposes, the following non-wholly subsidiaries are assumed to have non-controlling interests that are material to the group. The amounts disclosed should not reflect the elimination of intragroup transactions.

NZ IFRS 12:9(b)

The group owns __ per cent of the equity shares of Subsidiary A Limited. However, based on the contractual arrangements between the group and other investors, the group has the power to appoint and remove the majority of the board of directors of Subsidiary A Limited. The relevant activities of Subsidiary A Limited are determined by the board of directors of Subsidiary A Limited based on simple majority votes. Therefore, the directors of the group concluded that the group has control over Subsidiary A Limited and Subsidiary A Limited is consolidated in these financial statements.

Subsidiary B Limited is listed on the stock exchange of [*B Land*]. Although the group has only __ per cent ownership in Subsidiary B Limited, the directors concluded that the group has a sufficiently dominant voting interest to direct the relevant activities of Subsidiary B Limited on the basis of the group's absolute size of shareholding and the relative size of and dispersion of the shareholdings owned by other shareholders. The per cent ownership interests in Subsidiary B Limited are owned by thousands of shareholders that are to the group, none individually holding more than __ per cent.

The reconciliation of non-controlling interests in note 51 includes an analysis of the profit or loss allocated to non-controlling interests of each subsidiary where the non-controlling interest is material.

NZ IFRS 12:13

There are no significant restrictions on the ability of the group to access or use assets and settle liabilities.

Source	NZ IFRS (RDR) Holdings Limited

Commentary:

NZ IFRS 12:15, 17

When the Group provides financial support to a consolidated structured entity, the nature and risks (including the type and amount of support provided) should be disclosed in the financial statements. Please see NZ IFRS 12:15 for details.

A Tier 2 entity receives a partial concession for NZ IFRS 12:13. See NZ IFRS 12:13 for details.

21. Associates

NZ IFRS 12:21(a) (i), (iii) and (iv)

Details of material associates

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

Commentary:

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

Name of associate	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group	
		31/12/2024	31/12/2023
Associate A Limited (i) & (ii)	[*A Land*]		
Associate A Limited (i) & (ii)	[*B Land*]		

NZ IFRS 12:21(b)(i) All of the above associates are accounted for using the equity method in these consolidated financial statements as set out in the group's accounting policies in note 3.

NZ IFRS 12:21(a)(iv) (i) Pursuant to a shareholder agreement, the parent company has the right to cast __ per cent of the votes at shareholder meetings of Associate A Limited.

NZ IFRS 12:21(b)(iii) (ii) As at 31 December 2024, the fair value of the group's interest in Associate A Limited, which is listed on the stock exchange of [*A Land*], was CU__ million (2023: CU__ million) based on the quoted market price available on the stock exchange of [*A Land*].

22. Joint ventures

Commentary:

In these illustrative financial statements, the group only has one joint venture, JV A Limited, and for illustrative purposes, JV A Limited is assumed to be material to the group.

Details of material joint ventures

NZ IFRS 12:21(a) (i),(iii) and (iv) Details of each of the group's material joint ventures at the end of the reporting period are as follows:

Name of joint venture	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group	
		31/12/2024	31/12/2023
JV A Limited	[*A Land*]		

NZ IFRS 12:21(b)(i) All of the above joint ventures are accounted for using the equity method in these consolidated financial statements as set out in the group's accounting policies in note 3.

Source	NZ IFRS (RDR) Holdings Limited

NZ IFRS 12:21(a)

23. Joint operations

The group has a material joint operation, Project ABC. The group has a __ per cent share in the ownership of a property located in [*District*], [*B City*]. The Group is entitled to a proportionate share of the rental income received and bears a proportionate share of the joint operation's expenses.

24. Investments in financial assets

Source		Current		Non-current	
		31/12/2024	31/12/2023	31/12/2024	31/12/2023
NZ IFRS 7:8(h)	**Investments in debt instruments classified as at FVTOCI (i)**				
	Corporate bonds				
NZ IFRS 7:8(h)	**Investments in equity instruments designated as at FVTOCI (ii)**				
NZ IFRS 7:RDR 8.1	**Financial assets measured at FVTPL (iii)**				
	Shares				
NZ IFRS 7:8(f)	**Financial assets measured at amortised cost (iv)**				
	Bills of exchange				
	Debentures				
	Redeemable notes				
	Loans to associates				
	Loan to joint venture				
	Loans to other entities				
	Loss allowance	( )	( )	( )	( )
	Total Investments				

NZ IFRS 7:RDR 8.1

Commentary:

A Tier 2 entity is not required to make the separate disclosure required by NZ IFRS 7:8(a) (i.e. it is not required to separate FVTPL items into those designated as at FVTPL and those mandatorily measured at FVTPL).

NZ IFRS 7:42J(a)

(i) The investments in listed corporate bond issued by [name of entity] are paying ___ per cent of interest per annum and the bonds will mature on [*insert date*]. At maturity the group will receive nominal amount of CU___. The corporate bonds are held by the group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Hence the corporate bonds are classified as at FVTOCI. See below for impairment assessment.

(ii) The group holds __ per cent of the ordinary share capital of Rocket Corp Limited, a company involved in the refining and distribution of fuel products. The directors of the parent company do not consider that the group is able to exercise significant influence over Rocket Corp Limited as the other ___ per cent of the ordinary share capital is held by one shareholder, who also manages the day-to-day operations of that company. The fair value of the investment was CU__ (2023: CU__).

At 31 December 2024, the group also continues to hold a ___ per cent interest in Associate C Limited, a former associate. The fair value of the investment was CU __ (2023: CU__).

Source	NZ IFRS (RDR) Holdings Limited

The valuation methodology for these investments is disclosed in note 62(a)(i).

The dividends received in respect of these investments are disclosed in note 9.

NZ IFRS 7:42J(a)

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI.

(iii) The group has also invested in a portfolio of listed shares which are held for trading.

(iv) The bills of exchange have maturity dates ranging between __ to __ months from the reporting date and return a variable rate of interest. The weighted average interest rate on these securities is __ per cent per annum (2023: __ per cent per annum).

The debentures return interest of __ per cent per annum payable monthly, and mature on [*date*].

The group holds listed redeemable notes returning __ per cent per annum. The notes are redeemable at par value on [*date*].

The group has provided its associates with short-term loans at rates comparable to the average commercial rate of interest. Further information about these loans is contained in note 64.

The group has provided a joint venture, JV A Limited, with a long-term loan which forms part of the net investment in the joint venture. The loan is repayable in 2070 and interest of __ per cent is receivable annually. The group does not apply the equity method of accounting to this instrument because it does not entitle the group to the share of net assets of the joint venture. As the loan settlement is neither planned nor likely to occur in the foreseeable future, for the purpose of accounting for losses of JV A Limited, the loan would form part of the group's net investment. Therefore, any losses recognised using the equity method in excess of the group's investment in ordinary shares of JV A Limited will be applied to the long-term loan. The loan is held by the group within a business model whose objective is to collect contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. Hence the loan to the joint venture is classified at amortised cost.

The bills of exchange, debentures, redeemable notes, and short-term loan to associates and loans to other parties are held by the group within a business model whose objective is to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. Hence all of those financial assets are classified as at amortised cost.

The fair value of the investments carried at amortised cost is disclosed in note 62(a).

NZ IFRS 7:42J(a)

Commentary:

For illustrative purposes, details of each investment were provided including how the classification requirements in NZ IFRS 9 was applied to each financial asset.

If an entity has designated investments in equity instruments to be measured at fair value through other comprehensive income, as permitted by paragraph 5.7.5 of NZ IFRS 9, it shall disclose which investments have been designated, the reasons for using alternative presentation, fair value of each investment at the end of the reporting period, dividends recognised during the period and any transfers of the cumulative gain or loss within equity.

Tier 2 entities are not required to provide disclosures under NZ IFRS 7:11A, however, entities should exercise judgement and the concept of materiality to determine the appropriate level of detail to disclose for its investments that provides meaningful information to the users of the financial statements.

Source	NZ IFRS (RDR) Holdings Limited

25. Inventories

Source		31/12/2024 CU	31/12/2023 CU
NZ IAS 2:36(b)	Raw materials		
	Work in progress		
	Finished goods		

NZ IAS 2:36(d) The cost of inventories recognised as an expense during the year in respect of continuing operations was CU__ million (2023: CU___ million).

NZ IAS 2:36(e), (f) The cost of inventories recognised as an expense includes CU___ million (2023: CU___ million) in respect of write-downs of inventory to net realisable value, and has been reduced by CU___ million (2023: CU__ million) in respect of the reversal of such write-downs.

NZ IAS 2:36(h) Inventories with a carrying amount of CU__ million (2023: CU___ million) have been pledged as security for certain of the Group's bank overdrafts.

NZ IFRS 15:B21(c)

26. Right to returned goods asset

	31/12/2024 CU	31/12/2023 CU
Right to returned goods asset		

The right to returned goods asset represents the group's right to recover products from customers where customers exercise their right of return under the group's 30-day returns policy.

NZ IFRS 15:116(a)

27. Contract assets

	31/12/2024 CU	31/12/2023 CU	1/1/2023 CU
Construction contracts			
Installation of software services			
Current			
Non-Current			

NZ IFRS 15:RDR 128.1

28. Contract costs

Source		31/12/2024 CU	31/12/2023 CU
NZ IFRS 15:128(a)	Costs to obtain contracts		
	Current		
	Non-current		

Source	NZ IFRS (RDR) Holdings Limited
NZ IFRS 15: RDR 128.1	***Commentary:*** *A Tier 2 entity is required to disclose the closing balances of assets recognised from the costs incurred to obtain or fulfill a contract with a customer (in accordance with paragraph 91 or 95 of NZ IFRS 15) but exempted from disclosing by main category of asset (for example, costs to obtain contracts with customers, pre-contract costs and setup costs).*
	Costs to obtain contracts relate to incremental commission fees of __ per cent paid to intermediaries as a result of obtaining residential property sales contracts.
NZ IFRS 15:127 NZ IFRS 15:128(b)	These costs are amortised on a straight–line basis over the period of construction (in general, 2 years) as this reflects the period over which the residential property is transferred to the customer. In 2024, amortisation amounting to CU___ (2023: CU___) was recognised as part of cost of sales in the consolidated statement of profit or loss. There was no impairment loss (2023: impairment loss CU__) in relation to the costs capitalised.
	Commentary: *A Tier 2 entity is not required to disclose the judgements made in determining the amount of costs incurred to obtain or fulfil a contract with a customer [see NZ IFRS 15:127(a)].*

29. Finance lease receivables

Source		31/12/2024 CU	31/12/2023 CU
	Amounts receivable under finance leases:		
NZ IFRS 16:94	Year 1		
	Year 2		
	Year 3		
	Year 4		
	Year 5		
	Onwards		
	Undiscounted lease payments		
	Unguaranteed residual values	( )	( )
	Less unearned finance income	( )	( )
	Present value of lease payments receivable		
	Impairment loss allowance	( )	( )
	Net investment in finance leases		
	Net investment in the finance leases analysed as:		
	Recoverable after 12 months		
	Recoverable within 12 months		

Source	
NZ IFRS 16:93	During the year, the finance lease receivables increased for the following reasons: [*qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases*.]
NZ IFRS 16:92	The group entered into finance lease arrangements as a lessor for certain store equipment to its retailers. The equipment is necessary for the presentation and testing of footwear and equipment manufactured by the group. The average term of finance leases entered into is __ years. Generally, these lease contracts do not include extension or early termination options.

Source	NZ IFRS (RDR) Holdings Limited

NZ IFRS 16:92
NZ IFRS 7:7

The group is not exposed to foreign currency risk as a result of the finance lease arrangements, as all leases are denominated in CU. Residual value risk on equipment under lease is not significant, because of the existence of a secondary market with respect to the equipment.

The following table presents the amounts included in profit or loss.

Source		31/12/2024 CU	31/12/2023 CU
NZ IFRS 16:90(a)(i)	Selling profit/loss for finance leases		
NZ IFRS 16:90(a)(ii)	Finance income on the net investment in finance leases		
NZ IFRS 16:90(a)(iii)	Income relating to variable lease payments not included in the net investment in finance leases		

The group's finance lease arrangements do not include variable payments.

NZ IFRS 7:7

The average effective interest rate contracted approximates __ per cent (2023:__ per cent) per annum.

Commentary:

A Tier 2 entity is not required to separately disclose the lease income for operating leases, in terms of income relating to variable lease payments that do not depend on an index or a rate [see NZ IFRS 16.90(b)].

For operating leases, a Tier 2 entity shall disclose lease income [NZ IFRS 16.RDR 90.1].

A Tier 2 entity is not required to provide the disclosures specified in paragraph 90 (relating to a lessor) in a tabular format, unless another format is more appropriate [see NZ IFRS 16.91].

NZ IFRS 16:52

30. Leases (group as a lessee)

Right-of-use assets

Source		Buildings CU	Plant CU	Equipment CU	Total CU
	Cost				
	At 1 January 2023				
	Additions				
	At 31 December 2023				
	Additions				
	At 31 December 2024				
NZ IFRS 16:53(a)	**Accumulated depreciation**				
	At 1 January 2023				
NZ IFRS 16:53(a)	Charge for the year				
	At 31 December 2023				
	Charge for the year				
	At 31 December 2024				
NZ IFRS 16:53(j)					
NZ IFRS 16:53(j)	**Carrying amount**				
	At 31 December 2024				
	At 31 December 2023				

Source	NZ IFRS (RDR) Holdings Limited

Commentary:

IFRS 16:47(a) states that where a lessee does not present right-of-use assets separately in the statement of financial position, the lessee shall:

- *include right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned and*
- *disclose which line items in the statement of financial position include those right-of-use asset.*

NZ IFRS 16:59(a) The group leases several assets including buildings, plant and IT equipment. The average lease term is _ years (2023: _ years).

The group has options to purchase certain manufacturing equipment for a nominal amount at the end of the lease term. The group's obligations are secured by the lessor's title to the leased assets for such leases.

NZ IFRS 16:53(h) Approximately one fifth of the leases for buildings and equipment expired in the current financial year. The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets of CU__ million in 2024 (2023: CU__ million).

Source		31/12/2024	31/12/2023
		CU	CU
	Amounts recognised in profit or loss		
NZ IFRS 16:53(a)	Depreciation expense on right-of-use assets		
NZ IFRS 16(53(b)	Interest expense on lease liabilities		
NZ IFRS 16:53(c)	Expense relating to short-term leases		
NZ IFRS 16:53(d)	Expense relating to leases of low value assets		
NZ IFRS 16:53(e)	Expense relating to variable lease payments not included in the measurement of the lease liability		
NZ IFRS 16:53(f)	Income from sub-leasing right-of-use assets		

NZ IFRS 16:54 ***Commentary:***

A Tier 2 entity is not required to provide disclosures specified in paragraph 53 in a tabular format.

NZ IFRS 16:RDR 54.1 *The amounts disclosed in accordance with paragraph 53 above shall include costs that a Tier 2 lessee has included in the carrying amount of another asset during the reporting period.*

NZ IFRS 16:60 For short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones), the group recognises the lease payments as an operating expense [on a straight-line basis over the term of the lease/ describe the systematic basis use if this is more representative of the time pattern in which economic benefits from the leased assets are consumed].

NZ IFRS 16:55 At 31 December 2024, the group is committed to CU__ million (2023: CU__ million) for short-term leases.

NZ IFRS 16:59(b)
NZ IFRS 16:B49 Some of the property leases in which the group is the lessee contain variable lease payment terms that are linked to sales generated from the leased stores. Variable payment terms are used to link rental payments to store cash flows and reduce fixed cost. The breakdown of lease payments for these stores is as follows.

	31/12/2024	31/12/2023
	CU	CU
Fixed payments		
Variable payments		
Total payments		

Source	NZ IFRS (RDR) Holdings Limited

NZ IFRS 16:59(b)(i)
NZ IFRS 16:B49

Overall the variable payments constitute up to __ per cent of the group's entire lease payments. The group expects this ratio to remain constant in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years. Taking into account the development of sales expected over the next __ years, variable rent expenses are expected to continue to present a similar proportion of store sales in future years.

NZ IFRS 16:53(g)

The total cash outflow for leases amount to CU __ million (2023: CU __ million).

On [*date*] 2024, [*Subsidiary A Limited*] entered into a 10-year lease to rent property, which had not commenced by the year-end and as a result, a lease liability and right-of-use asset has not been recognised at 31 December 2024. The aggregate future cash outflows to which the group is exposed in respect of this contract is fixed payments of CU__ per year, for the next 10 years.

There are no extension or termination options on the lease.

NZ IFRS 16:59

Commentary:

In addition to the disclosures required in NZ IFRS 16:53 - 58, a lessee is required to disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in NZ IFRS 16:51. This additional information may include, but is not limited to, information that helps users of financial statements to assess:

- *the nature of the lessee's leasing activities;*
- *future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from:*
  - *variable lease payments*
  - *extension options and termination options*
  - *residual value guarantees*
  - *leases not yet commenced to which the lessee is committed*
- *restrictions or covenants imposed by leases*

sale and leaseback transactions.

31. Trade and other receivables

	31/12/2024	31/12/2023
	CU	CU
Trade receivables		
Loss allowance	( )	( )
Deferred consideration for the disposal of [*name of subsidiary*]		
Other receivables		
Prepayments		

NZ IFRS 15:116(a)

As at 1 January 2023, trade receivables from contracts with customers amounted to CU__ (net of loss allowance of CU__).

Trade receivables

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

NZ IFRS 7:21

The group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL.

Source	NZ IFRS (RDR) Holdings Limited

NZ IFRS 7:8(g)

32. Borrowings

	31/12/2024	31/12/2023
	CU	CU
Unsecured borrowing at FVTPL		
Redeemable cumulative preference shares		
Unsecured borrowing at amortised cost		
Bank overdrafts		
Bank loans		
Bills of exchange		
Loans from related parties		
Loans from government		
Perpetual notes		
Secured borrowing at amortised cost		
Bank overdrafts		
Bank loans		
Total borrowings		
Non-current		
Current		

Analysis of borrowings by currency:

	Currency Units	[*Currency B*]	[*Currency C*]	Total
	CU	CU	CU	CU
31 December 2024				
Bank overdrafts				
Bills of exchange				
Loans from related parties				
Redeemable cumulative preference shares				
Perpetual notes				
Bank loans				

Source	NZ IFRS (RDR) Holdings Limited
	31 December 2023
	Bank overdrafts
	Bills of exchange
	Loans from related parties
	Redeemable cumulative preference shares
	Perpetual notes
	Bank loans

NZ IFRS 7:7

The other principal features of the group's borrowings are as follows:

(i) Bank overdrafts are repayable on demand. Overdrafts of CU__ million (2023: CU__ million) have been secured by a charge over certain debentures held by the group dated [date]. In line with the minimum required security, the carrying value of these debentures is CU__ million (2023: CU__ million). The average effective interest rate on bank overdrafts is approximately __ per cent (2023: __ per cent) per annum and rates are determined based on __ per cent plus prime rate.

(ii) The group has two principal bank loans:

(a) A loan of CU___ million (2023: CU___ million). The loan was taken out on [*date*]. Repayments commenced on [*date*] and will continue until [*date*]. The loan is secured by a floating charge over certain of the group's trade receivables dated [*date*], whose carrying value is CU___ million (2023: CU___ million). The group is required to maintain trade receivables that are neither past due nor impaired with carrying value of CU___ million as security for the loan (see note 31). Originally, the loan carried interest at __ per cent above 3-month LIBOR. However, in the first quarter of 2023, the group transitioned its CU__ million bank borrowings to SOFR. The CU__ million bank borrowings that transitioned to SOFR had an additional fixed spread added of [x]bps. No other terms were amended as part of the transition. The group accounted for the change to SOFR using the practical expedient in NZ IFRS 9, which allows the group to change the basis for determining the contractual cash flows prospectively by revising the effective interest rate. See note 62.

(b) An unsecured loan of CU___ million (2023: CU___ million). This loan was advanced on [*date*] and is due for repayment in full on [*date*]. The bank loan carries fixed interest rate at ___ per cent (2023: ___ per cent) per annum. The group hedges a portion of the loan for interest rate risk using an interest rate swap exchanging fixed rate interest for variable rate interest. The outstanding balance is adjusted for fair value movements in the hedged risk, being movements in the 6-month EURIBOR rate. The cumulative fair value adjustment to the loan was CU___ million (2023: CU___ million).

(iii) Bills of exchange with a variable interest rate were issued on [*date*]. The current weighted average effective interest rate on the bills is __ per cent (2023: __ per cent) per annum.

(iv) Amounts repayable to related parties of the group carry interest of __ per cent to __ per cent (2023: __ per cent to __ per cent) per annum charged on the outstanding loan balances.

NZ IFRS 7:10(a)
NZ IFRS 7:10(b)

(v) Redeemable cumulative preference shares of CU__ million were issued on [*date*] at an issue price of CU__ per share. The shares carry __ per cent non-discretionary dividends and are mandatorily redeemable on [*date*] at CU__ per share. The preference shares do not carry any equity component and are classified as financial liabilities in their entirety. At the same date when the preference shares were issued, the group entered into a pay-floating, receive-fixed interest rate swap to reduce the fair value risk of changing interest rates. The swap's notional is CU__ million and matches the principal of the preference shares. The swap matures on [*date*]. To mitigate the accounting mismatch arising on measuring the liability at amortised cost and measuring the derivative at FVTPL, the Group designated the preference shares as at FVTPL. The changes in the fair value of the preference shares due to the changes in the credit risk do not create or enlarge the accounting mismatch and, therefore, they are recognised in other comprehensive income and accumulated in the financial liabilities at FVTPL credit risk reserve (See note 45). The cumulative amount change in fair value due to credit risk was CU__ (2023: CU__). The difference between the carrying amount (i.e. the fair value) of the preference shares and the contractual amount that will be required to pay at maturity is CU__ (2023: CU__). The valuation methodology and inputs used are disclosed in note 62(a)(i).

Source	NZ IFRS (RDR) Holdings Limited

(vi) Perpetual notes of CU___ million carrying interest of __ per cent were issued on [*date*] at principal value. Issue costs of CU___ million were incurred.

(vii) On [*date*], the group received an interest-free loan of CU__ million from the government of [*B Land*] to finance staff training costs. The loan is repayable in full at the end of a two-year period. Using prevailing market interest rates for an equivalent loan of ___ per cent, the fair value of the loan is estimated at CU___ million. The difference of CU___ between the gross proceeds and the fair value of the loan is the benefit derived from the interest-free loan and is recognised as deferred income (see note 59). Interest charges will be recognised on this loan in 2024 (CU___) and 2025 (CU___).

The weighted average interest rates paid during the year were as follows:

	31/12/2024	31/12/2023
	%	%
Bank overdrafts		
Bills of exchange		
Loans from related parties		
Redeemable cumulative preference shares		
Perpetual notes		
Bank loans		

NZ IFRS 7:7

Commentary:

Entities shall disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance. Entities should exercise judgement to determine the appropriate level of detail to disclose that provides meaningful information to the users of the financial statements.

Breach of a loan agreement

Commentary:

NZ IFRS 7:RDR 18.1

For loans payable recognised at the end of the reporting period for which there is a breach of terms or default of principal, interest, sinking fund, or redemption of terms that has not been remedied by the end of the reporting period, a Tier 2 entity shall disclose the following:

(a) details of that breach or default:

(b) the carrying amount of the related loans payable at the end of the reporting period; and,

(c) whether the breach or default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue.

Covenants

The secured bank loan 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 as calculated in note 62. The group has complied with this covenant in 2024 and 2023.

Commentary:

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: [NZ IAS 1:76ZA]

• 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

Source	NZ IFRS (RDR) Holdings Limited

• 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).

Perpetual notes issued by the group do not contain financial covenants, however the group is required to provide notification to the note holders following a change of control. Change of control may, at the discretion of the note holders, trigger the establishment of additional guarantees or the early repayment of outstanding amounts.

Other borrowings issued by the group do not contain any covenants.

NZ IFRS 7:7

NZ IFRS 7:17

NZ IAS 1:79(vii)

33. Convertible loan notes

The convertible loan notes were issued on [*date*] at an issue price of CU___ per note. The notes are convertible into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date. On issue, the loan notes were convertible at __ shares per CU___ loan note. The conversion price is at a __ per cent premium to the share price of the ordinary shares at the date the convertible loan notes were issued.

If the notes have not been converted, they will be redeemed on [*date*] at par. Interest of ___ per cent will be paid annually up until that settlement date.

NZ IAS 32:28

The net proceeds received from the issue of the convertible loan notes have been split between the financial liability element and an equity component, representing the fair value of the embedded option to convert the financial liability into equity of the parent company, as follows:

	CU
Proceeds of issue of convertible loan notes	
Transaction costs	
Net proceeds from issue of convertible loan notes	
Equity component	
Transaction costs relating to equity component	
Amount classified as equity	
Liability component at date of issue (net of transaction costs)	
Interest charged (using effective interest rate)	
Interest paid	( )
Carrying amount of liability component at 31 December 2024	

The equity component of CU___ million has been credited to the option premium on convertible notes reserve (see note 44).

The interest expensed for the year is calculated by applying an effective interest rate of __ per cent to the liability component for the ___ months period since the loan notes were issued. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the reporting at 31 December 2024 represents the effective interest rate less interest paid to that date.

Source	NZ IFRS (RDR) Holdings Limited

34. Derivative financial instruments

		31/12/2024	31/12/2023
		CU	CU
NZ IFRS 7:RDR 8.1	**Derivative financial assets**		
	Derivatives that are designated and effective as hedging instruments carried at fair value:		
	Foreign currency forward contracts		
	Interest rate swaps		
	Commodity options		
NZ IFRS 7:RDR 8.1	**Derivative financial liabilities**		
	Derivatives that are designated and effective as hedging instruments carried at fair value:		
	Foreign currency forward contracts		
	Interest rate swaps		
	Held for trading derivatives that are not designated in hedge accounting relationships:		
	Interest rate swaps		

NZ IFRS 7:RDR 8.1

Commentary:

For financial liabilities measured at fair value, a Tier 2 entity is not required to make the separate disclosure required by NZ IFRS 7:8(e) (i.e. it is not required to separate FVTPL items into those held for trading and those designated at FVTPL.

For financial assets measured at fair value, a Tier 2 entity is not required to separate FVTPL items into those designated at FVTPL, those elected to be measured at FVTPL in accordance with NZ IFRS 9.3.3.5 or NZ IAS 32.33A, and those mandatorily measured at FVTPL in accordance with NZ IFRS 9.

35. Deferred tax

NZ IAS 12:81(g)

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

	Accelerated tax depreciation	Deferred development costs	Revaluation of building	Revaluation of financial assets	Convertible loan note – equity component	Retirement benefit obligations	Share-based payments	Tax losses	Total
	CU	CU	CU	CU	CU	CU	CU	CU	CU
At 1 January 2023									
Charge to profit or loss									
Charge to other comprehensive income									
Charge direct to equity									
Exchange differences									

Source	NZ IFRS (RDR) Holdings Limited

At 1 January 2024	
Charge to profit or loss	
Charge to other comprehensive income	
Charge direct to equity	
Acquisition of subsidiary	
Disposal of subsidiary	
Exchange differences	
Effect of change in tax rate:	
- profit or loss	
- other comprehensive income	
- direct to equity	
At 31 December 2024	

NZ IAS 12:74

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis. The following analysis of the deferred tax balances (after offset) for financial reporting purposes:

	31/12/2024	31/12/2023
	CU	CU
Deferred tax liabilities		
Deferred tax assets		

NZ IAS 12:81(e)

At the reporting date, the group has unused tax losses of CU___ million (2023: CU___ million) available for offset against future profits. A deferred tax asset has been recognised in respect of CU___ million (2023: CU___ million) of such losses. No deferred tax asset has been recognised in respect of the remaining CU___ million (2023: CU___ million) as it is not considered probable that there will be future taxable profits available. Included in unrecognised tax losses are losses of CU___ million (2023: CU___ million) that will expire in [year]. Other losses may be carried forward indefinitely.

Source	NZ IFRS (RDR) Holdings Limited

36. Lease liabilities

	31/12/2024 CU	31/12/2023 CU
Total undiscounted lease payments		
Less unearned interest	( )	( )
Analysed as:		
Non-current		
Current		

Commentary:

NZ IFRS 16:47(b) states where a lessee does not present lease liabilities separately in the statement of financial position, the lessee shall disclose which line items in the statement of financial position include those liabilities.

37. Trade and other payables

	31/12/2024 CU	31/12/2023 CU
Trade payables		
Of which amounts that are part of supplier financing arrangements (see note 54)		
Other taxation and social security		
Other payables		
Accruals		

NZ IFRS 7:7

The average credit period taken for trade purchases is ___ days (excluding the supplier finance arrangements).

38. Other financial liabilities

	31/12/2024 CU	31/12/2023 CU
Contingent consideration		
Financial guarantee contracts		

The group's major supplier, Entity A, borrowed CU__ million from Bank Z on 30 June 2023. The bank loan has a maturity of 3 years. The group guaranteed this bank loan and in the event of default of Entity A will have to pay Bank Z. The maximum group exposure is CU__ million and the given guarantee covers the time until maturity of underlying bank loan. The group received a premium of CU__. The carrying amount of the guarantee is established as the higher of:

- amount of loss allowance calculated in accordance with NZ IFRS 9; and

Source	NZ IFRS (RDR) Holdings Limited

- premium received less cumulative amortisation of the premium to date (according to group's policy amortisation is calculated on straight-line basis until maturity of the contract).

39. Provisions

	31/12/2024	31/12/2023
	CU	CU
Warranty provision		
Restructuring provision		
Restoration provision		
Other		
Current		
Non-current		

Source		Warranty provision	Restructuring provision	Restoration provision	Other	Total
		CU	CU	CU	CU	CU
NZ IAS 37:84(a)	**At 1 January 2024**					
NZ IAS 37:84(c)	Utilisation of provision					
	On acquisition of subsidiary					
	Other movements to provision					
	Exchange difference					
NZ IAS 37:84(a)	**At 31 December 2024**					

NZ IAS 37:85(a)-(b) The warranty provision represents management's best estimate of the group's liability under 12-month warranties granted on electrical products, based on past experience and industry averages for defective products.

NZ IAS 37:85(a)-(b) The restructuring provision relates to redundancy costs incurred on the disposal of [*name of subsidiary*]. As at 31 December 2024, approximately 50 per cent of the affected employees had left the group's employment, with the remainder departing in January 2025.

NZ IAS 37:85(a)-(b) The restoration provision has been created upon the enactment of new environmental legislation in [*A Land*] on 15 December 2024 which requires companies in [*A Land*] to clean up contaminated land by 30 June 2025 and bear the associated costs thereof. Management is in the process of clarifying certain aspects of the legislation and therefore the final assessment of costs that the parent company will need to incur may change materially based on the outcome of this process. Based on the current interpretation of the legislation, the directors have estimated a liability of CU__ million. In estimating the liability, the directors have made assumptions regarding the following: local site volume of contamination, proximity to approved landfill sites, technology available to decontaminate and costs required to dispose of specialised raw materials.

[*Describe other provision*]

Commentary:

NZ IAS 37:RDR 85.1 *A Tier 2 entity is not required to disclose the major assumptions concerning future events in accordance with paragraph NZ IAS 37:85(b).*

Notes 40 to 51 below set out detailed descriptions and reconciliations for each class of share capital and each component of equity, as required by NZ IAS 1:79, NZ IAS 1:106 and NZ IAS 1:106A. NZ IAS 1 permits some flexibility regarding the level of detail presented in the statement of changes in equity and these supporting notes. NZ IAS 1 allows an analysis of other comprehensive income by item for each component of equity to be presented either in the statement of changes in equity or in the notes. For the purposes of the preparation of these illustrative financial statements, the group has elected to present the analysis of other comprehensive income in the notes.

Source	NZ IFRS (RDR) Holdings Limited
	NZ IAS 1 also allows that some of the details regarding items of other comprehensive income 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 illustrative financial statements) ensures that the primary financial statements are not cluttered by unnecessary detail, but it does result in very detailed supporting notes.*
NZ IAS 1:106, 106A, 107	*Whichever presentation is selected, entities will need to ensure that the following requirements are met:* • *detailed reconciliations are required for each class of share capital (in the statement of changes in equity or in the notes)* • *detailed reconciliations are required for each component of equity – separately disclosing the impact on each such component of (i) profit or loss, (ii) each item of other comprehensive income, and (iii) transactions with owners in their capacity as owners (in the statement of changes in equity or in the notes)* *A Tier 2 entity is not required to disclose income tax relating to each item of other comprehensive income or reclassification adjustments, and to prevent duplication may choose to present the reduced disclosures on the face of the statement of profit or loss and other comprehensive income.*
NZ IAS 1:90, 92	*A Tier 2 entity is not required to disclose income tax relating to each item of other comprehensive income or reclassification adjustments, and to prevent duplication may choose to present the reduced disclosures on the face of the statement of profit or loss and other comprehensive income.*

40. Share capital

Source		31/12/2024	31/12/2023
		Number	Number
NZ IAS 1:79(a)	Issued and fully paid		
	At 1 January __ million ordinary shares of CU__ each		
	Issued during the year		
	Own shares acquired in the year		
	At 31 December __ million ordinary shares of CU__ each		

[*Give details of changes in share capital during the year.*]

NZ IAS 1:79(a) The parent company has one class of ordinary shares which carry no right to fixed income.

Additionally the parent company has issued and fully paid ___ million redeemable cumulative preference shares of CU__ each classified as liabilities. These shares do not carry voting rights. Further details are provided in note 32.

NZ IAS 1:79(b)

41. Share premium account

	2024	2023
	CU	CU
Balance at 1 January		
Premium arising on issue of equity shares		
Share issue costs		
Balance at 31 December		

Source	NZ IFRS (RDR) Holdings Limited

NZ IAS 1:106(d)

42. Own shares

	2024	2023
	CU	CU
Balance at 1 January		
Acquired in the year		
Disposed of on exercise of options		
[*Other movement*]		
Balance at 31 December		

NZ IAS 1:79(b)

The own shares reserve represents the cost of shares in NZ IFRS (RDR) Holdings Limited purchased in the market and held by the NZ IFRS (RDR) Holdings Limited Employee Benefit Trust to satisfy options under the group's share options plans (see note 57). The number of ordinary shares held by the employee benefit trust at 31 December 2024 was __ (2023:__).

43. Revaluation reserves

Properties revaluation reserve

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.

Distributions from the properties revaluation reserve can be made where they are in accordance with the requirements of the parent company's constitution and company law. Amounts may also be effectively distributed out of the properties revaluation reserve as part of a share buy-back. Generally, there is no restriction on the payment of 'bonus shares' out of the properties revaluation reserve. However, the payment of cash distributions out of the reserve is restricted by the terms of the parent company's constitution. These restrictions do not apply to any amounts transferred to retained profits. The directors do not currently intend to make any distribution from the properties revaluation reserve.

NZ IAS 1:106(d)
NZ IAS 1:106A
NZ IAS 1:79(b)
NZ IAS 16:77(f)

	Properties revaluation reserve
	CU
Balance at 1 January 2023	
Revaluation decrease on land and buildings	
Others [*describe*]	
Balance at 1 January 2024	
Revaluation increase on land and buildings - net of tax	
Others [*describe*]	
Effect of change in tax rate	
Balance at 31 December 2024	

Investments revaluation reserve

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of:

(i) investments in equity instruments designated as at FVTOCI, net of cumulative gain/loss transferred to retained earnings upon disposal; and

Source	NZ IFRS (RDR) Holdings Limited
	(ii) investments in debt instruments classified as at FVTOCI, net of cumulative loss allowance recognised on these investments and cumulative gain/loss reclassified to profit or loss upon disposal or reclassification of these investments.
	The reconciliation of movements in the investment revaluation reserve for years 2024 and 2023 is presented below:

Source		Investment in equity instruments designated as at FVTOCI	Investment in debt instruments classified as at FVTOCI	Investment revaluation reserve
NZ IAS 1:106(d) NZ IAS 1:106A NZ IAS 1:79(b)		CU	CU	CU
	Balance as at 1 January 2023			
NZIFRS 7:20(a)(vii) NZIFRS 7:20(a)(viii)	Fair value gain/(loss) arising during the period - net of tax			
NZ IFRS 7:20(a)(viii) NZ IFRS 9:B5.7.1	Cumulative (gain)/loss on investments in equity instruments designated as at FVTOCI transferred to retained earnings upon disposal			
NZ IFRS 7:20(a)(viii)	Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal			
NZ IAS 1:82(cb)	Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL			
	Others [*describe*]			
	Balance as at 1 January 2024			
NZIFRS 7:20(a)(vii)	Fair value gain/(loss) arising during the period - net of tax			
NZ IFRS 7:20(a)(viii) NZ IFRS 9:B5.7.1	Cumulative (gain)/loss on investments in equity instruments designated as at FVTOCI transferred to retained earnings upon disposal			
NZ IFRS 7:20(a)(viii) NZ IAS 1:106A	Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal			
NZ IAS 1:82(cb) NZ IAS 1:106A	Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL			
	Others [*describe*]			
	Balance as at 31 December			

NZ IAS 1:106(d)

44. Option premium on convertible notes reserve

	2024	2023
	CU	CU
Balance at 1 January		
Recognition of equity component of convertible loan notes – net of tax (see note 33)		
Others [*describe*]		
Balance at 31 December		

NZ IAS 1:79(b) This reserve represents the equity component of convertible debt instruments (see note 33).

Source	NZ IFRS (RDR) Holdings Limited

NZ IAS 1:106(d)
NZ IAS 1:106A

45. Financial liabilities at FVTPL credit risk reserve

Source		2024	2023
		CU	CU
	Balance at 1 January		
NZ IFRS 7:RDR 20.1	Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk - net of tax		
	Transfer of credit risk reserve to retained earnings upon derecognition of related financial liabilities		
	Others [*describe*]		
	Balance at 31 December		

Commentary:

NZ IFRS 7:RDR 20.1

A Tier 2 entity shall disclose, either in the statement of comprehensive income or in the notes, net gains or losses on financial assets or liabilities measured at fair value through profit or loss. For financial liabilities designated as at fair value through profit or loss, an entity shall show separately the amount of gain or loss recognised in other comprehensive income and the amount recognised in profit or loss.

46. Cash flow hedge reserve

Source		2024	2023
		CU	CU
	Balance at 1 January		
NZ IFRS 7:24C(b)(i)	Gain/(loss) arising on changes in fair value of hedging instruments during the period – net of tax		
NZ IFRS 7:24C (b)(iv) NZ IFRS 7:RDR 24C.2	(Gain)/loss reclassified to profit or loss – net of tax		
	Cumulative (gain)/loss transferred to initial carrying amount of hedged items – net of tax		
	Others [*describe*]		
	Balance at 31 December		

NZ IAS 1:79(b)
NZ IAS 1:82A

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction 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).

Commentary:

NZ IFRS 7:RDR 24C.2

A Tier 2 entity is required to disclose only the amount reclassified from the cash flow hedge reserve or the foreign currency translation reserve into profit or loss as a reclassification adjustment (differentiating between amounts for which hedge accounting had previously been used, but for which the hedged future cash flows are no longer expected to occur, and amounts that have been transferred because the hedged item has affected profit or loss).

NZ IFRS 7:RDR 24C.1

A Tier 2 entity is not required to make the disclosures required under paragraph 24C in a tabular format.

Source	NZ IFRS (RDR) Holdings Limited
NZ IFRS 7:24E	*A Tier 2 entity is not required to provide a reconciliation of each component of equity and an analysis of other comprehensive income. The reclassified/transferred amounts are usually disclosed in the Statement of Changes in Equity.*

NZ IAS 1:106(d)
NZ IAS 1:79(b)
NZ IAS 1:82A

47. Cost of hedging reserve

The cost of hedging reserve includes the effects of the following:

- changes in fair value of the time value of option when only the intrinsic value of the option is designated as the hedging instrument;
- changes in fair value of the forward element of a forward contract when only the change in the value of the spot element of the forward contract is designated as the hedging instrument (consistent with the group's accounting policy to recognise non-designated component of forward contracts in equity); and
- changes in fair value of the foreign currency basis spread of a financial instrument when the foreign currency basis spread of a financial instrument is excluded from the designation of that financial instrument as the hedging instrument (consistent with the group's accounting policy to recognise non-designated component of foreign currency derivative in equity).

The changes in fair value of the time value of an option, forward element of a forward contract and foreign currency basis spread of a financial instrument, in relation to a transaction-related hedged item accumulated in the cost of hedging reserve, are reclassified to profit or loss only when the hedged transaction affects profit or loss, or included as a basis adjustment to the non-financial hedged item. The changes in fair value of the time value of an option, forward element of a forward contract and foreign currency basis spread of a financial instrument, in relation to a time-period related hedged item accumulated in the cash flow hedging reserve, are amortised to profit or loss on a rational basis over the term of the hedging relationship.

NZ IAS 1:106(d)
NZ IAS 1:106A

48. Foreign exchange translation reserve

Source		2024	2023
		CU	CU
	Balance at 1 January		
NZ IFRS 7:24C(b)(i)	Gain/loss arising on changes in fair value of hedging instruments designated in net investment hedges – net of income tax		
	Exchange differences on translating the net assets of foreign operations – net of income tax		
NZ IFRS:24C(b)(iv) NZ IFRS 7:RDR 24C.2	Gain/loss on hedging instruments reclassified to profit or loss on disposal of foreign operations – net of income tax		
	Gain/(loss) reclassified to profit or loss on disposal of foreign operations - net of income tax		
	Balance at 31 December		

NZ IFRS 7:RDR 24C.1
NZ IFRS 7:RDR 24C.2

Commentary:

A Tier 2 entity is not required to make the disclosures required by NZ IFRS 7:24C in a tabular format.

A Tier 2 entity is required to disclose only the amount reclassified from the foreign currency translation reserve into profit or loss as a reclassification adjustment (differentiating between amounts for which hedge accounting had previously been used, but for which the hedged future cash flows are no longer expected to occur, and amounts that have been transferred because the hedged item has affected profit or loss).

Source	NZ IFRS (RDR) Holdings Limited

NZ IAS 1:106(d)

49. Share-based payments reserve

	CU
Balance at 1 January 2023	
Credit to equity for equity-settled share-based payments –net of income tax	
Balance at 1 January 2024	
Credit to equity for equity-settled share-based payments – net of income tax	
Balance at 31 December 2024	

NZ IAS 1:106(d)

50. Retained earnings

	CU
Balance at 1 January 2023 – As restated	
Dividends paid	
Net profit for the year	
Other comprehensive income arising from measurement of defined benefit obligation net of income tax	
Adjustment arising from change in non-controlling interest (see note 51)	
Balance at 1 January 2024	
Dividends paid	
Net profit for the year	
Other comprehensive income arising from measurement of defined benefit obligation net of income tax	
Adjustment arising from change in non-controlling interest (see note 51)	
Balance at 31 December 2024	

Included within retained earnings is an amount of CU __ million (2023: CU__ million) that represents unrealised profits arising on remeasurement of the group's investment properties.

51. Non-controlling interests

NZ IAS 1:106(b)
NZ IAS 1:106(d)
NZ IAS 1:106A

	CU
Balance at 1 January 2023	
Share of profit for the year	
Payment of dividends	
Balance at 1 January 2024	
Share of profit for the year	
Payment of dividends	
Non-controlling interests arising on the acquisition of [*Acquisition B Limited*] (see note 53)	
Additional non-controlling interests arising on disposal of interest in [*name of subsidiary*] (see note 20)	
Non-controlling interest relating to outstanding vested share options held by the employees of [*Acquisition B Limited*] (i)	
Balance at 31 December 2024	

Source	NZ IFRS (RDR) Holdings Limited

(i) As at 31 December 2024, executives and senior employees of [*Acquisition B Limited*] held options over ordinary shares of [*Acquisition B Limited*], of which ___ will expire on 12 March 2026 and ___ will expire on 17 September 2026. These share options were issued by [*Acquisition B Limited*] before it was acquired by the group in the current year. All of the outstanding share options had vested by the acquisition date of [*Acquisition B Limited*]. CU____ represents the market-based measure of these share options measured in accordance with NZ IFRS 2 at the acquisition date. Further details of the employee share option plan are provided in note 57.

52. [Intentionally left blank]

53. Acquisition of subsidiaries

[*Acquisition A Limited*]

NZ IFRS 3:B64(a) - (c)

On [*date*], the group acquired 100 per cent of the issued share capital of [*Acquisition A Limited*], obtaining control of [*Acquisition A Limited*]. [*Acquisition A Limited*] is a [*describe operations of entity acquired*] and qualifies as a business as defined in NZ IFRS 3 *Business Combinations*.

NZ IFRS 3:B64(i)

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	CU
Financial assets	
Cash and cash equivalents	
Inventory	
Property, plant and equipment	
Identifiable intangible assets	
Financial liabilities	
Deferred tax assets/(liabilities)	
Contingent liability	
Total identifiable assets acquired and liabilities assumed	
Goodwill	
Total consideration	
Satisfied by:	
Cash	
Equity instruments (_ ordinary shares of parent company)	
Contingent consideration arrangement	
Total consideration transferred (NZ IFRS 3:B64(f))	

NZ IFRS 3:B64(j)

A contingent liability of CU___ million has been recognised in respect of [*provide description of nature of obligation*]. We expect that the majority of this expenditure will be incurred in 2025 and that all will be incurred by the end of 2026. The potential undiscounted amount of all future payments that the group could be required to make in respect of this contingent liability is estimated to be between CU__ million and CU__ million.

NZ IAS 36:84

Commentary:

If the initial allocation of goodwill acquired in a business combination during the period cannot be completed before the end of the reporting period, the amount of the unallocated goodwill should be disclosed together with the reasons why that amount remains unallocated.

The fair value of the ___ ordinary shares issued as part of the consideration paid for [*Acquisition A Limited*] (CU__ million) was determined on the basis of [*describe method for determining fair value*].

Source	NZ IFRS (RDR) Holdings Limited
NZ IFRS 3:B64(g)	The contingent consideration arrangement requires [*describe conditions of the contingent consideration arrangement*]. The potential undiscounted amount of all future payments that NZ IFRS (RDR) Holdings Limited could be required to make under the contingent consideration arrangement is between CU___ million and CU___ million.
NZ IFRS 3:B64(g)	The fair value of the contingent consideration arrangement of CU___ million was estimated by applying [*describe method for estimating fair value*].
	[*Acquisition B Limited*]
NZ IFRS 3:B64(a) - (c)	On [*date*], the group acquired 80 per cent of the issued share capital of [*Acquisition B Limited*], obtaining control of [*Acquisition B Limited*]. [*Acquisition B Limited*] is a [*describe operations of entity acquired*] and qualifies as a business as defined in NZ IFRS 3.
NZ IFRS 3:B64(i)	The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	CU
Financial assets	
Cash and cash equivalents	
Inventory	
Property, plant and equipment	
Identifiable intangible assets	
Financial liabilities	
Total identifiable assets acquired and liabilities assumed	
Goodwill	
Non-controlling interest of in 20% of [*Acquisition B Limited*]	
Non-controlling interest – outstanding share options granted by [*Acquisition B Limited*]	
Total consideration	
Satisfied by: (NZ IFRS 3:B64(f))	
Cash	
Equity instruments (_ ordinary shares of parent company)	
Total consideration transferred	

The fair value of the ___ ordinary shares issued as part of the consideration paid for [*Acquisition B Limited*] (CU_ million) was determined on the basis of [*describe method for determining fair value*].

NZ IFRS 3:B64(o)

The non-controlling interest (20% ownership interest in [*Acquisition B Limited*]) recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to CU______. This fair value was estimated by applying an income approach. The following were the key model inputs used in determining the fair value:

- assumed discount rate of _ per cent;
- assumed long-term sustainable growth rates of _ per cent to _ per cent; and
- assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interests in [*Acquisition B Limited*].

All outstanding share options granted by [*Acquisition B Limited*] to its employees had vested by the acquisition date. These share options were measured in accordance with NZ IFRS 2 at their market-based measure of CU____ and were included in the non-controlling interest in [*Acquisition B Limited*]. Methods and significant assumptions used in determining the market-based measure at the acquisition date are set out in note 57.

Source	NZ IFRS (RDR) Holdings Limited

NZ IFRS 3:RDR B65.1

Commentary:

For individually immaterial business combinations occurring during the reporting period that are material collectively, a Tier 2 acquirer shall disclose in aggregate the information required by NZ IFRS 3 paragraphs B64(f), B64(g), B64(n)(i), B64(o)(i) and B64(p) and the first sentence of paragraph B64(j).

54. Notes to the statement of cash flows

NZ IAS 7:45

Cash and cash equivalents

	31/12/2024	31/12/2023
	CU	CU
Cash and cash equivalents in the statement of financial position		
Bank overdrafts (see note 32)		
Cash and cash equivalents included in disposal group held for sale (see note 13)		
Cash and cash equivalents in the statement of cash flows		

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated reporting position as shown above.

NZ IAS 7:48-49

Cash and bank balances includes demand deposits of CU__ million (2023: CU nil million) 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 2024.

NZ IAS 7:43

Non-cash transactions

Additions to buildings and equipment during the year amounting to CU___ million were financed by new leases. Additions of CU___ million in 2024 (2023: CU___ million) were acquired on deferred payment terms, the settlement of which are still outstanding at year end.

55. Contingent liabilities

NZ IAS 37:86(a)
NZ IAS 37:86(b)

During the reporting period, a customer of the group instigated proceedings against it for alleged defects in an electronic product which, it is claimed, were the cause of a major fire in the customer's premises on [*date*]. Total losses to the customer have been estimated at CU___ million and this amount is being claimed from the group.

The group's lawyers have advised that they do not consider that the claim has merit, and they have recommended that it be contested. No provision has been made in these financial statements as the group's management does not consider that there is any probable loss.

	31/12/2024	31/12/2023
	CU	CU
Contingent liabilities incurred by the group arising from its interest in associates [*disclose details*]		
Group's share of associates' contingent liabilities		

NZ IFRS 12:23(b)

The amount disclosed represents the Group's share of contingent liabilities of associates. The extent to which an outflow of funds will be required is dependent on the future operations of the associates being more or less favourable than currently expected.

Source	NZ IFRS (RDR) Holdings Limited

56. Operating lease arrangements

NZ IFRS 16:89

Operating leases, in which the group is the lessor, relate to investment property owned by the group with lease terms of between __ to __ years, with a __ year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

NZ IFRS 16:92(b)

The unguaranteed residual values do not represent a significant risk for the group, as they relate to property which is located in a location with a constant increase in value over the last __ years. The group did not identify any indications that this situation will change.

NZ IFRS 16:97

Maturity analysis of operating lease payments:

	31/12/2024	31/12/2023
	CU	CU
Year 1		
Year 2		
Year 3		
Year 4		
Year 5		
Year 6 and onwards		
Total		

NZ IFRS 16:RDR 90.1

Lease income on operating lease		

57. Share-based payments

Commentary:

NZ IFRS 2:RDR 46.1

For equity-settled share-based payment arrangements, a Tier 2 entity shall disclose information about how it measured the fair value of goods or services received or the fair value of the equity instruments granted. If a valuation methodology was used, the entity shall disclose the method and its reason for choosing it.

NZ IFRS 2:RDR 46.2

For cash-settled share-based payment arrangements, a Tier 2 entity shall disclose information about how the liability was measured.

NZ IFRS 2:RDR 47.1

If a Tier 2 entity has measured the fair value of goods or services received as consideration for equity instruments of the entity indirectly, by reference to the fair value of the equity instruments granted, the entity is required to disclose for share-based payment arrangements that were modified during the period, an explanation of those modifications.

NZ IFRS 2:RDR 50.1

A Tier 2 entity shall disclose the following information about the effect of share-based payment transactions on the entity's profit or loss for the period and on its financial position:

(a) the total expense recognised in profit or loss for the period; and,
(b) the total carrying amount at the end of the period of liabilities arising from share-based payment transactions.

NZ IFRS 2:44
NZ IFRS 2:45(a)

Equity-settled share option plan

The parent company has a share option plan for all employees of the group. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, employees with more than ___ years' service with the group may be granted options to purchase ordinary shares.

Each employee share option converts into one ordinary share of the parent company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Source	NZ IFRS (RDR) Holdings Limited

The number of options granted is calculated in accordance with the performance-based formula approved by shareholders at the previous annual general meeting and is subject to approval by the remuneration committee. The formula rewards employees to the extent of the group's and the individual's achievement judged against both qualitative and quantitative criteria from the following financial and customer service measures:

- improvement in share price
- improvement in net profit
- improvement in return to shareholders
- reduction in warranty claims
- results of client satisfaction surveys
- reduction in rate of staff turnover

	31/12/2024		31/12/2023	
	Number of share options	Weighted average exercise price (in CU)	Number of share options	Weighted average exercise price (in CU)
	CU	CU	CU	CU
Outstanding at beginning of year				
Granted during the year				
Forfeited during the year				
Exercised during the year				
Expired during the year				
Outstanding at the end of the year				
Exercisable at the end of the year				

NZ IFRS 2:RDR 46.1 In 2024, the aggregate of the estimated fair values of the options granted is CU___ million. In 2023, the aggregate of the estimated fair values of the options granted was CU___ million. [*specify model used and reason for choosing it*].

NZ IFRS 2:RDR 47.1 During 2024, the group re-priced certain of its outstanding options. The strike price was reduced from CU___ to the then current market price of CU___.

NZ IFRS 2:RDR 50.1 The group recognised total expenses of CU___ and CU___ related to equity-settled share-based payment transactions in 2024 and 2023 respectively.

NZ IFRS 2:RDR 46.2 ***Cash-settled share-based payments***

NZ IFRS 2:RDR 50.1 The group issues to certain employees share appreciation rights (SARs) that require the group to pay the intrinsic value of the SAR to the employee at the date of exercise. The group has recognised liabilities of CU___ and CU___ in 2024 and 2023, respectively. Fair value of the SARs is determined by using the [*specify model*] model. The group recognised total expenses of CU___ and CU___ in 2024 and 2023, respectively.

Employee share option plan of a subsidiary acquired in the current year

NZ IFRS 2:45(a) [*Acquisition B Limited*] has a share option plan for its executives and senior employees. The outstanding share options were not replaced and were still in existence at the date of acquisition of [*Acquisition B Limited*].

Each employee share option of [*Acquisition B Limited*] converts into one ordinary share of [*Acquisition B Limited*] on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. All outstanding share options granted by [*Acquisition B Limited*] had been vested by the date when the group acquired [*Acquisition B Limited*].

Source	NZ IFRS (RDR) Holdings Limited

The following share-based payment arrangements were in existence during the current year:

Options series	Number	Expiry date	Exercise price	Market-based measure at the acquisition date of [*Acquisition B Limited*]
			CU	CU
(1) Granted on 13 March 2023				
(2) Granted on 18 September 2023				

NZ IFRS 2:RDR 46.1

All outstanding vested share options were measured in accordance with NZ IFRS 2 at their market-based measure at the acquisition date. Options were priced using a [*specify model*] option pricing model.

Other share-based payment plans

The employee share purchase plans are open to almost all employees and provide for a purchase price equal to the daily average market price on the date of grant, less __ per cent. The shares can be purchased during a two-week period each year. The shares so purchased are generally placed in the employee share savings plan for a five-year period. Pursuant to these plans, the group issued __ ordinary shares in 2024, at weighted average share prices of __. The discount of CU __ million will be expensed over the vesting period of __ years.

58. Retirement benefit plans

Defined contribution plans

The group operates defined contribution retirement benefit plans for all qualifying employees of its construction and leasing divisions in [*A Land*]. The assets of the plans are held separately from those of the group in funds under the control of trustees.

NZ IAS 19:43

The employees of the group's subsidiary in [*B Land*] are members of a state-managed retirement benefit plan operated by the government of [*B Land*]. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the benefits. The only obligation of the group with respect to the retirement benefit plan is to make the specified contributions.

NZ IAS 19:53

The total expense recognised in profit or loss of CU__ million (2023: CU__ million) represents contributions payable to these plans by the group at rates specified in the rules of the plans. As at 31 December 2024, contributions of CU__ million (2023: CU__ million) due in respect of the current reporting period had not been paid over to the plans.

Defined benefit plans

Commentary:

NZ IAS 19:139(a)

A Tier 2 entity is required to disclose information about the characteristics of its defined benefit plans, but is exempt from the specific characteristic-related disclosures under (i)-(iii) of NZ IAS 19:139(a) and (c). Entities will need to consider the appropriate level of disclosures.

NZ IAS 19:139(a)

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

NZ IAS 19:139(b)

The plans in [*D Land*] typically expose the parent company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to benefits to be paid to the dependents of plan members is re-insured by an external insurance company.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature

Source	NZ IFRS (RDR) Holdings Limited

	of the plan liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
Interest risk	A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit liability were carried out at 31 December 2024 by [*name*] Fellow of the Institute of Actuaries. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.

NZ IAS 19:RDR 144.1

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

	Valuation at	
	31/12/2024	31/12/2023
Key assumptions used:		
Discount rate(s)	__%	__%
Expected rate(s) of salary increase	__%	__%
Average longevity at retirement age for current pensioners (years)*		
Male	__ years	__ years
Female	__ years	__ years
Average longevity at retirement age for current employees (future pensioners) (years)*		
Male	__ years	__ years
Female	__ years	__ years
Others [*describe*]		

* Based on [*D Land*]'s standard mortality table with modifications to reflect expected changes in mortality/others [*describe*].

Commentary:

Under NZ IAS 19:144 entities shall disclose the significant actuarial assumptions used to determine the present value of the defined benefit obligation. The disclosure shall be in absolute terms (e.g. as an absolute percentage, and not just as a margin between different percentages and other variables). When an entity provides disclosures in total for a grouping of plans, it shall provide such disclosures in the form of weighted averages or relatively narrow ranges.

However, Tier 2 entities are only required to disclosure the significant actuarial assumptions used to determine the present value of the defined benefit obligations.

NZ IAS 19:135
NZ IAS 19:120
NZ IAS 19:135(b)

The total amount recognised in profit or loss in respect of these defined benefit plans was CU __ million (2023: CU__ million). Of the expense (service cost) for the year, CU__ million (2023: CU__ million) has been included in profit or loss as cost of sales and CU__ million (2023: CU__ million) has been included in administrative expenses. The net interest expense has been included within finance costs (see note 11). The remeasurement of the net defined benefit liability (asset) included in other comprehensive income amounted to CU__ million (2023: CU__ million).

Source	NZ IFRS (RDR) Holdings Limited

NZ IAS 19:140

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit retirement benefit plans is as follows:

	31/12/2024
	CU
Present value of defined benefit obligations	
Fair value of plan assets	
Funded status	
Restrictions on asset recognised	
Others [describe]	
Net liability arising from defined benefit obligation	

Commentary:

NZ IAS 19:RDR 141.1

When providing the reconciliation from opening balance to closing balance, a Tier 2 entity is not required to make the separate disclosures required by NZ IAS 19.141 for each specific movement in the defined benefit liability. Instead, the only line items explicitly required to be disclosed in the reconciliation by a Tier 2 entity are the contributions to the plan and payments from the plan.

NZ IAS 19:RDR 140.2

A Tier 2 is also not required to disclose the requirements of NZ IAS 19.140 and 141 for prior periods.

NZ IAS 19:RDR 141.1, RDR 140.2

Movements in the present value of defined benefit obligations and fair value of plan assets in the year include the following:

	31/12/2024
	CU
Contributions to the plan	
Benefits paid	

NZ IAS 19:RDR 142.1

The fair values of plan assets at the end of the reporting period for each category are as follows:

	31/12/2024 Quoted	31/12/2023 Quoted	31/12/2024 Unquoted	31/12/2023 Unquoted	31/12/2024 Total	31/12/2023 Total
	CU	CU	CU	CU	CU	CU
Cash and cash equivalents						
Equity instruments						
Debt instruments						
Property						
Derivatives						
Others *[describe]*						
Total						

Commentary:

NZ IAS 19:RDR 142.1

A Tier 2 entity shall disaggregate the fair value of the plan assets into classes that distinguish the nature and risks of those assets.

NZ IAS 19:143

The plan assets include ordinary shares of NZ IFRS (RDR) Holdings Limited with a fair value of CU_million (2023: CU__ million) and property occupied by a subsidiary of NZ IFRS (RDR) Holdings Limited with a fair value of CU__ million (2023: CU__ million).

Source	NZ IFRS (RDR) Holdings Limited

NZ IAS 20:39(b)

59. Deferred income – government grant

	31/12/2024	31/12/2023
	CU	CU
Staff training costs		
Purchase of equipment		
Current		
Non-current		

The staff training costs deferred income arises as a result of the benefit received from an interest-free government loan received on [*date*] (see note 32). The income will be offset against training costs to be incurred in 2025 (CU__) and 2026 (CU__).

The purchase of equipment deferred income arises as a result of a grant received on [*date*] to install energy efficient machinery for the production of [*product X*]. The income will be recognised in profit or loss on a straight line basis over the useful life of the related asset. There are no unfulfilled conditions or other contingencies attaching to this grant.

60. Contract liabilities

	31/12/2024	31/12/2023	1/1/2023
	CU	CU	CU
Arising from customer loyalty programme			
Amounts received in advance of delivery for internet sales			
Maintenance services			
Amounts related to construction contracts			
Current			
Non-current			

Commentary:

The balances as at 1 January 2023 are presented to satisfy the requirement in NZ IFRS 15:116(a) to present the opening and closing balances of contract liabilities from contracts with customers.

Source	NZ IFRS (RDR) Holdings Limited

61. Refund liability

	31/12/2024	31/12/2023
	CU	CU
Refund liability		

NZ IFRS 15:119(d)

The refund liability relates to customers' right to return products within 30 days of purchase. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned.

62. Financial instruments

Commentary:

The following are examples of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual entity, by the significance of judgements and estimates made to the results and financial position, and the information provided to key management personnel.

NZ IFRS 7: RDR 8.1
NZ IFRS 7:7
NZ IFRS 7:8 (f)-(h)
NZ IFRS 7:29 (a)
NZ IFRS 9:4.1.1.
NZ IFRS 9:4.2.1

(a) Classes and categories of financial instruments

31 December 2024

	Carrying value							
	Financial assets					Financial liabilities		
	FVTPL – derivatives	FVTPL	FVTOCI	FVTOCI - designated	Amortised cost	FVTPL	Amortised cost	Total
	CU		CU	CU	CU	CU	CU	CU
Cash and cash equivalents (note 54)								
Investments (note 24)								
Finance lease receivables (note 29)								
Trade and other receivables (note 31)								
Borrowings (note 32)								
Convertible loan notes (note 33)								
Derivative financial instruments (note 34)								
Trade and other payables (note 37)								
Lease liabilities (note 36)								
Contingent consideration in business combination (note 38)								

31 December 2023

Source	NZ IFRS (RDR) Holdings Limited

Cash and cash equivalents (note 54)

Investments (note 24)

Finance lease receivables (note 29)

Trade and other receivables (note 31)

Borrowings (note 32)

Convertible loan notes (note 33)

Derivative financial instruments (note 34)

Trade and other payables (note 37)

Lease liabilities (note 36)

Contingent consideration in business combination (note 38)

Commentary:

*A Tier 2 entity is not required to make the separate disclosure required by NZ IFRS 7:8(a) and (e) (i.e. they are not required to separate FVTPL items into those that are mandatorily measured at FVTPL and those designated as at FVTPL***.***

NZ IFRS 13:91

(a)(i) Fair value of the group's financial assets and financial liabilities that are measured at fair value on a recurring basis

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

NZ IFRS 13:91(a)

Financial assets/ financial liabilities	Valuation technique(s) and key input(s)
1) Foreign currency forward contracts and interest rate swaps (note 34)	Discounted cash flow Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2) Commodity options (note 34)	Black-Scholes model The following variables were taken into consideration: current underlying price of the commodity, options strike price, time until expiration (expressed as a percent of a year), implied volatility of the commodity and risk-free rate (RFR).
3) Held-for-trading shares (note 24)	Quoted bid prices in an active market.

Source	NZ IFRS (RDR) Holdings Limited

4) Investments in unlisted shares (note 24)	Income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.
5) Listed corporate bonds (note 24)	Quoted bid prices in an active market.
6) Redeemable cumulative preference shares (note 32)	Discounted cash flow at a discount rate of __ per cent (2023: __ per cent) that reflects the group's current borrowing rate at the end of the reporting period.
7) Contingent consideration in a business combination (note 38)	Discounted cash flow method was used to capture the present value of the group arising from the contingent consideration.

(b) Market risk

(b)(i) Foreign currency risk management

NZ IFRS 7:22A
NZ IFRS 7:22B

Foreign exchange forward contracts

It is the policy of the group to enter into foreign exchange forward contracts to manage the foreign currency risk associated with anticipated sales and purchase transactions out to 6 months within __ per cent to __ per cent of the exposure generated. Basis adjustments are made to the initial carrying amounts of inventories when the anticipated purchases take place.

In the current year, the group has designated certain forward contracts as a hedge of its net investment in [*name of foreign operation*], which has [*Currency B*] as its functional currency. The group's policy has been reviewed and, due to the increased volatility in [*Currency B*], it was decided to hedge up to 50 per cent of the net assets of the [name of foreign operation] for foreign currency forward risk arising on translation of the foreign operation. The group utilises a rollover hedging strategy, using contracts with terms of up to 6 months. Upon the maturity of a forward contract, the group enters into a new contract designated as a separate hedging relationship.

NZ IFRS 7:22B

For hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying) of the foreign exchange forward contracts and their corresponding hedged items are the same, the group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates. The group uses the hypothetical derivative method for the hedge effectiveness assessment and measurement of hedge ineffectiveness. As for the hedge of the net investment in [*name of foreign operation*], the group assesses effectiveness by comparing the nominal amount of the net assets designated in the hedge relationship with the nominal amount of the hedging instruments. This is a simplified approach because the currency of the exposure and hedging instruments perfectly match and the group excludes from the designation the foreign currency basis spread.

NZ IFRS 7:24A(a)
NZ IFRS 7:24A(c)

The following tables detail the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items:

Hedging instruments – Outstanding contracts	Change in fair value for recognising hedge ineffectiveness		Carrying amount of the hedging instruments assets/ (liabilities)	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	CU	CU	CU	CU
Cash flow hedges				
Buy [Currency B]				
Less than 3 months				
3 to 6 months				
Sell [Currency B]				
Less than 3 months				

Source	NZ IFRS (RDR) Holdings Limited

Buy [Currency C]

Less than 3 months

Net investment hedge

Sell [Currency B]

3 to 6 months

NZ IFRS 7:RDR 24A.1

Commentary:

A Tier 2 entity is not required to make the disclosures required by paragraph 24A in a tabular format.

NZ IFRS 7:24B(b)

Hedged items	Change in fair value for calculating hedge ineffectiveness	
	31/12/2024	31/12/2023
	CU	CU
Cash flow hedges		
Forecast sales (i)		
Forecast purchases (ii)		
Net investment hedge		
Investment in [*name of foreign operation*] (iii)		
Investment in [*name of foreign operation*] (iii)		

NZ IFRS 7:RDR 24B.1

Commentary:

A Tier 2 entity is not required to make the disclosures required by paragraph 24B in a tabular format.

(i) The group expects to supply goods to customers in [*B Land*]. The expected sales are highly probable. The group has entered into foreign exchange forward contracts (for terms not exceeding three months) to hedge the exchange rate risk arising from these anticipated future transactions. It is anticipated that the sales will take place during the first three months of the next financial year, at which time the amount deferred in equity will be reclassified to profit or loss.

(ii) The group has entered into contracts to purchase raw materials from suppliers in [*B Land*] and [*C Land*]. The group has entered into foreign exchange forward contracts (for terms not exceeding six months) to hedge the exchange rate risk arising from these anticipated future purchases.

As at 31 December 2024, the aggregate amount of gains under foreign exchange forward contracts deferred in the cash flow hedge reserve relating to these anticipated future purchase transactions is CU__ million (2023: gains of CU__ million). It is anticipated that the purchases will take place during the first six months of the next financial year at which time the amount deferred in equity will be removed from equity and included in the carrying amount of the raw materials. It is anticipated that the raw materials will be converted into inventory and sold within 12 months after purchase.

(iii) The group had, in previous years, hedged its investment in [*name of foreign operation*] against the foreign currency risk arising from the translation of [name of foreign operation]'s net assets from [*Currency A*] into the group's functional currency. However, the group ceased to hedge this investment in 2019 based on management's expectation of the continued strength of [*Currency A*]. The investment in [*name of foreign operation*] was fully disposed of in the current year and the cumulative amount arising from the previous hedging relationships which was deferred in equity was reclassified to profit or loss on disposal.

Source	NZ IFRS (RDR) Holdings Limited

NZ IFRS 7:24C(b)

The following table details the effectiveness of the hedging relationships and the amounts reclassified from hedging reserve to profit or loss:

NZ IFRS 7:RDR 24C.2, RDR 24B.1

31/12/2024	Change in the fair value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedge reserve to profit or loss (i)	Amount reclassified from cost of hedging reserve to profit or loss
	CU	CU	CU	CU
Cash flow hedges				
Forecast sales (i)				
Forecast purchases				
Net investment hedges				
Investment in [*name of foreign operation*]				
Investment in [*name of foreign operation*]				

31/12/2023	Change in the fair value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedge reserve to profit or loss (i)	Amount reclassified from cost of hedging reserve to profit or loss
	CU	CU	CU	CU
Cash flow hedges				
Forecast sales				
Forecast purchases				
Net investment hedges				
Investment in [*name of foreign operation*]				
Investment in [*name of foreign operation*]				

NZ IFRS 7:23F

(i) At the start of the third quarter of 2024, the group reduced its forecasts on sales of electronic equipment to [*B Land*] due to increased local competition and higher shipping costs. The group had previously hedged CU__ million of future sales of which CU__ are no longer expected to occur, and CU__ remain highly probable. Accordingly, the group has reclassified CU__ of gains on foreign currency forward contracts relating to forecast transactions that are no longer expected to occur from the cash flow hedging reserve to profit or loss.

Commentary:

NZ IFRS 7:RDR 24C.2

A Tier 2 entity is required to disclose only the amount reclassified from the cash flow hedge reserve or foreign currency translation hedge reserve into profit or loss as a reclassification adjustment in accordance with paragraph 24C(b)(iv) (i.e. no differentiation between amounts reclassified due to hedged item affecting profit or loss and amounts reclassified due to hedged future cash flows being no longer expected to occur).

The tables above provide an example of summary quantitative data about exposure to foreign exchange risks at the end of the reporting period that an entity may provide internally to key management personnel. Other presentations may also be appropriate.

(b)(ii) Interest rate risk management

NZ IFRS 7:22A

The group is exposed to interest rate risk because entities in the group borrow funds at both fixed and floating interest rates. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

Source	NZ IFRS (RDR) Holdings Limited

NZ IFRS 7:24H

The group is exposed to the following risk-free rates: [*SOFR, EURIBOR, SONIA*]. The exposures arise on derivatives and non-derivative financial assets and liabilities (e.g. bills of exchange, debt and leases).

Some of the group cash flow and fair value hedge relationships were affected by the interest rate benchmark reform. All the affected hedged items and hedging instruments were transitioned to risk-free rates. The hedge documentation has been amended accordingly.

Interest rate swap contracts

NZ IFRS 7:22A
NZ IFRS 7:22B

Under interest rate swap contracts, the group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

NZ IFRS 7:22B

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness, and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates.

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items. Interest rate swap contract assets and liabilities are included in note 34.

Cash flow hedges

NZ IFRS 7:24A(a)
NZ IFRS 7:24A(c)

Hedging instruments – Outstanding receive floating, pay fixed contracts	Carrying amount of the hedging instrument assets/(liabilities)		Change in fair value used for calculating hedge ineffectiveness	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	CU	CU	CU	CU
Less than 1 year				
1 to 2 years				
2 to 5 years				
5 years +				

NZ IFRS 7:24B(b)(i)

Hedged items	Change in fair value used for calculating hedge ineffectiveness	
	31/12/2024	31/12/2023
	CU	CU
Variable rate borrowings		

Commentary:

The tables above provide an example of summary quantitative data about exposure to foreign exchange risks at the end of the reporting period that an entity may provide internally to key management personnel. Other presentations may also be appropriate.

NZ IFRS 7:RDR 24B.1

A Tier 2 entity is not required to make the disclosures required by paragraph 24B in a tabular format.

Source	NZ IFRS (RDR) Holdings Limited

NZ IFRS 7:23C
NZ IFRS 7:24C(b)(i)
NZ IFRS 7:24C(b)(ii)
NZ IFRS 7:24C(b)(iv)

The following table details the effectiveness of the hedging relationship and the amounts reclassified from hedging reserve to profit or loss:

	Current period hedging gains (losses) recognised in OCI		Amount of hedge ineffectiveness recognised in profit or loss (P/L)		Amount reclassified to P/L	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	CU	CU	CU	CU	CU	CU
Hedged items						
Variable rate borrowings						

NZ IFRS 7:RDR 24C.1, 24C.2

Commentary

A Tier 2 entity is required to disclose only the amount reclassified from the cash flow hedge reserve or foreign currency translation hedge reserve into profit or loss as a reclassification adjustment in accordance with paragraph 24C(b)(iv) (i.e. no differentiation between amounts reclassified due to hedged item affecting profit or loss and amounts reclassified due to hedged future cash flows being no longer expected to occur). The above disclosure is also not required in a tabular format.

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is 3-month SOFR. The group will settle the difference between the fixed and floating interest rate on a net basis.

NZ IFRS 7:22A

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

NZ IFRS 7:24A(a)
NZ IFRS 7:24A(c)

Fair value hedges

Hedging instruments – Outstanding receive floating, pay fixed contracts	Carrying amount of the hedging instrument assets/(liabilities)		Change in fair value used for recognising hedge ineffectiveness	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	CU	CU	CU	CU
Less than 1 year				
[describe]				

NZ IFRS 7:24B(a)(i) and (iv)

Hedged item	Carrying amount of the hedged item: assets/(liabilities)		Change in fair value used for recognising hedge ineffectiveness	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	CU	CU	CU	CU
Fixed rate borrowings				

Source	NZ IFRS (RDR) Holdings Limited

NZ IFRS 7:24C(a)(i)

The following table details the hedge ineffectiveness arising from the hedging relationship:

Hedged item	Amount of hedge ineffectiveness recognised in profit or loss (P/L)	
	31/12/2024	31/12/2023
	CU	CU
Fixed rate borrowings		

Commentary:

The tables above provide an example of summary quantitative data about exposure to foreign exchange risks at the end of the reporting period that an entity may provide internally to key management personnel. Other presentations may also be appropriate.

NZ IFRS 7:33-34

(c)(ii) Commodity price risk

NZ IFRS 7:22A

Commodity price risk in the group primarily arises from price fluctuations and the availability of [type of commodity]. The group may enter into derivative transactions to limit these risks. Hedging activities are evaluated regularly to align with group expectations about the price changes and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

Commodity options

It is the policy of the group to enter into commodity options to manage the commodity price risk associated with anticipated purchase transactions out to 24 months. The group policy is to hedge up to 80 per cent of exposure generated within 3 months, about 60 per cent of exposure with maturity between 3 months and 12 months and no more than 40 per cent of exposure generated in 2 years. Basis adjustments are made to the initial carrying amounts of inventories when the anticipated purchases take place. The group always designates the intrinsic value of the options.

In the current year, the group has designated certain commodity options as a cash flow hedge of highly probable purchases. Because the critical terms (i.e. the quantity, maturity and underlying) of the commodity option and their corresponding hedged items are the same, the group performs a qualitative assessment of effectiveness and it is expected that the intrinsic value of the commodity option and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the price of underlying commodity if the price of the commodity increases above the strike price of the derivative.

NZ IFRS 7:23C

The following tables detail the commodity options outstanding at the end of the reporting period, as well as information regarding their related hedged items:

NZ IFRS 7:24A
NZ IFRS 7:24A(a)
NZ IFRS 7:24A(c)

Cash flow hedges

Hedging instruments – Outstanding contracts	Carrying amount of the hedging instruments		Change in fair value for recognising hedge ineffectiveness	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	CU	CU	CU	CU
Less than 3 months				
3 - 6 months				
6 - 12 months				
1 - 2 years				

Source	NZ IFRS (RDR) Holdings Limited

NZ IFRS 7:24B(b)(i)

Hedged items	Change in fair value used for calculating hedge ineffectiveness	
	31/12/2024	31/12/2023
	CU	CU
Forecast purchases		

31/12/2024

Hedging instruments	Change in the fair value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss
	CU	CU
Commodity options		

31/12/2023

Hedging instruments	Change in the fair value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss
	CU	CU
Commodity options		

(c)(i) Liquidity risk management

Financing facilities

The group has access to financing facilities as described below, of which CU__ million were unused at the reporting date (2023: CU__ million). The group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The group is using combination of the cash inflows from the financial assets and the available bank facilities to manage the liquidity.

NZ IAS 7:50(a)

	31/12/2024	31/12/2023
	CU	CU
Unsecured bank overdraft facility, reviewed annually and payable at call:		
- amount used		
- amount unused		
Unsecured bill acceptance facility, reviewed annually:		
- amount used		
- amount unused		
Secured bank overdraft facility:		
- amount used		

Source	NZ IFRS (RDR) Holdings Limited

- amount unused

Secured bank loan facilities with various maturity dates through to 2024 and which may be extended by mutual agreement:

- amount used
- amount unused

NZ IAS 10:21

63. Events after the reporting period

On [*date*] the premises of [*name of subsidiary*] were seriously damaged by fire. Insurance claims have been put in hand but the cost of refurbishment is currently expected to exceed these by CU____.

64. Related party transactions

NZ IAS 24:13

Balances and transactions between entities in the group, have been eliminated on consolidation and are not disclosed in this note. Transactions between the group and its associates/joint ventures are disclosed below.

NZ IAS 24:18-19

Trading transactions

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

	Sale of goods		Purchase of goods	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	CU	CU	CU	CU
X Holdings				
Associates				
Joint ventures				

The following amounts were outstanding at the reporting date

	Amounts owed by related parties		Amounts owed to related parties	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	CU	CU	CU	CU
X Holdings				
Associates				
Joint ventures				

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

NZ IAS 24:23

Sales of goods to related parties were made at the group's usual list prices, less average discounts of __ per cent. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

Source	NZ IFRS (RDR) Holdings Limited

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 __ per cent to ___ per cent (2023: ___ per cent to ___ per cent) per annum charged on the outstanding loan balances (see note 32).

Remuneration of key management personnel

NZ IAS 24:17

The remuneration of the directors, who are the key management personnel of the group during the year was CU __ (2023: CU__).

Commentary:

NZ IAS 24:RDR 17.1

A Tier 2 entity is not required to disclose key management personnel compensation by category in accordance with paragraph 17 above.

NZ IAS 24:18

Loans to related parties

	31/12/2024	31/12/2023
	CU	CU
Loans to associates:		
Associate A Limited		
Associate B Limited		
Loan to joint venture		
JV A Limited		
Loans to other related parties:		
[*Name of related party*]		

The group has provided its associates with short-term loans at rates comparable to the average commercial rate of interest (see note 24).

NZ IAS 10:17

65. Approval of the financial statements

The financial statements were approved by the board of directors and authorised for issue on [*date*].

Source	NZ IFRS (RDR) Holdings Limited

Appendix 1—Areas of the illustrative financial statements affected by climate change

Risks and uncertainties arising from climate change or the transition to a lower carbon economy could affect the following areas of the financial statements.

Section	Area	Commentary
3. Accounting policies	Going concern assessment	NZ IAS 1 requires disclosure of material uncertainties relating to events or conditions which may cast significant doubt upon an entity's ability to continue as a going concern, or of significant judgements made in concluding there are no material uncertainties related to the going concern assumption. Such uncertainties may arise from climate-related factors. For example, the introduction of legislation directly affecting an entity's business model, or giving rise to increased compliance costs, may cast significant uncertainty upon the entity's ability to continue as a going concern. Alternatively, management may have applied significant judgement about the effectiveness of the entity's planned response in concluding that there is no material uncertainty.
4. Critical accounting judgements and key sources of estimation uncertainty 16. Goodwill 17. Intangible assets 18. Property, plant and equipment 21. Associates 22. Joint ventures 30. Leases (group as a lessee)	Impairment of non-financial assets	Exposure to climate-related risks could be an indicator of impairment, for example, a significant decline in demand for products or services, or new regulations that have a negative impact on an entity. Such factors could also affect the estimated cash flows used in determining the recoverable amount of an asset or group of assets. Sensitivity disclosures under NZ IAS 36:134 should reflect all reasonably possible changes in the values assigned to key assumptions. Unlike NZ IAS 1:125, this is not limited to changes within the next year and should address all reasonably possible changes over the period of the impairment assessment. An entity should consider the long-term impacts of climate change and consider disclosing climate-related assumptions as key assumptions.
3. Accounting policies 18. Property, plant and equipment 17. Intangible assets 30. Leases (group as a lessee)	Changes in the recognition, useful lives or residual value of assets	When climate-related risks are significant, concerns over viability could mean that the criterion (in NZ IAS 16:7 for property, plant and equipment and NZ IAS 38:21 for intangible assets) that costs are only recognised as an asset when it is probable that future economic benefits associated with the asset will flow to the entity is not met. Adaption of an entity's business to address climate change issues could also result in additional research and development activities, requiring consideration of the criteria for recognition as intangible assets under NZ IAS 38:57. In addition, intangible assets related to carbon offset schemes may need to be recognised. Climate-related risks may also affect the depreciation or amortisation of assets (property, plant and equipment, right-of-use assets and intangible assets) through a change in their useful lives or residual values. Such factors should be incorporated into a review of an asset's useful life and residual value.
39. Provisions 55. Contingent liabilities	Provisions, contingencies and onerous contracts	The pace and severity of climate change, as well as accompanying government policy and regulatory measures,

Source	NZ IFRS (RDR) Holdings Limited	
		may impact the recognition, measurement and disclosure of provisions, contingencies and onerous contracts. Major assumptions about future events must be disclosed, which may include an explanation of how climate-related risks have been factored into the best estimate of the provision. Information may also need to be included to help users understand the potential effect of changes in major assumptions used.
4. Critical accounting judgements and key sources of estimation uncertainty	Key judgements and estimates disclosures	If assumptions related to the impact of climate change or the transition to a lower carbon economy have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, then disclosures about the assumptions should be disclosed in accordance with NZ IAS 1:125. This includes longer-term assumptions which are at risk of significant revision within the next year. It may also be necessary to disclose other uncertainties that are not expected to cause a material adjustment within one year to enable a better understanding of the financial statements. Such disclosure should, however, be clearly separated from uncertainties that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year, per NZ IAS 1:125. In the process of applying the entity's accounting policies, management may make various judgements, other than those involving estimations, that can significantly affect the amounts recognised in the financial statements. Such judgements are required to be disclosed in accordance with NZ IAS 1:122. The IFRS Foundation has published educational material that includes an example of an entity operating in an industry particularly affected by climate-related matters. In the example, the entity tests an asset for impairment applying NZ IAS 36 but recognises no impairment loss. The entity should disclose judgements management has made, for example, in identifying the asset's cash-generating unit, if such judgements could significantly affect the amounts recognised in the entity's financial statements. The transition to a low carbon economy will also give rise to new transactions for which significant judgements may be required in developing accounting policies. For example, 'green' bonds, carbon offsetting or emission trading schemes.
4. Critical accounting judgements and key sources of estimation uncertainty	Information that is relevant to understanding the financial statements	If users of the financial statements could reasonably expect that climate change-related risks will have significant impact on the parent company and this would qualitatively influence their decisions, then management should clearly disclose information about the climate change assumptions that they have made (if not disclosed elsewhere), including disclosures around the sensitivity of those assumptions. This is to enable users to understand the basis of forecasts on which the financial statements are prepared. This may mean that disclosure is provided even if the effects of climate change on the parent company may only be experienced in the medium to longer term.

Source	NZ IFRS (RDR) Holdings Limited	
Section	**Area**	**Commentary**
4. Critical accounting judgements and key sources of estimation uncertainty 24. Investments 27. Contract assets 29. Finance lease receivables 31. Trade and other receivables	Impairment of financial assets	Climate-related events, such as floods and hurricanes, can impact the creditworthiness of borrowers due to business interruption, impacts on economic strength, asset values and unemployment. In addition, borrowers' ability to pay debts might be diminished if they are in industries that have fallen out of favour and are therefore depressed. The impact on receivables in entities operating in non-financial industries is likely to be less severe because the economic conditions are less likely to change during the collection period of the debtors. However, where a significant climate-related event has occurred, the effect of this event on trade receivables at balance sheet date should be assessed.
18. Property, plant and equipment 19. Investment property 62. Financial Instruments	Assets measured on a fair value basis	The requirements of NZ IFRS 13 on fair value measurement apply to a broad range of assets and liabilities whether for measurement or disclosure purposes. This includes assets or cash-generating units tested for impairment on a fair value less costs of disposal basis, as well as the initial measurement at fair value of assets acquired in a business combination. The broad scope of NZ IFRS 13's requirements could mean that the effects of climate-related risks on fair values become significant for entities whose own business might not be thought of as being directly affected by the more apparent physical and transition risks of climate change.
58. Retirement benefit plans	Impact on pension risks from climate	Pension trustees are required to consider all material financial risks, including the exposure of pension assets to climate change risk. Demographic assumptions and investment performance can vary significantly under different climate change scenarios, affecting the measurement of pension asset and liability balances at the balance sheet date.
35. Deferred tax	Recoverability of deferred tax assets	Climate-related factors may cause a decrease in estimates of future taxable profits. Assumptions underlying the forecast of future taxable profits that supports the recoverability of deferred tax assets should be consistent with assumptions underlying other profit forecasts used in the preparation of the financial statements or disclosed in the narrative reports.
4. Critical accounting judgements and key sources of estimation uncertainty 12. Income Tax 39. Provisions 55. Contingent liabilities	New levies or taxes	New levies or taxes may be introduced to encourage decarbonisation. Any levy liabilities should be recognized as the obligation is triggered under law (per NZ IFRIC 21 *Levies*) and any income tax effects should be incorporated into normal NZ IAS 12 accounting. Care should be taken when distinguishing between a levy and income tax and the application of NZ IFRIC 21 or NZ IAS 12 as this has proven to be a challenging area as new taxes/levies have been introduced in the past.
17. Intangible assets	Carbon trading schemes	There are currently different acceptable approaches to account for carbon trading schemes. The accounting policy applied by the entity should be disclosed if this is relevant for users to understand the financial statements.
57. Share-based payments	Incentive schemes	Entities may introduce incentive schemes to incentivise management to decarbonise. Such schemes may either fall in the scope of NZ IAS 19 or NZ IFRS 2 depending on the nature of the awards. Decarbonisation targets should be treated as any

Source	NZ IFRS (RDR) Holdings Limited		
			other uncertainties or actuarial assumptions for NZ IAS 19 benefits and should be treated as performance conditions for share-based payments under NZ IFRS 2.
	25. Inventories	Net realisable value of inventories	The net realisable value of inventories could be impacted by climate-related factors, when either selling prices decline or costs of completion increase. Changing consumer behaviour could cause a fall in demand for a product, raw material sourcing constraints could cause an increase in completion costs, a regulatory change could render inventories obsolete, or a significant weather event could cause physical damage to inventories. If such instances mean that the cost of inventory is no longer recoverable, NZ IAS 2 *Inventories* requires that such inventories be written down to their net realisable value.
	5. Revenue 6. Operating Segments	Segmental and disaggregated revenue disclosures	NZ IFRS 8 requires disclosure of information about operating segments. Such information may only be aggregated when segments have similar economic characteristics and are similar in various other respects as set out in NZ IFRS 8:12. The anticipated impact of climate change is an indicator that segments may not have similar economic characteristics in the long term. NZ IFRS 15:114 requires revenue recognised from contracts with customers to be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This could include climate-related factors which result in different categories of revenue being subject to substantially different risks or opportunities
	7. Profit for the year	Government grants	Governments may increasingly provide government grants and other forms of government assistance to entities to encourage the transition to a lower carbon economy in line with the government's commitments to reduce greenhouse gas emissions. NZ IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* prescribes the accounting for, and disclosure of, government grants and other forms of government assistance. Whether government grants which are intended to compensate entities for costs related to 'green' capital or operating expenditure are within the scope of NZ IAS 20 and how such grants should be recognised in profit or loss on a systematic basis, will depend on the nature of the grants and the conditions attaching to them.

NZ IFRS does not explicitly refer to climate-related matters but entities must consider them in applying NZ IFRS when the effect of those matters is material. The External Reporting Board (XRB) issued its suite of climate related standards that are applicable to Climate Reporting Entities (CREs). Please refer to the XRB for further details (Aotearoa New Zealand Climate Standards » XRB). This publication does not specifically cover these requirements.

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