Pitcher Partners

Special Purpose Financial Statements

Illustrative guide to the disclosure requirements of:

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

Annual reporting periods ending 30 June 2022

About this illustrative guide

Special purpose financial statements are still prepared for a variety of reasons, even though the Australian Accounting Standards from financial years commencing 1 July 2021 have reduced the extent to which they can be prepared.

Special purpose financial statements can still be prepared in certain circumstances, common examples include:

- Not-for-profit entities (companies or associations) when the entity is not a reporting entity in accordance with SAC 1 *Definition of the Reporting Entity* and the financial statements are prepared, for example, to satisfy legislative requirements or the entity's constitution, or compliance with other agreements
- For-profit entities that are required to prepare financial statements in accordance with the entity's constitution, compliance with contracts or other agreements
- For-profit entities and not-for-profit entities that prepare financial statements to satisfy the internal information needs of the entity and not in accordance with any specific documented requirement

The extent to which special purpose financial statements are required to comply with Australian Accounting Standards is a matter to be determined with reference to the specific requirement for the preparation of the financial statements.

For example, special purpose financial statements for not-for-profit entities prepared under Part 2M.3 of the *Corporations Act 2001* must, as a minimum comply with the requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1048 *Interpretation of Standards* and AASB 1054 *Australian Additional Disclosures*. Special purpose financial statements for those charities prepared under the *Australian Charities and Not-for-profits Commission Act 2012* have the same minimum standard requirements as noted above with the addition of key management personnel disclosures for the 2022 year and related party disclosures for the 2023 year, either in accordance with AASB 124 *Related Party Disclosures* or applying the equivalent sections in AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

The purpose of this publication is to illustrate the disclosures requirements for a single entity of commonly applied standards, which include AASB 101, AASB 107, AASB 108 and AASB 1054. We also illustrate the additional related party disclosures applicable to charities in Appendix D.

Assumptions relating to this publication

- Disclosure requirements of public sector entities are not illustrated
- Disclosure requirements of the *Corporations Act 2001*, the *Australian Charities and Not-for-profits Commission Act 2012*, or any other legislation are not illustrated other than highlighted above
- The versions of the pronouncements referred to in this publication are those on issue 24 June 2022
- References to relevant accounting standard requirements are placed in the left hand column of each page in this publication
- Guidance provided within the document is shaded in green

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Source	Statement of profit or loss and other comprehensive income for the year ended 30 June 2022			
AASB 101.10(b), 51(c)				
AASB 101.38, 10(ea), 38A, 51(e)		Notes	2022 ($)	2021 ($)
	Continuing operations			
AASB 101.82(a)	Revenue from contracts with customers		13,361,975	5,535,293
AASB 101.99	Cost of goods sold		(10,579,106)	(2,850,549)
AASB 101.82(c)	Share of profit of associates		–	–
AASB 101.82(c)	Share of profit of joint ventures		–	–
AASB 101.82(a)	Interest income from financial assets measured at amortised cost		386,917	52,386
AASB 101.82(aa)	Gains and losses arising from the derecognition of financial assets measured at amortised cost		–	–
AASB 101.82(ca), (cb)	Gains and losses arising from the reclassification of financial assets		–	–
	Other gains and losses	4	23,873	12,211
AASB 101.82(b)	Finance costs		(371,978)	(373,273)
AASB 101.99, 104	Employee benefits expense		(2,487,573)	(1,106,056)
AASB 101.99, 104	Depreciation and amortisation expense		(1,062,652)	(390,299)
AASB 101.82(ba)	Impairment losses arising from financial assets		–	–
AASB 101.99	Impairment losses arising from other assets		(108,500)	–
AASB 101.99	Other expenses		(278,600)	(126,167)
	Profit/(loss) before tax		**(1,115,644)**	**753,546**
AASB 101.82(d)	Income tax expense		–	–
	Profit/(loss) for the year from continuing operations	5	**(1,115,644)**	**753,546**
	Discontinued operations			
AASB 101.82(ea)	**Profit/(loss) for the year from discontinued operations**	**6**	**262,500**	**(3,723)**
AASB 101.81A(a)	**Profit/(loss) for the year**		**(853,144)**	**749,823**
AASB 101.91	**Other comprehensive income, net of tax** *Items that will not be reclassified subsequently to profit or loss:*			
AASB 101.82A(a)(i)	Gain on revaluation of property		323,400	224,700
AASB 101.82A(a)(i)	Net change in fair value of financial assets designated at fair value through other comprehensive income		177,100	154,615
AASB 101.82A(b)(i)	Share of other comprehensive income of associates and joint ventures		–	–
AASB 101.82A(a)(i)	Other *[describe]*		–	–
	Items that may be reclassified subsequently to profit or loss:			
AASB 101.82A(a)(ii)	Net change in fair value of financial assets mandatorily classified at fair value through other comprehensive income		–	–
AASB 101.82A(b)(ii)	Share of other comprehensive income of associates and joint ventures		–	–
AASB 101.82A(a)(ii)	Other *[describe]*		–	–
AASB 101.81A(b)	**Other comprehensive income for the year, net of tax**		**500,500**	**379,315**
AASB 101.81A(c)	**Total comprehensive income for the year**		**(352,644)**	**1,129,138**

Source	Statement of profit or loss and other comprehensive income for the year ended 30 June 2022
	Alternative presentation format
AASB 101.10A	An entity may present: (a) a single statement of profit or loss and other comprehensive income (as illustrated), with profit or loss and other comprehensive income presented in two sections. The sections shall be presented together, with the profit or loss section presented first followed directly by the other comprehensive income section; or (b) in two statements – a statement of profit or loss and a statement of comprehensive income (not illustrated)
	Offsetting
AASB 101.32	An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an Australian Accounting Standard.
	Additional line items
AASB 101.85	An entity shall present additional line items (including by disaggregating the line items listed in paragraph 82 of AASB 101), headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial performance.
	Extraordinary items
AASB 101.87	An entity shall not present any items of income or expense as extraordinary items, in the statement(s) presenting profit or loss and other comprehensive income, or in the notes.
	Income tax relating to items of other comprehensive income
AASB 101.91	An entity may present items of other comprehensive income either: (a) net of related tax effects; or (b) before related tax effects with one amount shown for the aggregate amount of income tax relating to those items. If an entity elects alternative (b), it shall allocate the tax between the items that might be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section.
	Analysis of expenses according to their nature or function
AASB 101.99	An entity shall present an analysis of expenses recognised in profit or loss using a classification based on either their nature (as illustrated) or their function within the entity (not illustrated), whichever provides information that is reliable and more relevant.

Source	Statement of financial position as at 30 June 2022			
AASB 101.10(a), 51(c)				
AASB 101.38, 10(ea), 38A, 51(e)		Notes	2022 ($)	2021 ($)
AASB 101.60	*Current assets*			
AASB 101.54(i)	Cash and cash equivalents	7	1,854,068	1,820,914
AASB 101.54(h)	Trade and other receivables	8	205,006	75,227
AASB 101.54(d)	Other financial assets	9	90,742	115,107
AASB 101.54(g)	Inventories	10	715,814	742,383
AASB 101.54(n)	Current tax assets		94,585	60,343
	Other assets	17	23,643	81,677
AASB 101.54(j)	Assets classified as held-for-sale	11	3,225,000	–
	Total current assets		**6,208,858**	**2,895,651**
AASB 101.60	*Non-current assets*			
AASB 101.54(e)	Investments in associates		1,680,000	–
AASB 101.54(e)	Investments in joint ventures		–	–
AASB 101.54(d)	Other financial assets	9	1,011,007	662,900
AASB 101.54(a)	Property, plant and equipment	12	3,940,282	4,100,724
AASB 101.54(b)	Investment property	13	2,154,375	2,214,219
	Lease assets	14	75,000	–
AASB 101.54(c)	Intangible assets	15	7,759,680	4,967,461
AASB 101.54(f)	Biological assets	16	–	–
AASB 101.54(o)	Deferred tax assets	17	29,472	25,472
	Other assets	18	37,429	84,043
	Total non-current assets		**16,687,245**	**12,054,819**
	Total assets		**22,896,103**	**14,950,470**

Source	Statement of financial position as at 30 June 2022			
AASB 101.10(a), 51(c)				
AASB 101.38, 10(ea), 38A, 51(e)		Notes	2022 ($)	2021 ($)
AASB 101.60	*Current liabilities*			
AASB 101.54(k)	Trade and other payables	19	1,555,374	1,057,194
	Lease liabilities	14	22,555	–
AASB 101.54(m)	Other financial liabilities	20	719,831	1,006,823
AASB 101.54(n)	Current tax liabilities		–	–
AASB 101.54(l)	Provisions	21	180,963	134,035
	Other liabilities	22	–	–
AASB 101.54(p)	Liabilities associated with assets classified as held-for-sale	11	–	–
	Total current liabilities		**2,478,723**	**2,198,052**
AASB 101.60	*Non-current liabilities*			
	Lease liabilities	14	52,445	–
AASB 101.54(m)	Other financial liabilities	20	3,730,637	3,003,003
AASB 101.54(o)	Deferred tax liabilities		377,063	162,564
AASB 101.54(l)	Provisions	21	27,857	4,829
	Other liabilities	22	–	–
	Total non-current liabilities		**4,188,002**	**3,170,396**
	Total liabilities		**6,666,725**	**5,368,448**
	Net assets		**16,229,378**	**9,582,022**
	Equity			
AASB 101.54(r)	Share capital	23	17,814,059	10,814,059
AASB 101.54(r)	Reserves	24	879,815	379,315
AASB 101.54(r)	Retained earnings	25	(2,464,496)	(1,611,352)
	Total equity		**16,229,378**	**9,582,022**

Source	Statement of financial position as at 30 June 2022
	Offsetting
AASB 101.32	An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an Australian Accounting Standard.
	Additional line items
AASB 101.55	An entity shall present additional line items (including by disaggregating the line items listed in paragraph 54 of AASB 101), headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.
	Current/non-current classification
AASB 101.60	An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position, except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, all assets and liabilities shall be presented in order of approximate liquidity (ascending or descending).
	Assets classification
AASB 101.66	An entity shall classify an asset as current when: (a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle; (b) it holds the asset primarily for the purpose of trading; (c) it expects to realise the asset within twelve months after the reporting period; or (d) the asset is cash or a cash equivalent (as defined in AASB 107) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. An entity shall classify all other assets as non-current.
	Liabilities classification
AASB 101.69	An entity shall classify a liability as current when: (a) it expects to settle the liability in its normal operating cycle; (b) it holds the liability primarily for the purpose of trading; (c) the liability is due to be settled within twelve months after the reporting period; or (d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period (see paragraph 73 of AASB 101). Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. An entity shall classify all other liabilities as non-current.
	'3rd statement of financial position'
AASB 101.10(f), 40A–40D	The financial statements must also include a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements, that has a material effect on the information in the statement of financial position at the beginning of the preceding period, in accordance with paragraphs 40A–40D of AASB 101.

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Statement of changes in equity for the year ended 30 June 2022

Source		Share capital ($)	Reserves ($)	Retained earnings ($)	Total equity ($)
AASB 101.10(c), 51(c), 106; AASB 101.38, 10(ea), 38A, 51(e)					
	Balance at 1 July 2020	**3,814,059**	**–**	**(2,361,175)**	**1,452,884**
AASB 101.106(d)(i)	Profit for the year	–	–	749,823	749,823
AASB 101.106(d)(ii)	Other comprehensive income for the year, net of tax	–	379,315	–	379,315
AASB 101.106(a)	**Total comprehensive income for the year**	**–**	**379,315**	**749,823**	**1,129,138**
	Transactions with owners in their capacity as owners:				
AASB 101.106(d)(iii)	Issue of ordinary shares	7,000,000	–	–	7,000,000
AASB 101.106(d)(iii)	Share issue costs	–	–	–	–
AASB 101.106(d)(iii), 107	Dividend distributions	–	–	–	–
	Balance at 30 June 2021	**10,814,059**	**379,315**	**(1,611,352)**	**9,582,022**
AASB 101.106(d)(i)	Profit/(loss) for the year	–	–	(853,144)	(853,144)
AASB 101.106(d)(ii)	Other comprehensive income for the year, net of tax	–	500,500	–	500,500
AASB 101.106(a)	**Total comprehensive income for the year**	**–**	**500,500**	**(853,144)**	**(352,644)**
	Transactions with owners in their capacity as owners:				
AASB 101.106(d)(iii)	Issue of ordinary shares	7,000,000	–	–	7,000,000
AASB 101.106(d)(iii)	Share issue costs	–	–	–	–
AASB 101.106(d)(iii), 107	Dividend distributions	–	–	–	–
	Balance as at 30 June 2022	**17,814,059**	**879,815**	**(2,464,496)**	**16,229,378**

Source	Statement of changes in equity for the year ended 30 June 2022
	Effects of retrospective applications or retrospective restatements
AASB 101.106(b)	The statement of changes in equity shall include, for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with AASB 108.
	Analysis of other comprehensive income by item
AASB 101.106A	For each component of equity an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item (see paragraph 106(d)(ii) of AASB 101).

Source	Statement of cash flows for the year ended 30 June 2022			
AASB 101.10(c), 51(c), 106				
AASB 101.38, 10(ea), 38A, 51(e)		**Notes**	**2022 ($)**	**2021 ($)**
AASB 107.10	**Cash flows from operating activities**			
	Receipts from customers		14,649,147	6,190,116
	Payments to suppliers and employees		(14,191,803)	(5,264,505)
AASB 107.31	Interest received		351,118	46,593
AASB 107.31	Dividends received		–	–
AASB 107.31	Interest paid		(371,977)	(373,273)
AASB 107.35	Income taxes paid		(34,243)	(80,330)
	Net cash flows from operating activities	7	**402,242**	**518,601**
AASB 107.10, 21	**Cash flows from investing activities**			
	Proceeds from the sale of property, plant and equipment		–	–
	Proceeds from the sale of investments		350,573	–
	Payment for property, plant and equipment		(1,792,992)	(1,178,869)
	Payment for investments		(2,611,749)	(468,806)
AASB 107.39, 42	Net cash outflow for acquisition of businesses	27	(4,063,872)	(2,586,131)
AASB 107.39, 42	Net cash inflow on disposal of businesses	28	278,507	–
	Net cash flows from investing activities		**(7,839,533)**	**(4,233,806)**
AASB 107.10, 21	**Cash flows from financing activities**			
	Proceeds from share issues		7,000,000	7,000,000
	Proceeds from borrowings		859,926	373,377
	Repayment of borrowings		(389,481)	(2,097,622)
	Principal portion of lease payments		–	–
AASB 107.31	Dividends paid		–	–
	Net cash flows from financing activities		**7,470,445**	**5,275,755**
	Net increase in cash and cash equivalents		33,154	1,560,550
	Cash and cash equivalents at the beginning of the year		1,820,914	260,364
AASB 107.28	Effects of changes in foreign exchange rates on foreign currency cash balances		–	–
	Cash and cash equivalents at the end of the year	7	**1,854,068**	**1,820,914**

	Alternative presentation format
AASB 107.18	An entity shall report cash flows from operating activities using either the 'direct method' (as illustrated) or the 'indirect method' (not illustrated, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows).

Source	Statement of cash flows for the year ended 30 June 2022
	Cash equivalents
AASB 107.6, 7	Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. They are held to meet short-term cash commitments instead of for investment or other purposes. Consequently, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Bank overdrafts are normally considered financing activities similar to borrowings.
	Operating activities
AASB 107.6, 14	'Operating activities' are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the entity. Therefore, they generally result from the transactions and other events that enter into the determination of profit or loss.
	Investing activities
AASB 107.6, 16	'Investing activities' are the acquisition and disposal of long-term assets and other investments not included in cash equivalents. The separate disclosure of cash flows arising from investing activities is important because the cash flows represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. Only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities.
	Financing activities
AASB 107.6	'Financing activities' are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.
	Reporting cash flows on a net basis
AASB 107.22	Cash flows arising from the following operating, investing or financing activities may be reported on a net basis: (a) cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity; and (b) cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short.
AASB 107.24	Cash flows arising from each of the following activities of a financial institution may be reported on a net basis: (a) cash receipts and payments for the acceptance and repayment of deposits with a fixed maturity date; (b) the placement of deposits with and withdrawal of deposits from other financial institutions; and (c) cash advances and loans made to customers and the repayment of those advances and loans.
	Foreign currency cash flows
AASB 107.25	Cash flows arising from transactions in a foreign currency shall be recorded in an entity's functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow.
AASB 107.26	The cash flows of a foreign subsidiary shall be translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

Source	
AASB 101.10(e)	**Note 1: Corporate information and basis of preparation**
	Information about the company
AASB 101.138(a)	PP Special Purpose Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.
AASB 1054.8(b)	The company is a for-profit entity for the purpose of preparing the financial report.
AASB 101.138(b)	The principal activities of the company are the sale of electrical and personal entertainment products.
AASB 101.138(c)	The parent entity of the company is PP Holdings Australia Pty Ltd, and the ultimate parent entity is PP Ultimate Pty Ltd.
AASB 101.138(a)	*Registered office* 101 SD Street Melbourne, Vic, 3000 *Principal place of business* 202 PP Road Melbourne, Vic, 3000
	Disclosure of information about the company
AASB 101.138	The disclosure of information under paragraph 138 of AASB 101 is only required where the information is not disclosed elsewhere in information published with the financial statements.
	Limited life entity
AASB 101.138(d)	Where the entity is a limited life entity, the entity shall disclose information regarding the length of its life (if not disclosed elsewhere in information published with the financial statements).
	Basis of preparation
AASB 1054.8(a), 9, 9C(a), AASB 101.112(a)	The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy [outline the purpose for which the special purpose financial report has been prepared].
AASB 101.51(a), 51(b)	The financial report covers PP Special Purpose Pty Ltd as an individual entity.
	Identification of the financial statements
AASB 101.51(b)	Whether the financial report is for an individual entity or a group of entities should be amended as appropriate.
AASB 101.51(a)	The name of the reporting entity, or other means of identification should be disclosed as well as any change in that information from the end of the preceding reporting period.
AASB 1054.8(a), 9C(f), AASB 101.112(a)	The financial report has been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.
AASB 1054.9C(d)	Where an entity has interests in other entities they must disclose whether or not its subsidiaries and investments in associates or joint ventures have been consolidated or equity accounted consistent with AASB 10 *Consolidated Financial Statements* or AASB 128 *Investments in Associates and Joint Ventures*, as appropriate. If they have not, it shall disclose the reasons why that is the case. Example wording is provided in AASB 1054.
AASB 1054.9C(e)	For each material accounting policy applied and disclosed in the financial statements that does not comply with all the recognition and measurement requirements in Australian Accounting Standards (except for AASB 10 and AASB 128) an entity must disclose an indication of how it does not comply. Examples disclosures are included in AASB 1054.

Source	# Note 1: Corporate information and basis of preparation
AASB 101.10(e)	
	Additonal disclosure for not-for-profit private sector entities
AASB 1054.9A	A not-for-profit private sector entity that prepares special purpose financial statements shall: (a) disclose the basis on which the decision to prepare special purpose financial statements was made; (b) where the entity has interests in other entities – disclose either: (i) whether or not its subsidiaries and investments in associates or joint ventures have been consolidated or equity accounted in a manner consistent with the requirements set out in AASB 10 or AASB 128, as appropriate. If the entity has not consolidated it subsidiaries or equally accounted its investments in associates or joint ventures consistently with those requirements, it shall disclose that fact, and the reasons why; or (ii) that the entity has not determined whether its interests in other entities give rise to interests in subsidiaries, associates or joint ventures, provided it is not required by legislation to make such an assessment for the purpose of assessing its financial reporting requirements and has not made such an assessment; (c) for each material accounting policy applied and disclosed in the financial statements that does not comply with all recognition and measurement requirements in Australian Accounting Standards (except for requirements set out in AASB 10 or AASB 128), disclose an indication of how it does not comply; or if such and assessment has not been made, disclose the fact; and (d) disclose whether or not the financial statements overall comply with all the recognition and measurements requirements in Australian Accounting Standards (except for requirements set out in AASB 10 or AASB 128) or that such an assessment has not been made.
	Recognition and measurement requirements
	The reference, in the above paragraph, to compliance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations has been made for illustrative purposes only. Whether or not the financial statements are required to comply with the recognition and measurement requirements of Australian Accounting Standards and Interpretations is a matter to be determined with reference to the specific requirement for the preparation of the financial statements.
	Disclosure requirements
	The purpose of this publication is to illustrate the disclosure requirements of AASB 101, AASB 107, AASB 108 and AASB 1054. Whether or not the financial statements are required to comply with the disclosure requirements of certain Australian Accounting Standards is a matter to be determined with reference to the specific requirement for the preparation of the financial statements.
	Historical cost convention
AASB 101.117(a)	The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Source	Note 1: Corporate information and basis of preparation
	Fair value measurement
AASB 101.117(a)	For financial reporting purposes, '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 (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.
	When estimating the fair value of an asset or liability, the company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable: • Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date. • Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. • Level 3 inputs are unobservable inputs for the asset or liability.
	Significant accounting policies
	The significant accounting policies applied in the preparation of this financial report, which are consistent with the previous period unless otherwise stated, are as follows:
AASB 101.51(d)	(a) Presentation currency The financial statements are presented in Australian dollars ('$').
AASB 101.51(e)	(b) Rounding of amounts The amounts presented in the financial statements have been rounded to the nearest dollar.
AASB101.10(e), 17(b), 112(a), 117	(c) Other significant accounting policies *[Outline the other significant accounting policies applied by the entity in the preparation of the financial statements]*
AASB101.10(e), 17(b), 112(a), 117, AASB 1054.9C(b)	An entity shall disclose its significant accounting policies comprising: (a) the measurement basis (or bases) used in preparing the financial statements; and (b) the other accounting policies used that are relevant to an understanding of the financial statements.
	Illustrative examples of accounting policies, in accordance with the recognition and measurement requirements of Australian Accounting Standards, are contained in Appendix B of this publication.

Source	Note 1: Corporate information and basis of preparation
	Initial application of Australian Accounting Standards
AASB 108.28	When initial application of an Australian Accounting Standard has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose: (a) the title of the Australian Accounting Standard; (b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions; (c) the nature of the change in accounting policy; (d) when applicable, a description of the transitional provisions; (e) when applicable, the transitional provisions that might have an effect on future periods; (f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment: (i) for each financial statement line item affected; and (ii) if AASB 133 *Earnings per Share* applies to the entity, for basic and diluted earnings per share; (g) the amount of the adjustment relating to periods before those presented, to the extent practicable; and (h) if retrospective application required by paragraph 19(a) or (b) of AASB 108 is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied. Financial statements of subsequent periods need not repeat these disclosures.
	Voluntary change in accounting policy
AASB 108.29, AASB 1054.9C(c)	When a voluntary change in accounting policy has an effect on the current period or any prior period, would have an effect on that period except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose: (a) the nature of the change in accounting policy; (b) the reasons why applying the new accounting policy provides reliable and more relevant information; (c) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment: (i) for each financial statement line item affected; and (ii) if AASB 133 applies to the entity, for basic and diluted earnings per share; (d) the amount of the adjustment relating to periods before those presented, to the extent practicable; and (e) if retrospective application is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied. Financial statements of subsequent periods need not repeat these disclosures.

Source	Note 1: Corporate information and basis of preparation
	Australian Accounting Standards issued but not yet effective
AASB 108.30	When an entity has not applied a new Australian Accounting Standard that has been issued but is not yet effective, the entity shall disclose: (a) this fact; and (b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Australian Accounting Standard will have on the entity's financial statements in the period of initial application.
AASB 108.31	In complying with paragraph 30 of AASB 108, an entity considers disclosing: (a) the title of the new Australian Accounting Standard; (b) the nature of the impending change or changes in accounting policy; (c) the date by which application of the Australian Accounting Standard is required; (d) the date as at which it plans to apply the Australian Accounting Standard initially; and (e) either: (i) a discussion of the impact that initial application of the Australian Accounting Standard is expected to have on the entity's financial statements; or (ii) if that impact is not known or reasonably estimable, a statement to that effect.
	General preparation and disclosure guidance
	Further guidance in relation to the general preparation and disclosure guidance of AASB 101 is contained in Appendix A.

Source	Note 2: Significant accounting estimates and judgements
	Significant judgements in applying accounting policies
AASB101.122	In the process of applying the company's accounting policies, as disclosed in note 1, management makes various judgements that can significantly affect the amounts recognised in the financial statements. The judgements made by management in applying the company's accounting policies (apart from those involving estimations, see below) that have the most significant effect on the amounts recognised in the financial statements are as follows: *[Outline the judgements made by management in applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements]*
AASB101.122	An entity shall disclose, along with its significant accounting policies or other notes, the judgements, apart from those involving estimations (see paragraph 125 of AASB 101), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. This is illustrated in Appendix C.

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Source	Note 2: Significant accounting estimates and judgements
	Major sources of estimation uncertainty
AASB101.125	Determining the carrying amounts of some assets and liabilities requires estimation, at the reporting date, of the effects of uncertain future events. Outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amounts of the specific assets and liabilities affected by the assumption. The key assumptions about the future, and other major sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below: *[Outline the key assumptions about the future, and other major sources of estimation uncertainty at the reporting date]*
AASB101.125	An entity shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of: (a) their nature; and (b) their carrying amount as at the end of the reporting period. This is illustrated in Appendix C.
AASB101.129	An entity presents the disclosures in paragraph 125 of AASB 101 in a manner that helps users of financial statements to understand the judgements that management makes about the future and about other sources of estimation uncertainty. The nature and extent of the information provided vary according to the nature of the assumption and other circumstances. Examples of the types of disclosures an entity makes are: (a) the nature of the assumption or other estimation uncertainty; (b) the sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity; (c) the expected resolution of an uncertainty and the range of reasonably possible outcomes within the next financial year in respect of the carrying amounts of the assets and liabilities affected; and (d) an explanation of changes made to past assumptions concerning those assets and liabilities, if the uncertainty remains unresolved.
AASB101.131	Sometimes it is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. In such cases, the entity discloses that it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the asset or liability affected. In all cases, the entity discloses the nature and carrying amount of the specific asset or liability (or class of assets or liabilities) affected by the assumption.
	Disclosure of changes in accounting estimates
AASB108.39	An entity shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect.
AASB108.40	If the amount of the effect in future periods is not disclosed because estimating it is impracticable, an entity shall disclose that fact.

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Source	Note 3: Prior period errors
AASB108.49	*[Disclose details of the correction of material prior period errors]*
AASB108.49	An entity shall disclose the following about prior periods: (a) the nature of the prior period error; (b) for each prior period presented, to the extent practicable, the amount of the correction: (i) for each financial statement line item affected; and (ii) if AASB 133 applies to the entity, for basic and diluted earnings per share; (c) the amount of the correction at the beginning of the earliest prior period presented; and (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. Financial statements of subsequent periods need not repeat these disclosures

Source	Note 4: Other gains and losses		
AASB 101.38, 10(ea), 38A, 51(e)		**2022 ($)**	**2021 ($)**
	Net foreign exchange gain	23,873	12,211
	Gain on the disposal of property, plant and equipment	–	–
	Change in fair value of investment property	–	–
	Change in fair value of investments classified as held-for-trading	–	–
		23,873	**12,211**

	Separate disclosure of items of income or expense
AASB 101.97	When items of income or expense are material, an entity shall disclose their nature and amount separately.

Source	Note 5: Profit from continuing operations		
AASB 101.38, 10(ea), 38A, 51(e)		**2022 ($)**	**2021 ($)**
	Profit from continuing operations before tax includes the following items of expense:		
	Cost of goods sold	10,579,106	2,850,549
	Finance costs	371,978	373,273
	Employee benefits expense	2,487,573	1,106,056
	Depreciation of property, plant and equipment	274,500	225,507
	Amortisation of intangible assets	788,152	164,792
	Impairment of property, plant and equipment	–	–
	Impairment of intangible assets	108,500	–
	Other expenses *[describe]*	278,600	126,167
	Disclosure of additional information on the nature of expenses		
AASB 101.104	An entity classifying expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense and employee benefits expense.		
	Separate disclosure of items of income or expense		
AASB 101.97	When items of income or expense are material, an entity shall disclose their nature and amount separately.		

Source	Note 6: Discontinued operations		
	During the financial year, the company disposed of Business X. Details of the profit for the year from the discontinued operation are set out below:		
AASB 101.51(e)		**2022 ($)**	**2021 ($)**
	Revenue	83,082	–
	Expenses	(50,193)	(5,318)
	Profit before tax	32,889	(5,318)
	Income tax expense	(9,867)	1,595
		23,022	**(3,723)**
	Gain on disposal	342,111	–
	Income tax expense	(102,633)	–
		239,478	–
	Profit/(loss) for the year from discontinued operations	**262,500**	**(3,723)**
	Details of the consideration received, and the assets and liabilities disposed, are disclosed in note 27.		
	Separate disclosure of items of income or expense		
AASB 101.97	When items of income or expense are material, an entity shall disclose their nature and amount separately.		

Source	Note 7: Cash flow information	2022 ($)	2021 ($)
AASB 101.38, 10(ea), 38A, 51(e)			
	Profit for the year	**(853,144)**	**749,823**
	Non-cash income and expense items:		
	Depreciation and amortisation expense	1,062,652	390,299
	Impairment expense	108,500	–
	Other non-cash income and expense items *[describe]*	–	–
	Changes in the carrying amount of assets and liabilities:		
	(Increase)/decrease in trade and other receivables	(60,838)	(72,645)
	(Increase)/decrease in inventories	(139,431)	(157,526)
	(Increase)/decrease in other assets	(288,411)	(203,312)
	Decrease/(increase) in trade and other payables	537,201	(124,813)
	Decrease/(increase) in provisions	69,955	(17,105)
	Decrease/(increase) in other liabilities	(34,242)	(80,330)
	Net cash flows from operating activities	**402,242**	**518,601**

(a) Reconciliation of profit for the year to net cash flows from operating activities

AASB 1054.16 — When an entity uses the direct method to present its statement of cash flows, the financial statements shall provide a reconciliation of the net cash flow from operating activities to profit (loss).

(b) Cash and cash equivalents

Source		2022 ($)	2021 ($)
AASB 107.45	*Cash and cash equivalents reported in the statement of cash flows includes the following:*		
	Cash on hand and demand deposits	1,854,068	1,820,914
	Bank overdraft	–	–
	Cash and cash equivalents at the end of the year	**1,854,068**	**1,820,914**

AASB 107.48 — Included in the amount of cash and cash equivalents at the end of the year is a $10,000 security deposit (2019: $5,000) in relation to the company's service contracts. This amount is not available for use by the company.

(c) Non-cash transactions

AASB 107.43 — During the financial year, the company entered into the following non-cash investing and financing transactions (which are not included in the statement of cash flows):

(a) new lease of plant and equipment, resulting in the recognition of additional lease assets and corresponding lease liabilities of $75,000 ($2019: $nil).

(b) *[Outline details of other non-cash investing and financing transactions]*

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Source	

Note 7: Cash flow information

(d) Reconciliation of liabilities arising from financing activities

AASB 107.44A–44E

Changes in liabilities arising from financing activities are summarised below:

	Bank loans ($)	Deferred consideration ($)	Lease liabilities ($)
Balance at 1 July 2020	**5,365,485**	**–**	**–**
Cash flows during the year	(1,724,245)	–	–
Non-cash asset acquisitions	–	225,000	–
New lease arrangements	–	–	–
Other changes *[describe]*	–	–	–
Balance at 30 June 2021	**3,641,240**	**225,000**	**–**
Cash flows during the year	495,445	(25,000)	–
Non-cash asset acquisitions	–	–	–
New lease arrangements	–	–	75,000
Other changes *[describe]*	–	–	–
Balance at 30 June 2022	**4,136,685**	**200,000**	**75,000**

AASB 107.44A

An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Disclosure of other cash flow information

AASB 107.50

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

(a) the amount of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments, indicating any restrictions on the use of these facilities;

(b) [deleted]

(c) the aggregate amount of cash flows that represent increases in operating capacity separately from those cash flows that are required to maintain operating capacity; and

(d) the amount of the cash flows arising from the operating, investing and financing activities of each reportable segment (see AASB 8 *Operating Segments*).

Source	

Note 8: Trade and other receivables

AASB 101.77, 78

AASB 101.38, 10(ea), 38A, 51(e)

	2022 ($)	2021 ($)
Receivables from contracts with customers	130,006	75,227
Allowance for credit losses	–	–
	130,006	**75,227**
Deferred consideration for sale of business	75,000	–
Other receivables *[describe]*	–	–
	75,000	**–**
	205,006	**75,227**

Disclosure of further sub-classification

AASB 101.77, 78

An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

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Source	Note 9: Other financial assets		
AASB 101.77, 78			
AASB 101.38, 10(ea), 38A, 51(e)		2022 ($)	2021 ($)
	Financial assets mandatorily classified at fair value through profit or loss:		
	Shares in listed entities	–	–
	Other *[describe]*	–	–
		–	**–**
	Derivative financial instruments measured at fair value:		
	Forward foreign exchange contracts	–	–
	Interest rate swaps	–	–
	Other *[describe]*	–	–
		–	**–**
	Financial assets designated at fair value through other comprehensive income:		
	Shares in listed entities	606,653	523,690
	Shares in unlisted entities	404,354	139,210
	Other *[describe]*	–	–
		1,011,007	**662,900**
	Financial assets measured at amortised cost:		
	Promissory notes	–	23,000
	Loans advanced to related parties	90,000	90,000
	Other *[describe]*	742	2,107
		90,742	**115,107**
		1,101,749	**778,007**
	Other financial assets are classified in the statement of financial position as:		
	Current	90,742	115,107
	Non-current	1,011,007	662,900
		1,101,749	**778,007**

	Disclosure of further sub-classification
AASB 101.77, 78	An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

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Source			
AASB 101.77, 78	**Note 10: Inventories**		
AASB 101.38, 10(ea), 38A, 51(e)		**2022 ($)**	**2021 ($)**
	Inventories measured at the lower of cost and net realisable value:		
	Raw materials	–	–
	Work in progress	–	–
	Finished goods	715,814	742,383
		715,814	**742,383**

	Disclosure of further sub-classification
AASB 101.77, 78	An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

Source			
AASB 101.77, 78	**Note 11: Assets classified as held-for-sale**		
AASB 101.38, 10(ea), 38A, 51(e)		**2022 ($)**	**2021 ($)**
	Assets:		
	Property held-for-sale	3,225,000	–
	Other assets held-for-sale *[describe]*	–	–
		3,225,000	**–**
	Liabilities:		
	Liabilities associated with assets held-for-sale	–	–
		–	**–**
	The company plans to dispose of freehold land and buildings within the next 12 months. The directors expect that the sale proceeds, less any cost of disposal, will exceed the carrying amount of the property.		

	Disclosure of further sub-classification
AASB 101.77, 78	An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

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Source	
AASB 101.77, 78	**Note 12: Property, plant and equipment**

Source		2022 ($)	2021 ($)
AASB 101.38, 10(ea), 38A, 51(e)			
	Freehold land at fair value	–	2,700,000
		–	**2,700,000**
	Buildings at cost	–	863,000
	Accumulated depreciation	–	(641,000)
		–	**222,000**
	Plant and equipment at cost	4,498,382	1,542,568
	Accumulated depreciation	(558,100)	(363,844)
		3,940,282	**1,178,724**
		3,940,282	**4,100,724**

The company plans to dispose of freehold land and buildings within the next 12-months. The carrying amount of freehold land and buildings at 30 June 2022 is included in assets classified as held-for-sale (see note 11).

Disclosure of further sub-classification

AASB 101.77, 78

An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

Source	
AASB 101.77, 78	**Note 13: Investment property**

Source		2022 ($)	2021 ($)
AASB 101.38, 10(ea), 38A, 51(e)			
	Investment property at cost	2,393,750	2,393,750
	Accumulated depreciation	(239,375)	(179,531)
		2,154,375	**2,214,219**

Disclosure of further sub-classification

AASB 101.77, 78

An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

Source	Note 14: Lease assets and lease liabilities		
AASB 101.77, 78			
AASB 101.38, 10(ea), 38A, 51(e)		2022 ($)	2021 ($)
	Lease assets		
	Carrying amount of lease assets, by class of underlying assets:		
	Plant and equipment under lease arrangements:		
	At cost	75,000	–
	Accumulated depreciation	–	–
		75,000	**–**
	Other assets under lease arrangement *[describe]*:		
	At cost	–	–
	Accumulated depreciation	–	–
		–	**–**
		75,000	**–**
	Lease liabilites		
	Current lease liabilities	22,555	–
	Non-current lease liabilities	52,445	–
		75,000	**–**

	Disclosure of further sub-classification
AASB 101.77, 78	An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

Source	Note 15: Intangible assets		
AASB 101.77, 78			
AASB 101.38, 10(ea), 38A, 51(e)		2022 ($)	2021 ($)
	Goodwill at cost	2,783,700	2,783,700
	Accumulated impairment loss	(108,500)	–
		2,675,200	**2,783,700**
	Licences at cost	5,934,730	2,245,859
	Accumulated amortisation	(980,627)	(257,660)
		4,954,103	**1,988,199**
	Capitalised development costs	325,932	325,932
	Accumulated amortisation	(195,555)	(130,370)
		130,377	**195,562**
		7,759,680	**4,967,461**

	Disclosure of further sub-classification
AASB 101.77, 78	An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

Source	Note 16: Biological assets		
AASB 101.77, 78			
AASB 101.38, 10(ea), 38A, 51(e)		2022 ($)	2021 ($)
	Biological assets measured at fair value:		
	Dairy cattle	–	–
	Fruit trees	–	–
	Grape vines	–	–
	Other *[describe]*	–	–
		–	**–**

	Disclosure of further sub-classification
AASB 101.77, 78	An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

Source	Note 17: Deferred tax assets		
AASB 101.77, 78			
AASB 101.38, 10(ea), 38A, 51(e)		2022 ($)	2021 ($)
	Deferred tax assets comprise:		
	Tax losses	–	–
	Temporary differences	29,472	25,472
		29,472	**25,472**

	Disclosure of further sub-classification
AASB 101.77, 78	An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

	Note 18: Other assets		
AASB 101.77, 78			
AASB 101.38, 10(ea), 38A, 51(e)		2022 ($)	2021 ($)
	Prepayments	61,072	165,720
	Right to returned goods asset	–	–
	Contract assets	–	–
	Contract costs asset	–	–
	Other *[describe]*	–	–
		61,072	**165,720**
	Other assets are classified in the statement of financial position as:		
	Current	23,643	81,677
	Non-current	37,429	84,043
		61,072	**165,720**

	Disclosure of further sub-classification
AASB 101.77, 78	An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

Source	
AASB 101.77, 78	**Note 19: Trade and other payables**

AASB 101.38, 10(ea), 38A, 51(e)		2022 ($)	2021 ($)
	Trade payables	1,555,374	1,057,194
	Other *[describe]*	–	–
		1,555,374	**1,057,194**

	Disclosure of further sub-classification
AASB 101.77, 78	An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

Source	
AASB 101.77, 78	**Note 20: Other financial liabilities**

AASB 101.38, 10(ea), 38A, 51(e)		2022 ($)	2021 ($)
	Secured borrowings measured at amortised cost:		
	Bank overdraft	113,783	143,586
	Bank loan	4,136,685	3,641,240
	Other *[describe]*	–	–
		4,250,468	**3,784,826**
	Unsecured borrowings measured at amortised cost:		
	Deferred consideration for the acquisition of assets	200,000	225,000
	Other *[describe]*	–	–
		200,000	**225,000**
	Derivative financial instruments measured at fair value:		
	Forward foreign exchange contracts	–	–
	Other *[describe]*	–	–
		–	**–**
		4,450,468	**4,009,826**
	Other financial liabilities are classified in the statement of financial position as:		
	Current	719,831	1,006,823
	Non-current	3,730,637	3,003,003
		4,450,468	**4,009,826**

	Disclosure of further sub-classification
AASB 101.77, 78	An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

Source	
AASB 101.77, 78	**Note 21: Provisions**

Source		2022 ($)	2021 ($)
AASB 101.38, 10(ea), 38A, 51(e)			
	Employee benefits	208,820	138,864
	Warranty	–	–
	Other *[describe]*	–	–
		208,820	**138,864**
	Provisions are classified in the statement of financial position as:		
	Current	180,963	134,035
	Non-current	27,857	4,829
		208,820	**138,864**

	Disclosure of further sub-classification
AASB 101.77, 78	An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

AASB 101.77, 78	**Note 22: Other liabilities**

Source		2022 ($)	2021 ($)
AASB 101.38, 10(ea), 38A, 51(e)			
	Refund liabilities	–	–
	Contract liabilities	–	–
	Other *[describe]*	–	–
		–	**–**
	Other liabilities are classified in the statement of financial position as:		
	Current	–	–
	Non-current	–	–
		–	**–**

	Disclosure of further sub-classification
AASB 101.77, 78	An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

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Source	Note 23: Share capital		
AASB 101.38, 10(ea), 38A, 51(e)		**2022 ($)**	**2021 ($)**
	Share capital:		
AASB 101.79(a)(ii)	172,000 fully paid ordinary shares (2021: 102,000)	17,814,049	10,814,049
AASB 101.79(a)(ii)	1,000 partly paid ordinary shares (2021: 1,000)	10	10
		17,814,059	**10,814,059**

AASB 101.79(a)(i)	(i)	The company does not have a limited amount of authorised share capital.
AASB 101.79(a)(iii)	(ii)	Issued ordinary shares of the company do not have a par value.
AASB 101.79(a)(v)	(iii)	Fully paid ordinary shares participate in dividends declared, and proceeds on winding up of the company, in proportion to the number of shares held. At shareholders' meetings, each ordinary share gives entitlement to one vote.
AASB 101.79(a)(vi)	(iv)	No issued ordinary shares are held by the company, or by a subsidiary or associate of the company.

		Number of shares	**Share capital ($)**
AASB 101.79(a)(iv)	*Movements in share capital:*		
	Balance at 1 July 2020	**32,000**	**3,814,059**
	Ordinary shares issued during the year	70,000	7,000,000
	Ordinary shares bought back during the year	–	–
	Other movement *[describe]*	–	–
	Balance at 30 June 2021	**102,000**	**10,814,059**
	Ordinary shares issued during the year	70,000	7,000,000
	Ordinary shares bought back during the year	–	–
	Other movement *[describe]*	–	–
	Balance at 30 June 2022	**172,000**	**17,814,059**

	Disclosure of further sub-classification
AASB 101.77, 78	An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.
	Disclosure of information for each class of share capital
AASB 101.79(a)	An entity shall disclose the information required by paragraph 79(a) of AASB 101 for each class of share capital.
	Shares reserved for issue under options or contracts of sale
AASB 101.79(a)(vii)	An entity shall disclose details of shares reserved for issue under options and contracts for the sale of shares, including terms and amounts.
	Entities without share capital
AASB 101.80	An entity without share capital, such as a partnership or trust, shall disclose information equivalent to that required by paragraph 79(a) of AASB 101, showing changes during the period in each category of equity interest, and the rights, preferences and restrictions attaching to each category of equity interest.

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Source	
	Note 23: Share capital
	Reclassification of financial instruments
AASB 101.80A	If an entity has reclassified: (a) a puttable financial instrument classified as an equity instrument; or (b) an instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument; between financial liabilities and equity, the entity shall disclose the amount reclassified into and out of each category (financial liabilities or equity), and the timing and reason for that reclassification.
	Puttable financial instruments classified as equity
AASB 101.136A	For puttable financial instruments classified as equity instruments, an entity shall disclose (to the extent not disclosed elsewhere): (a) summary quantitative data about the amount classified as equity; (b) its objectives, policies and processes for managing its obligation to repurchase or redeem the instruments when required to do so by the instrument holders, including any changes from the previous period; (c) the expected cash outflow on redemption or repurchase of that class of financial instruments; and (d) information about how the expected cash outflow on redemption or repurchase was determined.

Source	Note 24: Reserves		
AASB 101.38, 10(ea), 38A, 51(e)		**2022 ($)**	**2021 ($)**
	Property revaluation reserve	548,100	224,700
	Financial assets at fair value through other comprehensive income reserve	331,715	154,615
	Other *[describe]*	–	–
		879,815	**379,315**
AASB 101.106A	**Property revaluation reserve**		
	Balance at the beginning of the year	224,700	–
	Revaluation of property	462,000	321,000
AASB 101.90	Deferred tax on revaluation	(138,600)	(96,300)
	Transfer to retained earnings	–	–
	Balance at the end of the year	**548,100**	**224,700**
AASB 101.79(b)	The property revaluation reserve is used to record increments and decrements on the revaluation of freehold property.		

Source	Note 24: Reserves		
AASB 101.38, 10(ea), 38A, 51(e)		2022 ($)	2021 ($)
AASB 101.106A	**Financial assets at fair value through other comprehensive income reserve**		
	Balance at the beginning of the year	154,615	–
	Changes in the fair value of financial assets classified or designated at fair value through other comprehensive income	253,000	220,879
AASB 101.90	Deferred tax on net fair value gain	(75,900)	(66,264)
AASB 101.92	Reclassification to profit or loss	–	–
	Transfers to retained earnings	–	–
	Balance at the end of the year	**331,715**	**154,615**

AASB 101.79(b)	The financial assets at fair value through other comprehensive income reserve is used to record changes in the fair value of financial assets classified or designated at fair value through other comprehensive income.
	Disclosure of further sub-classification
AASB 101.77, 78	An entity shall disclose, either in the statement of financial position or in the notes, further sub-classification of the line items presented in the statement of financial position, classified in a manner appropriate to the entity's operations. The detail provided in the further sub-classification depends on the size, nature and function of the amounts involved.

Source	Note 25: Retained earnings		
AASB 101.38, 10(ea), 38A, 51(e)		2022 ($)	2021 ($)
	Balance at the beginning of the year	**(1,611,352)**	**(2,361,175)**
	Profit for the year	(853,144)	749,823
	Transfer from property revaluation reserve	–	–
	Payment of dividends	–	–
	Other *[describe]*	–	–
	Balance at the end of the year	**(2,464,496)**	**(1,611,352)**

Source	Note 26: Dividend distributions				
AASB 101.38, 10(ea), 38A, 51(e)		2022		2021	
		Cents/ Share	Total ($)	Cents/ Share	Total ($)
AASB 101.107	Dividends paid or declared during the reporting period (recognised in the financial statements)				
	Final dividend	–	–	–	–
	Interim dividend	–	–	–	–
		–	**–**	**–**	**–**
AASB 101.137(a)	Dividends declared after the reporting period (not recognised in the financial statements)				
	Final dividend	–	–	–	–
		–	**–**	**–**	**–**

Source		2022 ($)	2020 ($)
AASB 101.38, 10(ea), 38A, 51(e)			
AASB 1054.13	Franking credits available for use in subsequent years	–	–

Source	
	Imputation credits
AASB 1054.12	The term 'imputation credits' is used in AASB 1054 to also mean 'franking credits'. The disclosures required by paragraphs 13 and 15 of AASB 1054 shall be made separately in respect of any New Zealand imputation credits and any Australian imputation credits.
AASB 1054.14	For the purposes of determining the amount required to be disclosed in accordance with paragraph 13 of AASB 1054, entities may have: (a) imputation credits that will arise from the payment of the amount of the provision for income tax; (b) imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and (c) imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.
	Different classes of equity
AASB 1054.15	Where there are different classes of investors with different entitlements to imputation credits, disclosures shall be made about the nature of those entitlements for each class where this is relevant to an understanding of them.
	Cumulative preference dividends not recognised
AASB 101.137(b)	An entity shall disclose in the notes, the amount of any cumulative preference dividends not recognised.

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Source	Note 27: Acquisition of businesses		
	Businesses acquired during the financial year		
	During the financial year, the company acquired Business A and Business B. Details of each of these acquisitions is set out below:		
AASB 101.51(e)		**Business A ($)**	**Business B ($)**
	Consideration transferred:		
AASB 107.40(b)	Cash	1,500,000	2,576,000
	Deferred consideration	–	–
AASB 107.40(a)	**Total consideration**	**1,500,000**	**2,576,000**
	Assets and liabilities acquired:		
AASB 107.40(c)	Cash and cash equivalents	–	12,128
AASB 107.40(d)	Trade and other receivables	–	27,750
AASB 107.40(d)	Inventories	25,000	8,362
AASB 107.40(d)	Property, plant and equipment	–	–
AASB 107.40(d)	Intangible assets	1,475,000	2,563,000
AASB 107.40(d)	Trade and other payables	–	(35,240)
AASB 107.40(d)	Other assets and/or liabilities *[describe]*	–	–
	Net assets acquired	**1,500,000**	**2,576,000**
	Net cash outflow for acquisition of businesses:		
	The net cash outflow for the acquisition of Business A and Business B during the financial year was $4,063,872 (being the cash consideration transferred, less cash and cash equivalents acquired).		
	Businesses acquired during the prior financial year		
AASB 101.38	Comparative disclosures in relation to businesses acquired during the prior year should be included when such narrative and descriptive information is relevant to understanding the current period financial statements.		

Source	Note 28: Disposal of businesses	
	During the financial year, the company disposed of Business X. Details of the disposal are set out below:	
AASB 101.51(e)		**Business X ($)**
	Consideration received:	
AASB 107.40(b)	Cash	280,000
	Deferred consideration	75,000
AASB 107.40(a)	**Total consideration**	**355,000**
	Assets and liabilities disposed:	
AASB 107.40(c)	Cash and cash equivalents	1,493
AASB 107.40(d)	Trade and other receivables	9,533
AASB 107.40(d)	Inventories	11,682
AASB 107.40(d)	Trade and other payables	(9,819)
AASB 107.40(d)	Other assets and/or liabilities *[describe]*	–
	Net assets disposed	**12,889**
	Net cash inflow on disposal of businesses:	
	The net cash inflow on disposal of Business X was $278,507 (being the cash consideration received, less cash and cash equivalents disposed).	

Source	Note 29: Remuneration of auditors		
AASB 101.38, 10(ea), 38A, 51(e)		2022 ($)	2021 ($)
	Auditor of the company:		
AASB 1054.10(a)	Audit of the financial statements	80,500	53,000
AASB 1054.10(b), 11	Other services *[describe the nature of the services]*	–	–
		80,500	**53,000**
	Network firm of the auditor of the company:		
AASB 1054.10(b), 11	Other services *[describe the nature of the services]*	–	–
		–	**–**
		80,500	**53,000**

Source	
AASB 101.112(c)	**Note 30: Subsequent events**
	In August 2022, the company entered into an agreement to acquire Business W for consideration of $560,000. The acquisition is expected to be completed in October 2022 and will be financed by further drawdown of existing loan facilities.
	Disclosure of other relevant information
AASB 101.112(c)	The notes to the financial statements shall provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of the financial statements.

Source	
AASB 101.112(c)	**Note 31: Contingencies**
	The company has been issued with a claim for $100,000 in relation to the alleged supply of faulty products. In the opinion of the directors, as supported by independent legal advice, it is likely that the company will successfully defend the claim. Accordingly, no provision has been recognised in the financial statements in respect of such claim.
	Disclosure of other relevant information
AASB 101.112(c)	The notes to the financial statements shall provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of the financial statements.

Appendix A: General preparation and disclosure guidance

AASB 101 contains general preparation and disclosure guidance applicable to the financial statements and/or the notes to the financial statements.

This appendix contains this guidance and the relevant paragraph reference to AASB 101. In some circumstances, additional disclosures may be applicable, and these are also highlighted below.

	Going concern
AASB 101.25	When preparing financial statements, the management shall make an assessment of the entity's ability to continue as a going concern. An entity is a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.
AASB 101.26	In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.
	Frequency of reporting
AASB 101.36	An entity shall present a complete set of financial statements (including comparative information) at least annually. When the end of an entity's reporting period changes and the annual financial statements are presented for a period longer or shorter than one year, the entity shall disclose the following: (a) that fact; (b) the reason for using a longer or shorter period; and (c) the fact that the amounts presented in the financial statements are not entirely comparable.
	Consistency in reporting
AASB 101.45	An entity shall retain the presentation and classification of items in the financial statements from one period to the next unless: (a) it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in AASB 108; or (b) an Australian Accounting Standard requires a change in presentation.
	Changes in presentation or classification
AASB 101.41	If an entity changes the presentation or classification of items in the financial statements, an entity shall reclassify comparative amounts unless reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose (including as at the beginning of the preceding period): (a) the nature of the reclassification; (b) the amount of each item or class of items that is reclassified; and (c) the reason for the reclassification.
AASB 101.42	If it is impracticable to reclassify comparative amounts, an entity shall disclose why reclassification was not practicable and the nature of the adjustments that would have been made if the amounts had been reclassified.
	Comparative information
AASB 101.38	Except when Australian Accounting Standards permit or require otherwise, an entity shall present comparative information in respect of the previous period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial statements.

Appendix A: General preparation and disclosure guidance

Source	
	Materiality and aggregation
AASB 101.29	An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial.
	Inclusion of notes in the financial statements
AASB 101.10(e)	The financial statements shall include notes, comprising significant accounting policies and other explanatory information.
	Presentation of notes in a systematic manner
AASB 101.113	An entity shall, as far as practicable, present the notes in a systematic manner. In determining a systematic manner, the entity shall first consider the effect on the understandability and comparability of its financial statements. An entity shall cross-reference each item in the financial statements to any related information in the notes.
	Disclosure of other relevant information
AASB 101.112(c)	The notes to the financial statements shall provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of the financial statements.

Appendix B: Illustrative examples of accounting policies

As outlined in paragraph 10(e) of AASB 101, a complete set of financial statements shall include notes, comprising significant accounting policies and other explanatory information. In addition, paragraph 112(a) of AASB 101 requires the notes to the financial statements to present information about the basis of preparation of the financial statements and the specific accounting policies used. This information may be presented in a separate section of the financial statements (i.e., statement of significant accounting policies), or presented throughout the financial statements (i.e., incorporated within each note to the financial statements).

Irrespective of the manner in which accounting policies are presented, paragraph 117 of AASB 101 requires disclosure of the following:

(a) the measurement basis (or bases) used in preparing the financial statements; and

(b) the other accounting policies used that are relevant to an understanding of the financial statements.

This appendix contains illustrative examples of accounting policies in accordance with the recognition and measurement requirements of Australian Accounting Standards. With the exception of the inclusion of an illustrative accounting policy for the recognition of income by not-for-profit entities under AASB 1058 Income of Not-for-Profit Entities, the accounting policies illustrated below reflect the ‘for-profit entity’ requirements of Australian Accounting Standards.

(a) Biological assets

Biological assets, other than bearer plants, are measured on initial recognition and at the end of each reporting period at fair value less costs to sell. Gains or losses arising on initial recognition of biological assets at fair value less costs to sell, and from a change in fair value less costs to sell of biological assets, are included in profit or loss for the period in which they arise.

Agricultural produce harvested from biological assets are initially measured at fair value less costs to sell at the point of harvest. For accounting purposes, such measurement is treated as the cost of the agricultural produce at that date. Gains or losses arising on initial recognition of agricultural produce at fair value less costs to sell are included in profit or loss for the period in which they arise.

Bearer plants are measured at cost, less accumulated depreciation and any accumulated impairment losses.

(b) Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of lease arrangements, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

(c) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is measured at its acquisition date fair value.

Appendix B: Illustrative examples of accounting policies

Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in the case of a step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the amount of any non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in profit or loss.

Acquisition related costs are expensed as incurred.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(e) Discontinued operations

A discontinued operation is a component of the company that has been disposed of in the current, or prior, reporting period or is classified as held for sale at the reporting date, and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are disclosed separately in the statement of profit or loss and other comprehensive income.

(f) Employee benefits

Short-term employee benefits

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled.

The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

Other long-term employee benefits

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the balance sheet if the company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

Appendix B: Illustrative examples of accounting policies

Retirement benefit obligations

The company makes superannuation contributions to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The company's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the statement of financial position.

(g) Events after the reporting date

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial report is authorised for issue.

The amounts recognised in the financial statements reflect events after the reporting period that provide evidence of conditions that existed at the reporting date. Whereas, events after the reporting period that are indicative of conditions that arose after the reporting period (i.e., which did not exist at the reporting date) are excluded from the determination of the amounts recognised in the financial statements.

(h) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVOCI) in accordance with the relevant criteria in AASB 9 *Financial Instruments* (AASB 9).

Financial assets not irrevocably designated on initial recognition at FVOCI are classified as subsequently measured at amortised cost, FVOCI or fair value through profit or loss (FVPL) on the basis of both:

(a) the company's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the company for the acquisition of a business, and financial liabilities designated at FVPL, are subsequently measured at fair value.

All other financial liabilities recognised by the company are subsequently measured at amortised cost.

Receivables

Consistent with the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, trade and other receivables are classified (and measured) at amortised cost.

Appendix B: Illustrative examples of accounting policies

Promissory notes and loans advanced to related parties

Consistent with the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, promissory notes and loans advanced to related parties are classified (and measured) at amortised cost.

Corporate bonds

Corporate bonds are debt instruments issued by both listed and unlisted companies. Consistent with the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, corporate bonds are classified (and measured) at fair value through other comprehensive income.

Shares in listed entities

Shares in listed entities that have been acquired by the company principally for the purpose of sale in the near term are classified as held for trading. Held for trading investments are classified (and measured) at fair value through profit or loss.

Shares in listed entities that are not held for trading are irrevocably designated (and measured) at fair value through other comprehensive income.

Derivative instruments

Derivative instruments, other than designated effective hedging instruments, are classified (and measured) at fair value through profit or loss.

Derivative instruments that are designated effective hedging instruments, in cash flow hedge arrangements, are accounted for as follows:

- The effective portion of the change in the fair value of a hedging instrument is recognised in other comprehensive income and accumulated in the cash flow hedge reserve, and any ineffective portion of the change in fair value is recognised in profit or loss.
- Gains or losses previously recognised in other comprehensive income and accumulated in the cash flow hedge reserve are reclassified to profit or loss in the same period that the hedged item affects profit or loss (for hedged forecast transactions that affect profit or loss), or are transferred from the reserve and included in the measurement of the initial cost of a non-financial asset or liability (for hedged forecast transactions that result in the recognition of a non-financial asset or liability).
- When a hedging instrument expires, is sold, terminated or no longer qualifies for hedge accounting under AASB 9, the company discontinues hedge accounting, and any gains or losses accumulated in the cash flow hedge reserve remain in the reserve until such time as hedged forecast transaction occurs. If the hedged forecast transaction is no longer expected to occur, any gains or losses accumulated in the cash flow hedge reserve are reclassified to profit or loss.

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

(a) debt instruments measured at amortised cost;

(b) debt instruments classified at fair value through other comprehensive income; and

(c) receivables from contracts with customers, contract assets and lease receivables.

The company applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the company determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

Appendix B: Illustrative examples of accounting policies

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The company consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

(i) Foreign currency transactions and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

Transactions and Balances

Transactions undertaken in foreign currencies are recognised in the company's functional currency, using the spot rate at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are restated to the spot rate at the reporting date.

Except for certain foreign currency hedges, all exchange gains or losses are recognised in profit or loss for the period in which they arise.

(j) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Government grants *(under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance, applicable to for-profit entities only)*

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met.

Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Grants relating to depreciable assets are credited to deferred income and are recognised in profit or loss over the period and in the proportions in which depreciation expense on those assets is recognised.

Appendix B: Illustrative examples of accounting policies

(l) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income, to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

(m) Income arising from the transfer of assets *(under AASB 1058 Income of Not-for-Profit Entities, applicable to not-for-profit entities only)*

The company derives income from the transfer of assets when the company provides no consideration in exchange for the asset received, or the consideration provided by the company is significantly less than the fair value of the asset received, principally to enable the company to further its objectives, and the arrangement does not satisfy the criteria to be accounted for as a 'contract with a customer'.

Donations

Cash donations and goods donated for resale are recognised as income when the company obtains control of the asset. Cash is recognised at the fair value of the consideration received. Goods donated for resale at recognised at current replacement cost.

Operating grants

A transfer of an asset, including cash, under arrangements that do not contain enforceable and sufficiently specific performance obligations is referred to in the financial statements as an 'operating grant'. Assets arising from operating grants are recognised at fair value when the company obtains control of the asset. Any related amounts, such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions are recognised in accordance with the applicable Australian Accounting Standard. The excess of the initial carrying amount of assets received over the aggregate of the consideration provided by the company and any related amounts is recognised as income.

Appendix B: Illustrative examples of accounting policies

Capital grants

A transfer of a financial asset, including cash, to enable the company to acquire or construct a recognisable non-financial asset to identified specifications to be controlled by the company, such as an item of property, plant and equipment, is referred to in the financial statements as a 'capital grant'. Capital grants are initially recognised as a liability (unspent capital grants liability), and subsequently recognised as income as, or when, the company satisfies its obligation to acquire or construct the specified asset to which the capital grant relates. For the acquisition of specified assets, income is recognised when the asset is acquired and controlled by the company. For the construction of specified assets, income is recognised as the construction progresses on the basis of costs incurred relative to expected costs.

Unspent capital grants liability

Capital grants are initially recognised as a liability (unspent capital grants liability), and subsequently recognised as income as, or when, the company satisfies its obligation to acquire or construct the specified asset to which the capital grant relates.

Capital grants are recognised as income when the specified asset is acquired and controlled by the company, or as the construction of the specified asset progresses on the basis of costs incurred relative to expected costs.

(n) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(o) Intangible Assets

Intangible assets are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period it is incurred.

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in the case of a step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Licences

The company made up-front payments to acquire licences. Licences are for the use of intellectual property and have been granted for a period of 10 years. They are amortised on a straight-line basis over the period of the licence.

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Appendix B: Illustrative examples of accounting policies

Capitalised development costs

Development costs are capitalised when the company can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the 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 asset; and the ability to measure reliably the expenditure attributable to the asset during its development.

Amortisation of the capitalised development costs commences when development is complete, and the asset is available for use. It is amortised on a straight-line basis over the period of expected future benefits which is expected to be 10 years.

Separately acquired intangible assets

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, separately acquired intangible assets are recognised at cost and amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, separately acquired intangible assets are measured at cost, less accumulated amortisation (where applicable) and any accumulated impairment losses.

Intangible assets acquired by way of government grants

Intangible assets acquired by way of a government grant are initially recognised at fair value (which, for accounting purposes, is treated as the cost of the intangible asset), and are subsequently amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, intangible assets acquired by way of government grants are measured at cost, less accumulated amortisation and any accumulated impairment losses.

Intangibles assets acquired in a business combination

Intangibles acquired in a business combination are initially recognised at fair value (which, for accounting purposes, is treated as the cost of the intangible asset), and are subsequently amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost, less accumulated amortisation and any accumulated impairment losses.

(p) Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about the relevant activities are required. Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement.

Joint operations

The company's share of the assets, liabilities, revenues and expenses of joint operations are included in the respective items of the statements of profit or loss and other comprehensive income and the statement of financial position.

In circumstances where the company acquires an interest in a joint operation whose activities constitute a business, as defined in AASB 3 *Business Combinations* (AASB 3), the company accounts for the acquisition in accordance with the principles in AASB 3, including:

- except for some limited exceptions, measuring all identifiable assets and liabilities of the joint operation at fair value;
- recognising any goodwill or gain on bargain purchase arising from the acquisition; and
- expensing any acquisition-related costs when incurred.

Appendix B: Illustrative examples of accounting policies

Joint ventures

The company's interest in joint ventures are accounted for using the equity method after initially being recognised at cost. Under the equity method, the company's share of the profits or losses of the joint venture are recognised in the company's profit or loss and the company's share of the joint venture's other comprehensive income is recognised in the company's other comprehensive income.

Unrealised gains and losses on transactions between the company and a joint venture are eliminated to the extent of the company's interest in the joint venture.

(q) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(r) Investments in associates

An associate is an entity over which the company is able to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The company's interests in associates are accounted for using the equity method after initially being recognised at cost. Under the equity method, the company's share of the profits or losses of the associate is recognised in the company's profit or loss and the company's share of other comprehensive income items is recognised in the company's other comprehensive income.

Unrealised gains and losses on transactions between the company and an associate are eliminated to the extent of the company's interest in the associate.

(s) Investment properties

Investment properties comprise land and buildings held for the purpose of earning rental income or for capital appreciation, or both.

Investment property is initially recognised at cost. After initial recognition, investment property continues to be measured at cost, less accumulated depreciation and any accumulated impairment losses.

Investment property buildings are depreciated on a straight-line basis over the estimated useful lives, commencing from the date the asset is held available for use. The estimated useful life is 40 years (2021: 40 years).

(t) Leases *[accounting policy for lessees]*

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the company recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the company, and an estimate of costs to be incurred by the company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Appendix B: Illustrative examples of accounting policies

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the company's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(t) Leases *[accounting policy for lessors]*

Each lease is classified as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Operating leases

Underlying assets subject to operating leases are presented in the statement of financial position according to the nature of the underlying asset.

Lease payments from operating leases are recognised as income on either a straight-line basis or another systematic basis (if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished).

Finance leases

At the commencement date of a finance lease, the company recognises a receivable (for assets held under the finance lease) at an amount equal to the net investment in the lease. The net investment in finance leases is the sum of the lease payments receivable by the company under the finance lease and the estimated unguaranteed residual value of the underlying asset at the end of the lease term, discounted at the interest rate implicit in the lease.

Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment in finance leases.

(u) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if it is highly probable their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Except in some limited circumstances, such as in the case of deferred tax balances and items measured at fair value on a recurring basis, non-current assets and assets and liabilities comprising disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

An impairment loss is recognised when the carrying amount of a non-current asset or disposal group held for sale exceeds its fair value less costs to sell and is recognised immediately in profit or loss. Any impairment loss on a disposal group is allocated first to any goodwill attributable to the disposal group, and then to the remaining assets and liabilities on a pro rata basis, except for inventories, deferred tax assets and assets otherwise measured at fair value on a recurring basis. Gains are recognised in respect of any subsequent increases in fair value less costs to sell of non-current assets or disposal groups held for sale, but only to the extent of any cumulative impairment losses previously recognised.

Appendix B: Illustrative examples of accounting policies

(v) Other revenue and other income

Interest revenue is measured in accordance with the effective interest method.

Dividend and other distribution revenue is recognised when the right to receive a dividend or other distribution has been established. Dividends and other distributions received from associates and joint ventures are accounted for in accordance with the equity method.

(w) Property held for development and sale

Property held for development and sale is measured at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Borrowing costs and holding costs incurred after the completion of development are expensed as incurred.

(x) Property, plant and equipment

Property

Freehold land is measured at revalued amounts, being the fair value at the date of the revaluation, less any accumulated impairment losses. At each reporting date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Increases in the carrying amounts arising on revaluation of freehold land is recognised in other comprehensive income and accumulated in equity. To the extent that the increase reverses a decrease of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. Decreases that offset previous increases of the same asset are recognised in other comprehensive income; all other decreases are recognised in profit or loss.

Buildings are measured at cost, less accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation

Land is not depreciated. The depreciable amount of buildings, plant and equipment is calculated on a straight-line basis over their estimated useful lives commencing from the time the asset is held available for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

	Estimated useful life
Buildings:	40 years
Plant and equipment:	5 to 10 years

(y) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Appendix B: Illustrative examples of accounting policies

(z) Revenue from contracts with customers *(under AASB 15 Revenue from Contracts with Customers, applicable to both for-profit entities and not-for-profit entities)*

The company derives revenue from the sale of luxury consumer goods and the provision of transportation services. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services.

Revenue from the sale of luxury consumer goods

The company's retail division sells luxury consumer goods to retail customers. Revenue from the sale of luxury consumer goods is recognised at the point in time when control of the goods is transferred to the customer, which generally occurs at the time the goods are purchased by customers from the company's retail outlets. Customers are required to pay in full for all goods purchased at the time of purchase. Customers have the right to return purchased goods, for a full refund, within 30 days of purchase. The estimated amount of refunds for returned goods is recognised as a refund liability. Revenue is measured net of any discounts, rebates and other price concessions, and net of the estimated amount of refunds for returned goods.

Revenue from the provision of transportation services

The company's transport division provides transportation services to customers in respect to dairy, food and consumer products as well as industrial chemicals. Revenue from the provision of transportation services is recognised over time, as the services are provided to the customer, on the basis of volumes transported and distances travelled. Recognising revenue on the basis of volumes transported and distances travelled is considered an appropriate method of recognising revenue as it is consistent with the manner in which the services are provided to the customer. Estimates of revenues, costs or extent of progress toward achievement of performance obligations are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known. Customers are generally invoiced on a monthly basis, and outstanding invoices are due for payment within 30 days of the invoice date.

Consideration included in the measurement of revenue

The consideration to be received from customers may include fixed amounts, variable amounts, or both. Where the contract includes a right to variable consideration, the group estimates the amount of variable consideration using the most likely amount approach on a contract-by-contract basis. Variable consideration is included in the measurement of revenue only to the extent that it is highly probable, based on historical experience, that a significant reversal of the cumulative amount recognised will not occur when the uncertainty associated with the variability is subsequently resolved.

Receivables from contracts with customers

A receivable from a contract with a customer represents the group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

Contract assets

A contract asset represents the group's right to consideration (not being an unconditional right recognised as a receivable) in exchange for goods or services transferred to the customer. Contract assets are measured at the amount of consideration that the group expects to be entitled in exchange for goods or services transferred to the customer.

Contract liabilities

A contract liability represents the group's obligation to transfer goods or services to the customer for which the group has received consideration (or an amount of consideration is due) from the customer. Amounts recorded as contract liabilities are subsequently recognised as revenue when the group transfers the contracted goods or services to the customer.

Appendix B: Illustrative examples of accounting policies

Costs to obtain a contract

Incremental costs incurred by the group to obtain a contract with a customer, such as the payment of commissions, are recognised as an asset and amortised on a systematic basis that is consistent with the transfer of the contracted goods or services to the customer.

Costs to fulfil a contract

Costs incurred by the group to fulfil a contract with a customer that are not included in the carrying amount of another recognised asset, such as inventory, plant and equipment or intangible asset, are recognised as an asset to the extent that such costs relate directly to a contract or anticipated contract, generate or enhance resources of the group that will be used to fulfil the contract, and are expected to be recovered from the consideration expected to be obtained from fulfilling the contract. Costs incurred to fulfil a contract that are recognised as an asset are amortised on a systematic basis that is consistent with the transfer of the contracted goods or services to the customer. Other costs incurred by the group to fulfil a contract with a customer (that are not recognised as an asset) are recognised as an expense when incurred.

Refund liabilities

A refund liability represents the group's obligation to refund consideration received (or receivable) where a customer returns a product purchased. A refund liability is measured at the group's estimate, based on historical experience, of the amount to be refunded in relation to goods transferred to customers. The recognition of a refund liability reduces the amount of revenue recognised for the reporting period. The group updates the measurement of the refund liability at the end of each reporting period for changes in expectations about the amount of refunds, with corresponding adjustments recognised as revenue (or a reduction of revenue).

Right to returned goods

A right to returned goods asset represents the group's right to recover products from a customer on settling a refund liability. A right to returned goods asset is measured at the former carrying amount of the inventory (immediately prior to transfer to the customer), less any expected costs to recover those goods (including potential decreases in the value of returned goods). The recognition of a right to returned goods asset reduces the amount of cost of sales for the reporting period. The group updates the measurement of the right to returned goods asset at the end of each reporting period for changes in expectations about goods to be returned, with corresponding adjustments recognised as cost of sales (or a reduction of cost of sales).

Warranty obligations

The group provides a general warranty for all goods sold, as required by law. The group does not provide customers with the option to purchase an additional or extended warranty. Warranty obligations are recognised as a provision, and are measured at the group's estimate of the expenditure required to fulfil its warranty obligations at the reporting date. The group updates the measurement of the warranty provision at the end of each reporting period for changes in expectations.

Customer loyalty programme

The group operates a customer loyalty programme whereby its luxury consumer goods customers accumulate 'customer dollars' based on their level of purchases during a 12-month period, which can be used as consideration for future purchases. Customer dollars are treated as a separate performance obligation as they provide the customer with a material right that they would not receive without acquiring goods from the group.

A portion of the consideration received (or receivable) from the sale of luxury consumer goods is allocated to customer dollars, and recognised as a contract liability. The amount of the consideration allocated to customer dollars is based on the relative stand-alone selling prices, adjusted for the group's experience and expectation regarding the future pattern of redemptions and expirations. Contract liabilities arising from the customer loyalty programme are recognised as revenue in the period in which customer dollars are redeemed or expire.

(za) Rounding of amounts

The amounts presented in the financial statements have been rounded to the nearest dollar.

Appendix C: Significant accounting estimates and judgements

AASB 101 requires an entity to disclose significant judgements made in applying the entity's accounting policies and information about key assumptions made and other major sources of estimation uncertainty. These requirements are outlined in paragraphs 122 and 125 of AASB 101.

In practice, information about significant accounting estimates and judgements is disclosed either in a single note or throughout the notes to the financial statements as part of the information disclosed for the underlying asset, liability or other subject matter (e.g., key assumptions and major sources of estimation uncertainty in relation to determining the fair value of investment property would be disclosed in the investment property note).

This appendix contains an illustrative example of the disclosure of significant accounting estimates and judgements in accordance with paragraphs 122 and 125 of AASB 101. This illustrative example adopts the approach of disclosing the areas in which significant accounting estimates and judgements have been made and a reference to the relevant note where the information about such estimates and judgements is disclosed.

Note 2: Significant accounting estimates and judgements

Significant judgements made in applying accounting policies

In the process of applying the company's accounting policies, as disclosed in note 1, management makes various judgements that can significantly affect the amounts recognised in the financial statements.

The judgements made by management in applying the company's accounting policies (apart from those involving estimations, see below) that have the most significant effect on the amounts recognised in the financial statements are outlined below:

(a) determining whether an arrangement contains enforceable and sufficiently specific performance obligations [*not-for-profit entities*] (Note X: Revenue from contracts with customers);

(b) identification of separate performance obligations in contracts with customers and measuring progress towards the complete satisfaction of performance obligations (for those performance obligations that are satisfied over time) (Note X: Revenue from contracts with customers);

(c) equity accounting of an investment in an entity in which the company holds less than 20% of the voting rights; and

(d) determining the lease term of lease contracts that contain options to extend and/or options to terminate the lease (Note X: Lease assets and lease liabilities).

Key assumptions and major sources of estimation uncertainty

Determining the carrying amounts of some assets and liabilities requires estimation, at the reporting date, of the effects of uncertain future events. Outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amounts of the specific assets and liabilities affected by the assumption.

The key assumptions about the future, and other major sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) determining current tax payable and assessing the recoverability of deferred tax assets (Note X Income tax);

(b) estimating allowances for expected credit losses of trade receivables, contract assets and lease receivables (Note X: Trade and other receivables);

(c) determining the fair value of financial assets (Note X: Other financial assets);

(d) determining the fair value of property, plant and equipment (Note X: Property, plant and equipment);

(e) estimating the company's incremental borrowing rate, which is used to measure lease liabilities (Note X: Lease assets and lease liabilities);

(f) determining the fair value of investment property (Note X: Investment property);

(g) determining the fair value of biological assets (Note X: Biological assets);

(h) estimating the recoverable amount of goodwill and other intangible assets (Note X: Intangible assets);

(i) estimating provisions for warranty claims (Note X: Provisions);

(j) estimating provisions for removal and restoration obligations of lease contracts (Note X: Provisions);

(k) determining the fair value of share-based payments; and

(l) determining the fair value of contingent consideration in a business combination (Note X: Acquisition of businesses).

Appendix C: Significant accounting estimates and judgements

Note X: Lease assets and lease liabilities [extract]

Determining the lease term of lease contracts that contain options to extend and/or options to terminate the lease

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the company recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In order to measure a lease asset and corresponding lease liability, the company is required to make a determination of the lease term. This determination includes an assessment of whether the company is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease. In making this judgement, the company considers all relevant facts and circumstances that create an economic incentive for the company to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date of the lease until the exercise date of the option.

Note X: Revenue from contracts with customers [extract]

Determining whether an arrangement contains enforceable and sufficiently specific performance obligations [not-for-profit entities]

The company derives revenue and other income from a range of activities and sources, including revenue from the sale of goods and the provision of services, and income from donations, operating grants and capital grants. In accordance with Australian Accounting Standards, the company is required to determine whether it is appropriate to recognise revenue and other income in the financial year in which cash or non-cash assets are received or to defer the recognition of revenue and other income until associated obligations and/or conditions (if any) are satisfied. In making this judgement, the company considers the guidance outlined in AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* and, in particular, whether the arrangement contains enforceable and sufficiently specific performance obligations. Where the company identifies the existence of enforceable and sufficiently specific performance obligations, or the arrangement requires the company to use the funds received to acquire or construct items of property, plant and equipment to identified specifications, the recognition of revenue and other income is deferred until the identified obligations are satisfied.

Note X: Trade and other receivables [extract]

Estimating allowances for expected credit losses of trade receivables, contract assets and lease receivables

The company applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the company determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The company determines expected credit losses using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

Note X: Provisions [extract]

Estimating provisions for removal and restoration obligations of lease contracts

In relation to leases of property, at the end of the respective lease terms, the company is required to restore the underlying property to the condition specified by the terms and conditions of the lease contract, including the removal of any leasehold improvements. The company recognises a provision for the estimated costs of removal and restoration, measured at the present value of the estimated future expenditure required to settle the obligation. In making this estimate, the company considers the current condition of the underlying property, current estimates of future expenditure required to settle the obligation, the estimated expiry date of the lease contract, and current market discount rates.

Appendix D: Registered charity preparation and disclosure guidance

Registered charities that are required to lodge financial statements with the Australian Charities and Not-for-profits Commission (ACNC) (medium and large charities) can prepare special purpose financial statements (SPFS) when the charity is not a reporting entity [ACNC Reg 60.30].

However, the *Australian Charities and Not-for-profits Commission Regulation* 2013 (Regulations) require certain disclosure standards to be followed when preparing SPFS. These Regulations were amended on 13 November 2021 and the specific disclosure standards now listed include:

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

* AASB 124 was added on 13 November 2021. The key management personnel compensation disclosures contained in AASB 124 apply to financial years **2021–22** and later and **only** to those large, registered entities (with revenues of $3 million or more) whose key management personnel consist of more than one individual who is remunerated either directly or through a management entity. Importantly, the ACNC Commissioner has exercised their discretion in relation to the key management personnel compensation disclosures under AASB 124 and instead of requiring the key management personnel compensation to be split into the categories as required by paragraph 17 (a) – (e) of AASB 124, the aggregate amount will only be required. The other disclosure requirements of AASB 124 apply to financial years **2022–23** and later.

Further, for the financial years 2022–23 and later the updated Regulations allow for the relevant sections within AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entitie*s to be adopted rather than the full standards as per the listing shown above. If this is done, the Regulations require in addition to the relevant paragraphs in AASB 1060 the disclosures required by paragraphs 1 to 6, 9, 9A and 17 of AASB 1054. The ACNC has produced guidance on the relevant paragraphs of AASB 1060 to be applied, if this option is selected. This option has not been illustrated below. This can be located on the ACNC website here.

Further, we have not illustrated the ACNC best practice financial report disclosures which are intended to improve disclosures relating to the sources of government revenue, the economic dependency on government revenue and the disclosure of funds received from government but not yet recognised as revenue. These can be located on the ACNC website here.

This appendix illustrates the updated basis of accounting for a large charity reporting under the *Australian Charities and Not-for-profits Commission Act 2012* and disclosure requirements in addition to that already illustrated in this publication (noting that this publication has already applied the disclosures of AASB 101, 107, 108 and 1054 in full).

Appendix D: Registered charity preparation and disclosure guidance

Source	
Note 1: Corporate information and basis of preparation [extract]	
	Basis of preparation
AASB 1054.8(a),9, AASB 101.112(a)	The directors have determined that the entity is not a reporting entity on the basis that, in the opinion of the directors, there is unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy the entity's reporting obligations under the *Australian Charities and Not-for-profits Commission Act 2012*.
AASB 101.51(a), 51(b), 138(a)	The financial report covers XYS Ltd as an individual entity. XYS Ltd is a company limited by guarantee, incorporated and domiciled in Australia.
AASB 1054.8(b)	The company is a not-for-profit entity for the purposes of preparing the financial report.
AASB 1054.8(a), AASB 101.112(a)	The special purpose financial report has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, the *ACNC Regulation 2013* and the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of the following Accounting Standards: • AASB 101 *Presentation of Financial Statements* • AASB 107 *Statement of Cash Flows* • AASB 108 *Accounting Policies, Changes in Estimates and Errors* • AASB 1048 *Interpretation of Standards* • AASB 1054 *Australian Additional Disclosures* • AASB 124 *Related Party Disclosures* (to the extent required by the *ACNC Regulation 2013* and the ACNC Commissioner's discretion).
Note X: Key management personnel compensation	
AASB 124.17	The total amount of compensation paid or payable to key management personnel for the financial year was [$x,xxx].
AASB 124.9	Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.
AASB 124.9	Compensation includes all employee benefits (as defined in AASB 119 *Employee Benefits*) including employee benefits to which AASB 2 *Share-based Payment* applies. Employee benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity (for example, by its parent or by a shareholder/founder), in exchange for services rendered to the entity.
AASB 124.17A	If an entity obtains key management personnel services from another entity (the 'management entity'), the entity is not required to apply the requirements in paragraph 17 of AASB 124 to the compensation paid or payable by the management entity to the management entity's employees or directors.
ACNC Reg 60.30(2B)	The disclosure required by paragraph 17 of AASB 124 or the equivalent paragraph in AASB 1060 is only required when a large registered charity has remunerated more than one key management personnel during the financial year.
	Comparative disclosure is not included above, since the ACNC Commissioner has exercised their discretion to not require comparative disclosures in the first year of application, which is the 2021–22 financial year.

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Contact Pitcher Partners for further information and assistance on the presentation and disclosure requirements of Australian Accounting Standards.

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