

**TR Example Group**

ABN 00 000 000 000

**Annual financial reporting**

**2023**

**TR Example Group**

ABN 00 000 000 000

**Annual financial reporting**

**2024**

Directors' report

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Financial report

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**Annual report**

**Quotation of Australian Business Number or Australian Company Number**

1. Under the *Corporations Act 2001*, a company is required to show its name and Australian Company Number (ACN) or its Australian Business Number (ABN) on all public documents. It may only show the ABN if the last nine digits of its ABN are identical to the last nine digits of its ACN.
2. Guidance on issues relating to the use of ACNs is set out in ASIC Regulatory Guide 13.

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## Annual report

### Quotation of Australian Business Number or Australian Company Number

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2. Guidance on issues relating to the use of ACNs is set out in ASIC Regulatory Guide 13.

### Directors' report

Your directors present their report on the consolidated entity consisting of TR Example Group and the entities it controlled at the end of, or during, the year ended 30 June 2023. Throughout the report, the consolidated entity is referred to as the group.

#### Directors

The following persons were directors of TR Example Group during the whole of the financial year and up to the date of this report:

H G Wells and B C Bristol were appointed as directors on x xxxx 2023 and x xxxx 2023 respectively and continue in office at the date of this report.

R T Brown was a director from the beginning of the financial year until his resignation on x xxxx 2023.

X X Example was a director from the beginning of the financial year until his resignation on x xxxx 2023.

### Directors' report

Your directors present their report on the consolidated entity consisting of TR Example Group and the entities it controlled at the end of, or during, the year ended 30 June 2024. Throughout the report, the consolidated entity is referred to as the group.

#### Directors

The following persons were directors of TR Example Group during the whole of the financial year and up to the date of this report:

J C Campbell

A L Cunningham

M K Hollingworth

R J Hunter

## Principal activities

During the year the principal continuing activities of the group consisted of:

- IT consulting including IT management, design, implementation and support,
- manufacture and distribute computers, computer hardware and peripheral equipment, and
- manufacture and distribute smartphones and tablets.

In addition, the group and holds a number of investment properties.

The following activities of the group changed significantly during the year:

- The group acquired Example Electronics Pty Ltd which is involved in the manufacturing and distribution of peripheral equipment.
- Example Equipment Hire Pty Ltd was sold in August 20xx, ending the group's involvement in this industry.

## Dividends - TR Example Group

During the year TR Example Group paid dividends of \$xx,xxx,xxx to its parent entity (2022 - \$xx,xxx,xxx).

## Review of operations

[Provide details as appropriate.]

## Significant changes in the state of affairs

Significant changes in the state of affairs of the group during the financial year were as follows.

Contributed equity increased by \$xx,xxx,xxx (from \$xx,xxx,xxx to \$xx,xxx,xxx) as the result of the rights issue and the issue of shares to acquire shares in Example Electronics Pty Ltd (see note 10). Details of the changes in contributed equity are disclosed in note 8(a) to the financial statements.

The sale of Example Equipment Hire Pty Ltd that was initiated in April 20xx was completed on xx August 20xx. For details of the sale see note 11. In addition, Example Manufacturing Pty Ltd closed its Nicetown factory and transferred the manufacturing of all smartphones and tablets to the Maitland factory. Ongoing economic advantages are expected to flow from this rationalisation. A parcel of land that has become vacant as a result of the move is currently in the process of being sold (see note 7(g)).

## Events since the end of the financial year

Since 30 June 2023 TR Example Group has acquired xx.x% of the issued shares in Example Limited, a manufacturer of office furniture and equipment, for cash consideration of \$xx,xxx,xxx and contingent consideration of \$xxx,xxx. The group also renegotiated its existing loan facility to finance the construction of the new production plant for the electronic equipment division. Note 15 provides further information about both of these transactions.

TR Example Group  
30 June 2023

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## Directors' report

### Events since the end of the financial year (continued)

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

### Likely developments and expected results of operations

Likely developments in the operations of the group that were not finalised at the date of this report included:

- the proposed formation of a company to be equally owned by TR Example Group and Example Enterprises Inc. of the USA. This company will be called Example Pty Ltd and will utilise the skills of Example in network management to expand the group's involvement in IT consulting activities, and

## C A Maxwell

## N T Toddington

X X Example and X X Example were appointed as directors on x xxxx 2024 and x xxxx 2024 respectively and continue in office at the date of this report.

X X Example was a directors from the beginning of the financial year until his resignation on x xxxx 2024.

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TR Example Group  
30 June 2024

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## Directors' report

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- the proposed formation of a company to be equally owned by TR Example Group and Example Enterprises Inc. of the USA. This company will be called Example Pty Ltd and will utilise the skills of Example in network management to expand the group's involvement in IT consulting activities, and

(b) the proposed acquisition of the xx% of the issued share capital of Example Pty Ltd. If successfully completed, this acquisition should diversify the sales channel of the group in future years.

More information on these developments is included in the review of operations and activities on pages [x] - [y].

#### Environmental regulation

The group is subject to significant environmental regulation in respect of its activities and has put in place processes to ensure compliance with these regulations. Each affected site must report quarterly on their environmental performance to an environmental committee that is in turn reporting to the board.

The group holds environmental licences for its manufacturing sites in New South Wales and Queensland under various local regulations. The licences require discharges to air and water to be below specified levels of contaminants, and solid wastes to be removed to an appropriate disposal facility.

During the year there were inadvertent breaches of the requirements relating to discharges to water at the Example site, resulting in the issue of minor infringement notices. Management has been working with the New South Wales Office of Environment & Heritage to alter the processes at the site to minimise discharges and ensure compliance with the regulatory requirements. It is anticipated the issue will be resolved during the current financial year.

During the year the Example manufacturing facility was closed. As part of the closure process environmental clean-up responsibilities were examined and tests carried out showed no evidence of any contamination.

#### Greenhouse gas and energy data reporting requirements

The *National Greenhouse and Energy Reporting Act 2007* requires the group to report its annual greenhouse gas emissions and energy use. The group has implemented systems and processes for the collection and calculation of the data required and submitted its 2018/19 report to the Greenhouse and Energy Data Officer on xx xxxx 20xx.

#### Insurance of officers

During the financial year, TR Example Group paid a premium of \$xx,xxx to insure the directors and secretaries of the company and its controlled entities, and the general managers of each of the divisions of the group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

#### Indemnity of auditors

TR Example Group has agreed to indemnify their auditors, ABC Auditors, to the extent permitted by law, against any claim by a third party arising from TR Example Group's breach of their agreement. The indemnity stipulates that TR Example Group will meet the full amount of any such liabilities including a reasonable amount of legal costs.

TR Example Group  
30 June 2023

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### Directors' report

#### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

#### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

#### Rounding of amounts

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#### Greenhouse gas and energy data reporting requirements

The *National Greenhouse and Energy Reporting Act 2007* requires the group to report its annual greenhouse gas emissions and energy use. The group has implemented systems and processes for the collection and calculation of the data required and submitted its 2019/20 report to the Greenhouse and Energy Data Officer on xx xxxx 20xx.

#### Insurance of officers

During the financial year, TR Example Group paid a premium of \$xx,xxx to insure the directors and secretaries of the company and its controlled entities, and the general managers of each of the divisions of the group.

TR Example Group  
30 June 2024

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### Directors' report

#### Insurance of officers (continued)

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

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#### Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.

Sydney  
22 August 2022

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This report is made in accordance with a resolution of directors.

M K Hollingworth  
Director

Sydney  
22 August 2024

TR Example Group  
30 June 2023 3

TR Example Group  
30 June 2024 3

{The Auditor's Independence Declaration will be provided by your Auditor.}

# TR Example Group

ABN 00 000 000 000

## Annual financial report - 30 June 2023

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These consolidated financial statements are consolidated consolidated financial statements for the group consisting of TR Example Group and its subsidiaries. A list of major subsidiaries is included in note 12.

The consolidated financial statements are presented in the Australian dollars which is TR Example Group's functional and presentation currency.

TR Example Group is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

TR Example Group  
TR Example Limited  
250 High Street

# TR Example Group

ABN 00 000 000 000

## Annual financial report - 30 June 2024

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The consolidated financial statements are presented in the Australian dollars which is TR Example Group's functional and presentation currency.

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

TR Example Group  
TR Example Limited  
250 High Street

350 Harbour Street  
Sydney NSW 2000.

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 1 to 3, both of which are not part of these consolidated financial statements.

The consolidated financial statements were authorised for issue by the directors on 22 August 2022. The directors have the power to amend and reissue the consolidated financial statements.

TR Example Group  
30 June 2023

4

350 Harbour Street  
Sydney NSW 2000.

TR Example Group is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

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TR Example Group  
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The consolidated financial statements were authorised for issue by the directors on 22 August 2024. The directors have the power to amend and reissue the consolidated financial statements.

## Consolidated statement of profit or loss and other comprehensive income

	Notes	Consolidated entity	
		2023 \$'000	2022 \$'000
<b>Continuing operations</b>			
Revenue from contracts with customers	3(a)	197,659	161,604
Other income	4(a)	12,609	12,938
Other gains/(losses)	4(b)	4,101	(138)
Changes in inventories of finished goods and work in progress		6,681	5,255
Raw materials and consumables used		(62,218)	(54,108)
Employee benefits expenses		(53,444)	(50,042)
Depreciation and amortisation		(12,540)	(10,080)
Transportation expense		(8,584)	(6,236)
Advertising costs		(14,265)	(6,662)
Research and development	7(d)	(1,075)	(955)
Other expenses	4(c)	(8,376)	(3,012)
<b>Operating profit</b>		<b>60,548</b>	<b>48,564</b>
Finance costs	4(d)	(6,649)	(6,735)
Share of net profit/loss of associates accounted for using the equity method		340	355
<b>Profit before income tax</b>		<b>54,239</b>	<b>42,184</b>
Income tax expense	5	(16,325)	(12,740)
<b>Profit from continuing operations</b>		<b>37,914</b>	<b>29,444</b>
Profit from discontinued operation	11	897	399
<b>Profit for the period</b>		<b>38,811</b>	<b>29,843</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Gains on cash flow hedges	6(c)	(460)	(7)
Hedging gains reclassified to profit or loss	6(c)	(155)	(195)
Income tax relating to these items		184	60
<b>Other comprehensive income for the period, net of tax</b>		<b>(431)</b>	<b>(142)</b>
<b>Total comprehensive income for the period</b>		<b>38,380</b>	<b>29,701</b>
Total comprehensive income for the period arises from:			
Continuing operations		37,483	29,302
Discontinued operations		897	399
		<b>38,380</b>	<b>29,701</b>

The above consolidated statement of profit or loss and other comprehensive income should be read in

## Consolidated statement of profit or loss and other comprehensive income

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Continuing operations		37,483	29,302
Discontinued operations		897	399
		<b>38,380</b>	<b>29,701</b>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Consolidated balance sheet**

	Notes	Consolidated entity	
		2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6(a)	44,925	37,786
Trade and other receivables	6(b)	15,662	8,220
Contract assets	3(b)	1,831	3,081
Inventories	7(f)	22,153	19,672
Other financial assets	6(c)	12,400	11,757
Derivative financial instruments	6(d)	145	97
Prepayments		491	428
		<u>97,607</u>	<u>81,041</u>
Assets classified as held for sale	7(g), 11	250	4,955
<b>Total current assets</b>		<u>97,857</u>	<u>85,996</u>
<b>Non-current assets</b>			
Investments accounted for using the equity method	12(c)	3,340	3,160
Derivative financial instruments	6(d)	308	712
Other financial assets	6(c)	5,886	3,609
Property, plant and equipment	7(a)	111,207	91,640
Right-of-use assets	7(b)	9,756	9,508
Investment properties	7(c)	13,300	10,050
Intangible assets	7(d)	24,550	20,945
Total non-current assets		<u>168,347</u>	<u>139,624</u>
<b>Total assets</b>		<b>266,204</b>	<b>225,620</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	6(e)	15,760	11,723
Contract liabilities	3(b)	1,982	1,525
Borrowings	6(f)	8,400	7,995
Lease liabilities	7(b)	3,008	2,777
Derivative financial instruments	6(d)	766	777
Current tax liabilities		1,212	1,108
Employee benefit obligations	7(h)	690	470
Provisions	7(i)	2,697	1,240
		<u>34,515</u>	<u>27,615</u>
Liabilities directly associated with assets classified as held for sale	7(g), 11	-	500
<b>Total current liabilities</b>		<u>34,515</u>	<u>28,115</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

**Consolidated statement of financial position**

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Borrowings	6(f)	8,400	7,995
Lease liabilities	7(b)	3,008	2,777
Derivative financial instruments	6(d)	766	777
Current tax liabilities		1,212	1,108
Employee benefit obligations	7(h)	690	470
Provisions	7(i)	2,697	1,240
		<u>34,515</u>	<u>27,615</u>
Liabilities directly associated with assets classified as held for sale	7(g), 11	-	500
<b>Total current liabilities</b>		<u>34,515</u>	<u>28,115</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**Consolidated balance sheet**

	Notes	Consolidated entity	
		2023 \$'000	2022 \$'000
<b>Non-current liabilities</b>			
Borrowings	6(f)	72,300	76,600
Lease liabilities	7(b)	8,493	8,514
Deferred tax liabilities	7(e)	1,300	786
Employee benefit obligations	7(h)	2,358	2,270
Provisions	7(i)	1,573	1,382
Total non-current liabilities		<u>86,024</u>	<u>89,552</u>
<b>Total liabilities</b>		<u>120,539</u>	<u>117,667</u>
<b>Net assets</b>		<u>145,665</u>	<u>107,953</u>
<b>Equity</b>			
Share capital	8(a)	87,705	62,619
Hedging reserve	8(b)	(224)	21
Retained earnings		<u>58,184</u>	<u>45,313</u>
<b>Total equity</b>		<u>145,665</u>	<u>107,953</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

**Consolidated statement of financial position**

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		2024 \$'000	2023 \$'000
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The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

### Consolidated statement of changes in equity

Consolidated entity	Notes	Share capital \$'000	Hedging reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 July 2021</b>		<b>62,619</b>	<b>(312)</b>	<b>28,335</b>	<b>90,642</b>
Profit for the period		-	-	29,843	29,843
Other comprehensive income for the period		-	(142)	-	(142)
Total comprehensive income for the period		-	(142)	29,843	29,701
<b>Costs of hedging transferred to the carrying value of inventory purchased during the year (net of tax)</b>		-	475	-	475
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	8(c)	-	-	(12,865)	(12,865)
		-	-	(12,865)	(12,865)
<b>Balance at 30 June 2022</b>		<b>62,619</b>	<b>21</b>	<b>45,313</b>	<b>107,953</b>
Profit for the period		-	-	38,811	38,811
Other comprehensive income		-	(431)	-	(431)
Total comprehensive income for the period		-	(431)	38,811	38,380
<b>Costs of hedging transferred to the carrying value of inventory purchased during the year (net of tax)</b>		-	186	-	186
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	8(a)	10,305	-	-	10,305
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	8(a), 10	14,781	-	-	14,781
Dividends provided for or paid	8(c)	-	-	(25,940)	(25,940)
		25,086	-	(25,940)	(854)
<b>Balance at 30 June 2023</b>		<b>87,705</b>	<b>(224)</b>	<b>58,184</b>	<b>145,665</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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## Consolidated statement of cash flows

	Notes	Consolidated entity	
		2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		197,050	184,672
Payments to suppliers and employees (inclusive of GST)		(138,722)	(143,877)
		<u>58,328</u>	<u>40,795</u>
Payments for financial assets at fair value through profit or loss (held for trading purposes)	6(c)	(135)	(1,235)
Proceeds from disposal of financial assets at fair value through profit or loss		600	-
Insurance recovery relating to fire	1	300	-
Transaction costs relating to acquisition of subsidiary	10	(750)	-
Other revenue		7,490	7,484
Interest paid		(6,368)	(4,507)
Income taxes paid		(16,411)	(12,061)
<b>Net cash inflow from operating activities</b>		<u>43,054</u>	<u>30,476</u>
<b>Cash flows from investing activities</b>			
Payment for acquisition of subsidiary, net of cash acquired	10	(3,940)	-
Payments for property, plant and equipment	7(a)	(24,587)	(14,409)
Payments for investment property	7(c)	(1,900)	-
Payments for financial assets at fair value through profit or loss (not held for trading purposes)	6(c)	-	(910)
Payments for other financial assets		-	(1,265)
Payment of software development costs		(735)	(765)
Loans to related parties		(1,180)	(730)
Proceeds from sale of subsidiary	11	3,110	-
Proceeds from sale of property, plant and equipment		9,585	639
Repayment of loans by related parties		469	626
Distributions received from associates	12(c)	160	220
Dividends received		3,300	4,300
Interest received		1,399	1,019
<b>Net cash (outflow) from investing activities</b>		<u>(14,319)</u>	<u>(11,275)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and other equity securities	8(a)	10,413	-
Proceeds from borrowings	6(f)	25,553	24,746
Share issue transaction costs	8(a)	(200)	-
Repayment of borrowings	6(f)	(29,879)	(22,835)
Principal elements of lease payments	7(b)	(1,942)	(1,338)
Dividends paid to company's shareholders	8(c)	(25,941)	(12,865)
<b>Net cash (outflow) from financing activities</b>		<u>(21,996)</u>	<u>(12,292)</u>
<b>Net increase in cash and cash equivalents</b>		<u>6,739</u>	<u>6,909</u>
Cash and cash equivalents at the beginning of the financial year		35,536	28,627
Cash and cash equivalents at end of year	6(a)	<u>42,275</u>	<u>35,536</u>
Non-cash financing and investing activities	9(a)		

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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## 1 Significant transactions and events in the current reporting period

The financial position and performance of the group was particularly affected by the following transactions and events during the reporting period:

- The acquisition of Example Electronics Pty Ltd in October 20xx (see note 10) which resulted in an increase in property, plant and equipment (note 7(a)) and the recognition of goodwill and other intangible assets (note 7(d)).
- The sale of Example Equipment Hire Pty Ltd in August 20xx (see note 11).
- A fire in Maitland in September 20xx which damaged a major office and warehouse building owned by a subsidiary and destroyed equipment and inventories stored in the warehouse. Impairment losses of \$x,xxx,xxx were recognised as a result of the fire, of which \$xxx,xxx related to the building and associated equipment and \$xxx,xxx to inventory (see note 4(c)). An amount of \$xxx,xxx was received by the group from an insurance company as compensation for the damage caused by the fire and recognised in other income.

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- A review of the smartphones and tablets division resulted in a decision to reduce the manufacturing output as a

- A review of the smartphones and tablets division resulted in a decision to reduce the manufacturing output as a result of declining sales. This led to redundancies, and a goodwill impairment charge (see note 7(d) and note 7(i)).

[Entities should also consider whether there have been significant developments in relation to rising inflation and interest rates, climate change matters or Russia's invasion of Ukraine that could be discussed in this note.]

A review of the smartphones and tablets division resulted in a decision to reduce the manufacturing output as a result of declining sales. This led to redundancies, and a goodwill impairment charge (see note 7(d) and note 7(i)).

[Entities should also consider whether there have been significant developments in relation to the macroeconomic, geopolitical or regulatory environment that could be discussed in this note.]

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30 June 2023

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30 June 2024

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## How the numbers are calculated

This section provides additional information about those individual line items in the consolidated financial statements that the directors consider most relevant in the context of the operations of the entity, including:

- (a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction
- (b) analysis and sub-totals
- (c) information about estimates and judgements made in relation to particular items.

2	Critical estimates and judgements	x
3	Revenue from contracts with customers	x
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x
x
x
x

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x
x
x
x

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30 June 2023

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30 June 2024

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## 2 Critical estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

### (a) Critical estimates and judgements

The areas involving significant estimates or judgements are:

- estimation of current tax payable and current tax expense in relation to uncertain tax position - note 5(b)
- estimated loss allowance on trade receivables - note 6(b)
- estimation of fair values of investment properties - notes 7(c)
- estimated goodwill impairment - note 7(d)

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- estimated useful life of intangible asset - note 7(d)
- recognition of deferred tax asset for carried forward tax losses - note 7(e)
- estimation of provision for warranty claims - note 7(i), and
- estimation of fair values of contingent liabilities and contingent purchase consideration in a business combination - note 10

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

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#### (b) Revision of useful lives of plant and equipment

During the year the estimated total useful lives to a subsidiary of certain items of plant and equipment used in the manufacture of furniture were revised. The net effect of the changes in the current financial year was an increase in depreciation expense of \$xxx,xxx.

Assuming the assets are held until the end of their estimated useful lives, depreciation in future years in relation to these assets will be increased by the following amounts:

Year ending 30 June	\$'000
2023	740
2024	(610)
2025	(460)
2026	(430)

### 3 Revenue from contracts with customers

#### (a) Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

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### Revenue from contracts with customers

#### (a) Disaggregation of revenue from contracts with customers

	Notes	Consolidated entity	
		2023 \$'000	2022 \$'000
<i>Revenue recognised over time</i>			
Design and installation	3(b)(i)	69,181	51,713
Support and maintenance	3(b)(i)	43,090	33,614
Other		394	323
		<u>112,665</u>	<u>85,650</u>
<i>Revenue recognised at a point in time</i>			
Sales of computers, computer hardware and peripheral equipment	3(b)(ii)	45,462	42,017
Sales of smartphones and tablets	3(b)(ii)	39,532	33,937
		<u>84,994</u>	<u>75,954</u>
Total revenue from contracts with customers		<u>197,659</u>	<u>161,604</u>

#### (b) How the group recognises revenue

- estimated useful life of intangible asset - note 7(d)
- recognition of deferred tax asset for carried forward tax losses - note 7(e)
- estimation of provision for warranty claims - note 7(i), and
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30 June 2024 17

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#### (b) How the group recognises revenue

(i) *Software engineering services*

The Software engineering division provides business IT management, design, implementation and support services under fixed-price and variable-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Some contracts include multiple deliverables, such as the sale of hardware and related installation services. However, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

Estimates of revenues, costs or extent of progress toward completion 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 by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by TR Example Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

The contract assets disclosed in the consolidated **balance sheet** are net of a loss allowance for lifetime expected credit losses, which is determined using the simplified approach permitted in AASB 9 *Financial Instruments*. As the contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts, the group has concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets, see note 6(b) for further information.

If the contract includes an hourly fee, revenue is recognised in the amount to which TR Example Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

## Revenue from contracts with customers

### (b) How the group recognises revenue (continued)

#### (ii) *Sale of goods*

The group manufactures and sells computers, computer hardware and peripheral equipment, smartphones and tablets in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables, see note 6(e)) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No significant element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

The group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see note 7(i).

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is

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Estimates of revenues, costs or extent of progress toward completion 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 by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by TR Example Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

The contract assets disclosed in the consolidated **statement of financial position** are net of a loss allowance for lifetime expected credit losses, which is determined using the simplified approach permitted in AASB 9 *Financial Instruments*. As the contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts, the group has concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets, see note 6(b) for further information.

If the contract includes an hourly fee, revenue is recognised in the amount to which TR Example Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

## Revenue from contracts with customers

### (b) How the group recognises revenue (continued)

#### (ii) *Sale of goods*

The group manufactures and sells computers, computer hardware and peripheral equipment, smartphones and tablets in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

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The group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see note 7(i).

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is

unconditional because only the passage of time is required before the payment is due.

(iii) *Financing components*

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

**4 Other income and expense items**

This note provides a breakdown of the items included in other income, other gains/(losses) and expenses included in profit before income tax. Information about specific profit and loss items (such as gains and losses in relation to financial instruments) is disclosed in the related consolidated [balance sheet notes](#).

**(a) Other income**

	Notes	Consolidated entity	
		2023 \$'000	2022 \$'000
Rental income	8(c)	7,240	7,240
Dividends		3,300	4,300
Interest income on financial assets measured at amortised cost	4(a)(i)	1,519	1,154
Other items	4(a)(ii)	550	244
		<u>12,609</u>	<u>12,938</u>

(i) *Interest income*

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see note 4(b) below. Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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**Other income and expense items**

**(a) Other income (continued)**

(ii) *Government grants*

Research grants of \$xxx,xxx (2022 - \$xxx,xxx) are included in the 'other items' line item. There are no unfulfilled conditions or other contingencies attaching to these grants. The group did not benefit directly from any other forms of government assistance.

*Deferral and presentation of government grants*

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. See note 19(f) for further details.

**(b) Other gains/(losses)**

	Notes	Consolidated entity	
		2023 \$'000	2022 \$'000
Net gain/(loss) on disposal of property, plant and equipment (excluding property, plant and equipment sold as part of the sale of Example Equipment Hire Pty Ltd)	7(a)	1,620	(530)
Fair value adjustment to investment properties	7(c)	1,350	1,397
Fair value gains/(losses) on financial assets at fair value through profit or loss		955	(620)

unconditional because only the passage of time is required before the payment is due.

(iii) *Financing components*

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

**4 Other income and expense items**

This note provides a breakdown of the items included in other income, other gains/(losses) and expenses included in profit before income tax. Information about specific profit and loss items (such as gains and losses in relation to financial instruments) is disclosed in the related [notes to the consolidated statement of financial position](#).

**(a) Other income**

	Notes	Consolidated entity	
		2024 \$'000	2023 \$'000
Rental income	8(c)	7,240	7,240
Dividends		3,300	4,300
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Other items	4(a)(ii)	550	244
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**Other income and expense items**

**(a) Other income (continued)**

(i) *Interest income (continued)*

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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Fair value gains/(losses) on financial assets at fair value through profit or loss	6(c)	955	(620)

loss	b(c)	955	(62U)
Net foreign exchange gains/(losses)		37	(347)
Other items		139	(38)
		<u>4,101</u>	<u>(138)</u>

(c) Other expenses

Consolidated entity			
		2023	2022
		\$'000	\$'000
	Notes		
Impairment losses as a result of fire	1	(1,210)	-
Impairment of goodwill	7(d)	(2,410)	-
Restructuring costs	7(i)	(1,377)	-
	6(b),		
Impairment losses on financial assets	6(c)	(841)	(595)
Lease payments for short-term and low value leases	7(b)	(941)	(750)
Other expenses		(1,597)	(1,667)
		<u>(8,376)</u>	<u>(3,012)</u>

(d) Finance costs

Consolidated entity			
		2023	2022
		\$'000	\$'000
	Notes		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss		(6,709)	(6,672)
Interest and finance charges paid/payable for lease liabilities		(527)	(505)
Provisions: unwinding of discount		(93)	(78)
Fair value gain on interest swaps cash flow hedges – transfer from equity	6(c)	155	195
		<u>7,174</u>	<u>7,060</u>
Amount capitalised		(525)	(325)
Finance costs expended		<u>6,649</u>	<u>6,735</u>

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Other income and expense items

(d) Finance costs (continued)

5 Income tax expense

This note provides an analysis of the group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the group's tax position.

(a) Income tax expense

Consolidated entity			
		2023	2022
		\$'000	\$'000
<i>Current tax</i>			
Current tax on profits for the year		16,841	12,184
Adjustments for current tax of prior periods		(371)	135
<b>Total current tax expense</b>		<u>16,470</u>	<u>12,319</u>
<i>Deferred income tax</i>			
Decrease (increase) in deferred tax assets (note 7(e))		(3)	(571)
(Decrease) increase in deferred tax liabilities (note 7(e))		242	1,163
<b>Total deferred tax (expense)</b>		<u>239</u>	<u>592</u>
<b>Income tax expense</b>		<b>16,709</b>	<b>12,911</b>

net foreign exchange gains/(losses)	37	(347)
Other items	139	(38)
	<u>4,101</u>	<u>(138)</u>

(c) Other expenses

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		2024	2023
		\$'000	\$'000
	Notes		
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Other expenses		(1,597)	(1,667)
		<u>(8,376)</u>	<u>(3,012)</u>

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30 June 2024 20

Other income and expense items

(d) Finance costs

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<b>Total deferred tax (expense)</b>		<u>239</u>	<u>592</u>
<b>Income tax expense</b>		<b>16,709</b>	<b>12,911</b>

Income tax expense is attributable to:		
Profit from continuing operations	16,325	12,740
Profit from discontinued operation	384	171
	<u>16,709</u>	<u>12,911</u>

**(b) Significant estimates – uncertain tax position and tax-related contingency**

The tax legislation in relation to expenditures incurred in association with the establishment of the smartphone and tablet wholesale division is unclear. The group considers it probable that a tax deduction of \$x,xxx,xxx will be available and has calculated the current tax expense on this basis. However, the group has applied for a private ruling to confirm its interpretation. If the ruling is not favourable, this would increase the group's current tax payable and current tax expense by \$xxx,xxx respectively. The group expects to get a response, and therefore certainty about the tax position, before the next reporting date

**(c) Numerical reconciliation of income tax expense to prima facie tax payable**

	Consolidated entity	
	2023	2022
	\$'000	\$'000
Profit from continuing operations before income tax expense	54,239	42,184
Profit from discontinuing operation before income tax expense	1,281	570
	<u>55,520</u>	<u>42,754</u>
Tax at the Australian tax rate of 30.0% (2022 - 30.0%)	16,656	12,826
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Goodwill impairment	723	-
Amortisation of intangibles	92	158
Entertainment	82	79
Tax offset for franked dividends	(9)	(21)
Sundry items	(50)	(165)
Subtotal	<u>17,494</u>	<u>12,877</u>

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**Income tax expense**

**(c) Numerical reconciliation of income tax expense to prima facie tax payable (continued)**

	Consolidated entity	
	2023	2022
	\$'000	\$'000
Adjustments for current tax of prior periods	(371)	135
Research and development tax credit	(121)	(101)
Previously unrecognised tax losses now recouped to reduce current tax expense	(293)	-
Income tax expense	<u>16,709</u>	<u>12,911</u>

*(i) Research and development tax credit*

Companies within the group are entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure under the Research and Development Tax Incentive regime. The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

**(d) Tax losses**

Unused tax losses for which no deferred tax asset has been recognised	1,820	2,796
Potential tax benefit @ 30.0%	<u>546</u>	<u>839</u>

The unused tax losses relate to capital losses which can only be recovered through future taxable capital gains. They can be carried forward indefinitely. See note 7(e) for information about recognised tax losses and significant judgements made in relation to them.

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TR Example Group  
30 June 2024 21

**Income tax expense**

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Subtotal	<u>17,494</u>	<u>12,877</u>

Adjustments for current tax of prior periods	(371)	135
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The unused tax losses relate to capital losses which can only be recovered through future taxable capital gains. They can be carried forward indefinitely. See note 7(e) for information about recognised tax losses and significant judgements made in relation to them.

**6 Financial assets and financial liabilities**

This note provides information about the group's financial instruments, including:

- an overview of all financial instruments held by the group

judgements made in relation to them.

## 6 Financial assets and financial liabilities

This note provides information about the group's financial instruments, including:

- an overview of all financial instruments held by the group
- specific information about each type of financial instrument
- accounting policies
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

### (a) Cash and cash equivalents

	Consolidated entity	
	2023	2022
	\$'000	\$'000
<b>Current assets</b>		
Cash at bank and in hand	750	600
Deposits at call	44,175	37,186
	<u>44,925</u>	<u>37,786</u>

#### (i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

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## Financial assets and financial liabilities

### (a) Cash and cash equivalents (continued)

#### (i) Reconciliation to cash flow statement (continued)

	Consolidated entity	
	2023	2022
	\$'000	\$'000
Balances as above	44,925	37,786
Bank overdrafts (see note 6(f) below)	(2,650)	(2,250)
Balances per statement of cash flows	<u>42,275</u>	<u>35,536</u>

#### (ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with xx hours' notice with no loss of interest. See note 19(k) for the group's other accounting policies on cash and cash equivalents.

#### (iii) Restricted cash

The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include \$x,xxx,xxx which are held by Example Electronics Pty Ltd. These deposits are subject to regulatory restrictions and are therefore not available for general use by the other entities within the group.

### (b) Trade receivables

	Consolidated entity	
	2023	2022
	\$'000	\$'000
<b>Current assets</b>		
Trade receivables from contracts with customers	16,308	16,440
Loss allowance (ii)	(646)	(8,220)

- specific information about each type of financial instrument
- accounting policies
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

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30 June 2024

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## Financial assets and financial liabilities

### (a) Cash and cash equivalents

	Consolidated entity	
	2024	2023
	\$'000	\$'000
<b>Current assets</b>		
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	2024	2023
	\$'000	\$'000
<b>Current assets</b>		
Trade receivables from contracts with customers	16,308	16,440
Loss allowance (ii)	(646)	(8,220)
	<u>15,662</u>	<u>8,220</u>

#### (i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within xx days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

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(ii) Impairment of trade receivables

The group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of xx months before 30 June 2023 or 30 June 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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30 June 2023

Financial assets and financial liabilities

(b) Trade receivables (continued)

(ii) Impairment of trade receivables (continued)

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than xxx days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within other expenses (see note 4(c)). Subsequent recoveries of amounts previously written off are credited against the same line item.

Significant estimates

The loss allowances for trade receivables and contract assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period. The expected loss rates applied as at 30 June 2023 vary from x% for receivables that are more than xx days past due to xx% for receivables that are more than xxx days past due (30 June 2022 - from x% to xx%).

(iii) Transferred receivables

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, Example Manufacturing Pty Ltd has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, Example Manufacturing Pty Ltd has retained late payment and credit risk. The group therefore continues to recognise the transferred assets in their entirety in its consolidated balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing. The group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

The relevant carrying amounts are as follows:

Consolidated entity	
2023	2022
\$'000	\$'000

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Financial assets and financial liabilities

(b) Trade receivables (continued)

(ii) Impairment of trade receivables

The group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of xx months before 30 June 2024 or 30 June 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than xxx days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within other expenses (see note 4(c)). Subsequent recoveries of amounts previously written off are credited against the same line item.

Significant estimates

The loss allowances for trade receivables and contract assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period. The expected loss rates applied as at 30 June 2024 vary from x% for receivables that are more than xx days past due to xx% for receivables that are more than xxx days past due (30 June 2023 - from x% to xx%).

(iii) Transferred receivables

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, Example Manufacturing Pty Ltd has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, Example Manufacturing Pty Ltd has retained late payment and credit risk. The group therefore continues to recognise the transferred assets in their entirety in its consolidated statement of financial position. The amount repayable under the factoring agreement is presented as secured borrowing. The group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

The relevant carrying amounts are as follows:

	Consolidated entity	
	2024	2023
	\$'000	\$'000
Transferred receivables	3,250	-
Associated secured borrowing (bank loans - see note 6(f) below)	3,100	-

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30 June 2024

Transferred receivables	3,250	-
Associated secured borrowing (bank loans - see note 6(f) below)	3,100	-

(c) Other financial assets

		Consolidated entity	
Notes		2023	2022
		\$'000	\$'000
<b>Current assets</b>			
Financial assets at amortised cost	6(c)(i)	1,100	842
Financial assets at fair value through profit or loss (FVPL)	6(c)(ii)	11,300	10,915
		<u>12,400</u>	<u>11,757</u>
<b>Non-current assets</b>			
Financial assets at amortised cost	6(c)(i)	3,496	2,629
Financial assets at fair value through profit or loss (FVPL)	6(c)(ii)	2,390	980
		<u>5,886</u>	<u>3,609</u>

(i) Financial assets at amortised cost

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

See note 19(o) for the remaining relevant accounting policies.

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Financial assets and financial liabilities

(c) Other financial assets (continued)

(i) Financial assets at amortised cost (continued)

Financial assets at amortised cost include the following debt investments:

		Consolidated entity		
		2023	2022	
		Current	Non-current	Total
		\$'000	\$'000	\$'000
Loans to related parties (see note 16)		-	1,300	1,300
Loans to key management personnel (see note 16)		166	551	717
Debtenture assets		-	750	750
Listed corporate bonds		-	554	554
Other receivables		939	375	1,314
		<u>1,105</u>	<u>3,530</u>	<u>4,635</u>
		842	2,645	3,487
Less: loss allowance for debt investments at amortised cost		(5)	(34)	(39)
		<u>1,100</u>	<u>3,496</u>	<u>4,596</u>
		842	2,629	3,471

Impairment of financial assets at amortised cost

All of the entity's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to xx months' expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payable within three years from the end of the reporting period.

Financial assets and financial liabilities

(b) Trade receivables (continued)

(iii) Transferred receivables (continued)

(c) Other financial assets

		Consolidated entity	
Notes		2024	2023
		\$'000	\$'000
<b>Current assets</b>			
Financial assets at amortised cost	6(c)(i)	1,100	842
Financial assets at fair value through profit or loss (FVPL)	6(c)(ii)	11,300	10,915
		<u>12,400</u>	<u>11,757</u>
<b>Non-current assets</b>			
Financial assets at amortised cost	6(c)(i)	3,496	2,629
Financial assets at fair value through profit or loss (FVPL)	6(c)(ii)	2,390	980
		<u>5,886</u>	<u>3,609</u>

(i) Financial assets at amortised cost

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

See note 19(o) for the remaining relevant accounting policies.

Financial assets at amortised cost include the following debt investments:

		Consolidated entity		
		2024	2023	
		Current	Non-current	Total
		\$'000	\$'000	\$'000
Loans to related parties (see note 16)		-	1,300	1,300
Loans to key management personnel (see note 16)		166	551	717
Debtenture assets		-	750	750
Listed corporate bonds		-	554	554
Other receivables		939	375	1,314
		<u>1,105</u>	<u>3,530</u>	<u>4,635</u>
		842	2,645	3,487
Less: loss allowance for debt investments at amortised cost		(5)	(34)	(39)
		<u>1,100</u>	<u>3,496</u>	<u>4,596</u>
		842	2,629	3,471

Impairment of financial assets at amortised cost

All of the entity's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to xx months' expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

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30 June 2024

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period.

(ii) *Financial assets at fair value through profit or loss*

The group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at amortised cost (see (i) above)
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Financial assets mandatorily measured at FVPL include the following:

	Consolidated entity	
	2023	2022
	\$'000	\$'000
<b>Non-current assets</b>		
Unlisted preference shares	1,100	980
Contingent consideration (note 11(b))	1,290	-
	<u>2,390</u>	<u>980</u>
<b>Current assets</b>		
US listed equity securities	5,190	4,035
Australian listed equity securities	6,110	6,880
	<u>11,300</u>	<u>10,915</u>
	<u>13,690</u>	<u>11,895</u>

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**Financial assets and financial liabilities**

(c) **Other financial assets (continued)**

(ii) *Financial assets at fair value through profit or loss (continued)*

See note 19(o) for the remaining relevant accounting policies.

*Amounts recognised in profit or loss*

During the year, the following gains/(losses) were recognised in profit or loss:

	Consolidated entity	
	2023	2022
	\$'000	\$'000
Fair value gains (losses) on financial assets at FVPL recognised in other gains/(losses) (see note 4(c))	955	(620)
Fair value gain on contingent consideration recognised in profit from discontinued operations (see note 11(b))	90	-

*Fair value measurements*

The valuation techniques and key assumptions used in measuring the fair value of financial assets measured at FVPL for 2023 and 2022 are as follows:

- Unlisted preference shares and contingent consideration: present value of expected cash inflows based on the terms of the contracts, using discount rates that are adjusted for counterparty credit risk (x.x % for the preference shares and x% for the contingent consideration; 2022 - x.x% for the preference shares).
- Listed equity securities: quoted market prices in active markets.

(d) **Derivative financial instruments**

The group has the following derivative financial instruments:

	Consolidated entity	
	2023	2022
	\$'000	\$'000
<b>Current assets</b>		
Interest rate swaps – cash flow hedges	145	97
<b>Non-current assets</b>		
Interest rate swaps – cash flow hedges	308	712

**Financial assets and financial liabilities**

(c) **Other financial assets (continued)**

(i) *Financial assets at amortised cost (continued)*

*Other receivables*

These amounts generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payable within three years from the end of the reporting period.

(ii) *Financial assets at fair value through profit or loss*

The group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at amortised cost (see (i) above)
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Financial assets mandatorily measured at FVPL include the following:

	Consolidated entity	
	2024	2023
	\$'000	\$'000
<b>Non-current assets</b>		
Unlisted preference shares	1,100	980
Contingent consideration (note 11(b))	1,290	-
	<u>2,390</u>	<u>980</u>
<b>Current assets</b>		
US listed equity securities	5,190	4,035
Australian listed equity securities	6,110	6,880
	<u>11,300</u>	<u>10,915</u>
	<u>13,690</u>	<u>11,895</u>

See note 19(o) for the remaining relevant accounting policies.

*Amounts recognised in profit or loss*

During the year, the following gains/(losses) were recognised in profit or loss:

	Consolidated entity	
	2024	2023
	\$'000	\$'000
Fair value gains (losses) on financial assets at FVPL recognised in other gains/(losses) (see note 4(c))	955	(620)
Fair value gain on contingent consideration recognised in profit from discontinued operations (see note 11(b))	90	-

*Fair value measurements*

The valuation techniques and key assumptions used in measuring the fair value of financial assets measured at FVPL for 2024 and 2023 are as follows:

- Unlisted preference shares and contingent consideration: present value of expected cash inflows based on the terms of the contracts, using discount rates that are adjusted for counterparty credit risk (x.x % for the preference shares and x% for the contingent consideration; 2023 - x.x% for the preference shares).
- Listed equity securities: quoted market prices in active markets.

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**Financial assets and financial liabilities**

**Current liabilities**

Foreign currency forwards – cash flow hedges	766	777
----------------------------------------------	-----	-----

*Classification of derivatives*

Derivatives are only used for economic hedging purposes and not as speculative investments. They are presented as current assets or liabilities to the extent they are expected to be settled within xx months after the end of the reporting period.

The group's accounting policy for its cash flow hedges is set out in note 19(p).

*Interest rate swaps*

The group's main interest rate risk arises from long-term borrowings with variable rates which expose the group to cash flow interest rate risk. The group hedges the exposure to interest rate risk by using floating-to-fixed interest rate swaps. Generally, the group enters into long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the group borrowed at fixed rates directly. The group's borrowings at variable rate were mainly denominated in Australian dollars and US dollars.

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**Financial assets and financial liabilities****(d) Derivative financial instruments (continued)***Interest rate swaps (continued)*

The hedged interest payments are contractually due and payable on a monthly basis over a period of five years from the reporting date. The gains and losses recognised in the hedging reserve (note 8(b)) on interest rate swaps as of 30 June 2023 will be reclassified to profit or loss in the period or periods during which the hedged interest payments take place.

The group has determined the fair value of the interest rate swaps by calculating the present value of the estimated future cash flows based on observable yield curves for the particular currency.

*Foreign currency forwards*

The group is exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities denominated primarily in US dollars, which is not the functional currency of the relevant group entity. The group uses foreign currency forwards to hedge its exposure to foreign currency risk.

The hedged highly probable forecast inventory purchases denominated in foreign currency are expected to occur at various dates during the next xx months. Gains and losses recognised in the hedging reserve (note 8(b)) on foreign currency forwards as of 30 June 2023 will be included in the initial cost of the inventory when it is acquired, in line with the accounting policy in note 19(p).

The group has determined the fair value of the foreign currency forwards by calculating the present value of future cash flows based on the observable forward exchange rates at the consolidated balance sheet date.

*Amounts recognised in profit or loss in other gains/(losses)*

Consolidated entity	
2023	2022
\$'000	\$'000

Hedge ineffectiveness gain/(loss) on foreign currency forwards	41	(22)
----------------------------------------------------------------	----	------

**(e) Trade and other payables**

Consolidated entity	
2023	2022
\$'000	\$'000

**Current liabilities**

Trade payables	10,000	8,231
Other payables	3,700	2,050
Financial liabilities measured at amortised cost	13,700	10,281

Provision for volume discounts (see note 3(b)(vi))	400	225
----------------------------------------------------	-----	-----

**(d) Derivative financial instruments**

The group has the following derivative financial instruments:

Consolidated entity	
2024	2023
\$'000	\$'000

**Current assets**

Interest rate swaps – cash flow hedges	145	97
----------------------------------------	-----	----

**Non-current assets**

Interest rate swaps – cash flow hedges	308	712
----------------------------------------	-----	-----

**Current liabilities**

Foreign currency forwards – cash flow hedges	766	777
----------------------------------------------	-----	-----

*Classification of derivatives*

Derivatives are only used for hedging purposes and not as speculative investments. They are presented as current assets or liabilities to the extent they are expected to be settled within xx months after the end of the reporting period.

The group's accounting policy for its cash flow hedges is set out in note 19(p).

*Interest rate swaps*

The group's main interest rate risk arises from long-term borrowings with variable rates which expose the group to cash flow interest rate risk. The group hedges the exposure to interest rate risk by using floating-to-fixed interest rate swaps. Generally, the group enters into long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the group borrowed at fixed rates directly. The group's borrowings at variable rate were mainly denominated in Australian dollars and US dollars.

The hedged interest payments are contractually due and payable on a monthly basis over a period of five years from the reporting date. The gains and losses recognised in the hedging reserve (note 8(b)) on interest rate swaps as of 30 June 2024 will be reclassified to profit or loss in the period or periods during which the hedged interest payments take place.

The group has determined the fair value of the interest rate swaps by calculating the present value of the estimated future cash flows based on observable yield curves for the particular currency.

*Foreign currency forwards*

The group is exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities denominated primarily in US dollars, which is not the functional currency of the relevant group entity. The group uses foreign currency forwards to hedge its exposure to foreign currency risk.

The hedged highly probable forecast inventory purchases denominated in foreign currency are expected to occur at various dates during the next xx months. Gains and losses recognised in the hedging reserve (note 8(b)) on foreign currency forwards as of 30 June 2024 will be included in the initial cost of the inventory when it is acquired, in line with the accounting policy in note 19(p).

The group has determined the fair value of the foreign currency forwards by calculating the present value of future cash flows based on the observable forward exchange rates at the date of the consolidated statement of financial position.

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**Financial assets and financial liabilities****(d) Derivative financial instruments (continued)***Amounts recognised in profit or loss in other gains/(losses)*

Consolidated entity	
2024	2023
\$'000	\$'000

Hedge ineffectiveness gain/(loss) on foreign currency forwards	44	(22)
----------------------------------------------------------------	----	------

Refund liabilities for volume discounts (see note 3(b)(i))	1,570	1,207
Payroll tax and other statutory liabilities	15,760	11,723

Trade payables are unsecured and are usually paid within xx days of recognition. Where trade payables are settled via electronic cash transfer, they are derecognised when the group has no ability to withdraw, stop or cancel the payment, has lost the practical ability to access the cash as a result of the electronic payment instruction and the risk of a settlement not occurring is insignificant.

#### (f) Borrowings

Consolidated entity					
2023			2022		
Current	Non-current	Total	Current	Non-current	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

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#### Financial assets and financial liabilities

#### (f) Borrowings (continued)

Consolidated entity					
2023			2022		
Current	Non-current	Total	Current	Non-current	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Secured</i>					
Bank overdrafts	2,650	-	2,650	2,250	-
Bank loans (i),(ii)	4,250	57,115	61,365	5,015	72,600
Total secured borrowings (i)	6,900	57,115	64,015	7,265	72,600
<i>Unsecured</i>					
Bills payable	1,500	-	1,500	730	-
Loans from related parties **	-	15,185	15,185	-	4,000
Total unsecured borrowings	1,500	15,185	16,685	730	4,000
<b>Total borrowings</b>	<b>8,400</b>	<b>72,300</b>	<b>80,700</b>	<b>7,995</b>	<b>76,600</b>

\*\* Further information relating to loans from related parties is set out in note 16.

#### (i) Terms and conditions of long-term borrowings

The group has two major secured long-term borrowings:

- A bank loan with a carrying amount of \$xx,xxx,xxx (2022 - xx,xxx,xxx) is repayable in monthly instalments until it matures in 20xx and bears fixed interest rate at x.x% annually (2022 - x.x% annually).
- A second facility for a total of \$xx,xxx,xxx was drawn down to \$xx,xxx,xxx (2022 - xx,xxx,xxx). This facility expires in 20xx and is repayable in full on that date. It bears a variable interest rate at x.xx% above the xx day bank bill rate which, at the end of the reporting period was x.xx% (2022 - x.xx%).

The group is subject to externally imposed restrictions and must seek approval from the principal lending banks for any capital transactions that the group wishes to enter into that are in excess of \$xx,xxx,xxx. Under the terms of the primary bank loan, TR Example Group must further meet the following financial ratios:

- debt will not, at any time, exceed xx% of total tangible assets, and
- borrowing costs will not exceed xx% of earnings before borrowing costs and taxation for each half-year period.

#### (ii) Secured liabilities and assets pledged as security

Of the bank loans, \$x,xxx,xxx relate to transferred receivables (see note 6(b)(iii) above). The remaining bank loans and overdrafts are secured by first mortgages over the group's freehold land at carrying value of

hedge ineffectiveness gain/(loss) on foreign currency forwards

41 (44)

#### (e) Trade and other payables

Consolidated entity		
	2024	2023
	\$'000	\$'000
<b>Current liabilities</b>		
Trade payables	10,000	8,231
Other payables	3,700	2,050
Financial liabilities measured at amortised cost	13,700	10,281
Refund liabilities for volume discounts (see note 3(b)(ii))	490	235
Payroll tax and other statutory liabilities	1,570	1,207
	15,760	11,723

Trade payables are unsecured and are usually paid within xx days of recognition. Where trade payables are settled via electronic cash transfer, they are derecognised when the group has no ability to withdraw, stop or cancel the payment, has lost the practical ability to access the cash as a result of the electronic payment instruction and the risk of a settlement not occurring is insignificant.

#### (f) Borrowings

Consolidated entity					
2024			2023		
Current	Non-current	Total	Current	Non-current	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Secured</i>					
Bank overdrafts	2,650	-	2,650	2,250	-
Bank loans (i),(ii)	4,250	57,115	61,365	5,015	72,600
Total secured borrowings (i)	6,900	57,115	64,015	7,265	72,600
<i>Unsecured</i>					
Bills payable	1,500	-	1,500	730	-
Loans from related parties **	-	15,185	15,185	-	4,000
Total unsecured borrowings	1,500	15,185	16,685	730	4,000
<b>Total borrowings</b>	<b>8,400</b>	<b>72,300</b>	<b>80,700</b>	<b>7,995</b>	<b>76,600</b>

\*\* Further information relating to loans from related parties is set out in note 16.

#### (i) Terms and conditions of long-term borrowings

The group has two major secured long-term borrowings:

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30 June 2024 28

#### Financial assets and financial liabilities

#### (f) Borrowings (continued)

#### (i) Terms and conditions of long-term borrowings (continued)

- A bank loan with a carrying amount of \$xx,xxx,xxx (2023 - xx,xxx,xxx) is repayable in monthly instalments until it matures in 20xx and bears fixed interest rate at x.x% annually (2023 - x.x% annually).
- A second facility for a total of \$xx,xxx,xxx was drawn down to \$xx,xxx,xxx (2023 - xx,xxx,xxx). This facility expires in 20xx and is repayable in full on that date. It bears a variable interest rate at x.xx% above the xx day bank bill rate which, at the end of the reporting period was x.xx% (2023 - x.xx%).

The group is subject to externally imposed restrictions and must seek approval from the principal lending banks for any capital transactions that the group wishes to enter into that are in excess of \$xx,xxx,xxx. Under the terms of the primary bank loan, TR Example Group must further meet the following financial ratios:

- debt will not, at any time, exceed xx% of total tangible assets, and
- borrowing costs will not exceed xx% of earnings before borrowing costs and taxation for each half-year period.

\$xx,xxx,xxx (2022 - \$xx,xxx,xxx), certain of the group's buildings at carrying value of \$xx,xxx,xxx (2022 - \$xx,xxx,xxx), which are classified as property, plant and equipment and the group's investment properties at carrying value of \$xx,xxx,xxx (2022 - \$xx,xxx).

## 7 Non-financial assets and liabilities

This note provides information about the group's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability
  - property, plant and equipment (note 7(a))
  - leases (note 7(b))
  - investment properties (note 7(c))
  - intangible assets (note 7(d))
  - deferred tax balances (note 7(e))

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### Non-financial assets and liabilities

- inventories (note 7(f))
- other current assets and assets classified as held for sale (note 7(g))
- employee benefit obligations (note 7(h))
- provisions (note 7(i)).
- accounting policies
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

#### (a) Property, plant and equipment

Non-current assets	Freehold land \$'000	Buildings \$'000	Furniture, fittings and equipment \$'000	Machinery and vehicles \$'000	Assets under construction \$'000	Total \$'000
<b>At 1 July 2022</b>						
Cost	11,200	76,285	29,882	72,693	3,100	193,160
Accumulated depreciation	-	(50,285)	(9,630)	(41,605)	-	(101,520)
Net book amount	11,200	26,000	20,252	31,088	3,100	91,640
<b>At 30 June 2023</b>						
Opening net book amount	11,200	26,000	20,252	31,088	3,100	91,640
Acquisition of subsidiary	800	3,400	1,890	5,720	-	11,810
Additions	2,500	2,682	5,083	11,402	3,450	25,117
Assets classified as held for sale and other disposals	(550)	-	(5,985)	(1,680)	-	(8,215)
Transfers	-	-	950	2,150	(3,100)	-
Depreciation charge	-	(1,750)	(2,340)	(4,380)	-	(8,470)
Impairment loss (refer note 1)	-	(465)	(30)	(180)	-	(675)
Closing net book amount	13,950	29,867	19,820	44,120	3,450	111,207
<b>At 30 June 2023</b>						
Cost	13,950	82,367	31,790	90,285	3,450	221,842
Accumulated depreciation and	-	(50,500)	(11,970)	(46,165)	-	(118,635)

... borrowing costs will not exceed xx% of earnings before borrowing costs and taxation for each half-year period.

#### (ii) Secured liabilities and assets pledged as security

Of the bank loans, \$x,xxx,xxx relate to transferred receivables (see note 6(b)(iii) above). The remaining bank loans and overdrafts are secured by first mortgages over the group's freehold land at carrying value of \$xx,xxx,xxx (2023 - \$xx,xxx,xxx), certain of the group's buildings at carrying value of \$xx,xxx,xxx (2023 - \$xx,xxx,xxx), which are classified as property, plant and equipment and the group's investment properties at carrying value of \$xx,xxx,xxx (2023 - \$xx,xxx).

## 7 Non-financial assets and liabilities

This note provides information about the group's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability
  - property, plant and equipment (note 7(a))
  - leases (note 7(b))
  - investment properties (note 7(c))
  - intangible assets (note 7(d))
  - deferred tax balances (note 7(e))
  - inventories (note 7(f))
  - other current assets and assets classified as held for sale (note 7(g))
  - employee benefit obligations (note 7(h))
  - provisions (note 7(i)).
- accounting policies
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

#### (a) Property, plant and equipment

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### Non-financial assets and liabilities

#### (a) Property, plant and equipment (continued)

Non-current assets	Freehold land \$'000	Buildings \$'000	Furniture, fittings and equipment \$'000	Machinery and vehicles \$'000	Assets under construction \$'000	Total \$'000
<b>At 1 July 2023</b>						
Cost	11,200	76,285	29,882	72,693	3,100	193,160
Accumulated depreciation	-	(50,285)	(9,630)	(41,605)	-	(101,520)
Net book amount	11,200	26,000	20,252	31,088	3,100	91,640
<b>At 30 June 2024</b>						
Opening net book amount	11,200	26,000	20,252	31,088	3,100	91,640
Acquisition of subsidiary	800	3,400	1,890	5,720	-	11,810
Additions	2,500	2,682	5,083	11,402	3,450	25,117
Assets classified as held for sale and other disposals	(550)	-	(5,985)	(1,680)	-	(8,215)

impairment	-	(92,000)	(11,970)	(40,100)	-	(110,000)
Net book amount	13,950	29,867	19,820	44,120	3,450	111,207

(i) *Non-current assets pledged as security*

Refer to note 6(f)(ii) for information on non-current assets pledged as security by the group.

(ii) *Depreciation methods and useful lives*

All property, plant and equipment is recognised at historical cost less depreciation.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

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### Non-financial assets and liabilities

**(a) Property, plant and equipment (continued)**

(ii) *Depreciation methods and useful lives (continued)*

• Buildings	xx - xx years
• Machinery	xx - xx years
• Vehicles	x - x years
• Furniture, fittings and equipment	x - x years

Furniture, fittings and equipment include assets received in form of free office fit outs. These assets and other leasehold improvements are recognised at their fair value and depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

See note 19(r) for the other accounting policies relevant to property, plant and equipment.

**(b) Leases**

This note provides information for leases where the group is a lessee. For leases where the group is a lessor, see note 7(c).

(i) *Amounts recognised in the balance sheet*

The **balance sheet** shows the following amounts relating to leases:

	Consolidated entity	
	2023	2022
	\$'000	\$'000
<b>Right-of-use assets</b>		
Buildings	3,846	2,994
Equipment	4,678	5,264
Vehicles	1,232	1,250
	<u>9,756</u>	<u>9,508</u>
<b>Lease liabilities</b>		
Current	3,008	2,777
Non-current	8,493	8,514
	<u>11,501</u>	<u>11,291</u>

Future lease payments in relation to lease liabilities as at period end are as follows:

Within one year	2,911	2,348
Later than one year but not later than five years	8,248	9,260
Later than five years	2,340	2,017
	<u>13,499</u>	<u>13,625</u>

Additions to the right-of-use assets during the 2023 financial year were \$x.xxx xxx (2022 - \$x.xxx xxx).

Transfers	-	-	950	2,150	(3,100)	-
Depreciation charge	-	(1,750)	(2,340)	(4,380)	-	(8,470)
Impairment loss (refer note 1)	-	(465)	(30)	(180)	-	(675)
Closing net book amount	13,950	29,867	19,820	44,120	3,450	111,207

**At 30 June 2024**

Cost	13,950	82,367	31,790	90,285	3,450	221,842
Accumulated depreciation and impairment	-	(52,500)	(11,970)	(46,165)	-	(110,635)
Net book amount	13,950	29,867	19,820	44,120	3,450	111,207

(i) *Non-current assets pledged as security*

Refer to note 6(f)(ii) for information on non-current assets pledged as security by the group.

(ii) *Depreciation methods and useful lives*

All property, plant and equipment is recognised at historical cost less depreciation.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

• Buildings	xx - xx years
• Machinery	xx - xx years
• Vehicles	x - x years
• Furniture, fittings and equipment	x - x years

Furniture, fittings and equipment include assets received in form of free office fit outs. These assets and other leasehold improvements are recognised at their fair value and depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

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### Non-financial assets and liabilities

**(a) Property, plant and equipment (continued)**

(ii) *Depreciation methods and useful lives (continued)*

See note 19(r) for the other accounting policies relevant to property, plant and equipment.

**(b) Leases**

This note provides information for leases where the group is a lessee. For leases where the group is a lessor, see note 7(c).

(i) *Amounts recognised in the consolidated statement of financial position*

The **consolidated statement of financial position** shows the following amounts relating to leases:

	Consolidated entity	
	2024	2023
	\$'000	\$'000
<b>Right-of-use assets</b>		
Buildings	3,846	2,994
Equipment	4,678	5,264
Vehicles	1,232	1,250
	<u>9,756</u>	<u>9,508</u>
<b>Lease liabilities</b>		
Current	3,008	2,777
Non-current	8,493	8,514
	<u>11,501</u>	<u>11,291</u>

(ii) Depreciation of right-of-use assets

The depreciation and amortisation disclosed in the consolidated statement of profit or loss includes the following amounts for right-of-use assets:

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**Non-financial assets and liabilities**

**(b) Leases (continued)**

(ii) Depreciation of right-of-use assets (continued)

	Consolidated entity	
	2023	2022
	\$'000	\$'000
Buildings	(348)	(366)
Equipment	(1,236)	(681)
Vehicles	(320)	(153)
	<u>(1,904)</u>	<u>(1,200)</u>

(iii) The group's leasing activities and how these are accounted for

The group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of x months to x years

Extension and termination options, and residual value guarantees are included in a number of property and equipment leases of the group. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

Some property and equipment lease payments contain variable lease payments that are linked to consumer price index and are included in the calculations of right-of-use assets and lease liabilities in relation to these leases.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of xx months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture. Lease payments for short-term leases and leases of low-value assets amount to \$xxx,xxx (2022 - \$xxx,xxx) are recognised as expenses in profit and loss.

See note 19(h) for the other accounting policies relevant to lease accounting.

**(c) Investment properties**

	Consolidated entity	
	2023	2022
	\$'000	\$'000
<b>Non-current assets - at fair value</b>		
Opening balance at 1 July	10,050	
Acquisitions	1,900	
Net gain/(loss) from fair value adjustment in other gains/(losses) (note 3(b))	1,350	
Closing balance at 30 June	<u>13,300</u>	

Future lease payments in relation to lease liabilities as at period end are as follows:

Within one year	2,911	2,348
Later than one year but not later than five years	8,248	9,260
Later than five years	2,340	2,017
	<u>13,499</u>	<u>13,625</u>

Additions to the right-of-use assets during the 2024 financial year were \$x,xxx,xxx (2023 - \$x,xxx,xxx).

(ii) Depreciation of right-of-use assets

The depreciation and amortisation disclosed in the consolidated statement of profit or loss includes the following amounts for right-of-use assets:

	Consolidated entity	
	2024	2023
	\$'000	\$'000
Buildings	(348)	(366)
Equipment	(1,236)	(681)
Vehicles	(320)	(153)
	<u>(1,904)</u>	<u>(1,200)</u>

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**Non-financial assets and liabilities**

**(b) Leases (continued)**

(ii) Depreciation of right-of-use assets (continued)

(iii) The group's leasing activities and how these are accounted for

The group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of x months to x years

Extension and termination options, and residual value guarantees are included in a number of property and equipment leases of the group. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

Some property and equipment lease payments contain variable lease payments that are linked to consumer price index and are included in the calculations of right-of-use assets and lease liabilities in relation to these leases.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of xx months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture. Lease payments for short-term leases and leases of low-value assets amount to \$xxx,xxx (2023 - \$xxx,xxx) are recognised as expenses in profit and loss.

See note 19(h) for the other accounting policies relevant to lease accounting.

**(c) Investment properties**

	Consolidated entity	
	2024	2023
	\$'000	\$'000
<b>Non-current assets - at fair value</b>		

(i) Significant estimate: measuring investment property at fair value

The group owns freehold office buildings that are held to earn long-term rental income and for capital appreciation. The properties are not occupied by the group. They are carried at fair value which is determined annually by external, independent and qualified valuers.

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### Non-financial assets and liabilities

#### (c) Investment properties (continued)

(i) Significant estimate: measuring investment property at fair value (continued)

The valuers use capitalised income projections based on estimated net market income and a capitalisation rate derived from an analysis of market evidence. Key inputs used in the valuations are the discount rate, terminal yield, capitalisation rate, expected vacancy rates and rental growth rates. The inputs are adjusted, if necessary, for any changes in economic circumstances between the measurement date and the reporting date. Changes in fair value are recognised in profit or loss.

(ii) Non-current assets pledged as security

Refer to note 6(f)(ii) for information on non-current assets pledged as security by the group.

(iii) Presenting cash flows

The group classifies cash outflows to acquire or construct investment property as investing and rental inflows as operating cash flows.

(iv) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. The lease contracts include variable lease payments which are linked to consumer price index. The leases are under a term of x to x years and subject to renewal at the option of the tenants for another term of x to x years. There are no purchase options in the lease. To reduce credit risk, the group has obtained bank guarantees from the tenants for the terms of the leases.

#### Consolidated entity

	2023	2022
	\$'000	\$'000

Minimum lease payments receivable on leases of investment properties are as follows:

Within one year	4,265	4,245
Later than one year but not later than 5 years	9,120	9,050
Later than 5 years	2,370	2,550
	<u>15,755</u>	<u>15,845</u>

#### (d) Intangible assets

	Goodwill \$'000	Patents, trademarks and other rights \$'000	Internally generated software \$'000	Customer contracts \$'000	Total \$'000
<b>Non-current assets</b>					
<b>At 1 July 2022</b>					
Cost	9,700	9,410	3,020	-	22,130
Accumulated amortisation and impairment	-	(775)	(410)	-	(1,185)
Net book amount	<u>9,700</u>	<u>8,635</u>	<u>2,610</u>	<u>-</u>	<u>20,945</u>

#### Year ended 30 June 2023

Opening net book amount	9,700	8,635	2,610	-	20,945
Additions - internal development	-	-	735	-	735
Acquisition of business (note 10)	1,115	3,020	-	3,180	7,315
Impairment charge (iv)	(2,410)	-	-	-	(2,410)
Amortisation charge *	-	(525)	(300)	(1,210)	(2,035)

#### Non-financial assets and liabilities

Opening balance at 1 July	10,050
Acquisitions	1,900
Net gain/(loss) from fair value adjustment in other gains/(losses) (note 3(b))	1,350
Closing balance at 30 June	<u>13,300</u>

(i) Significant estimate: measuring investment property at fair value

The group owns freehold office buildings that are held to earn long-term rental income and for capital appreciation. The properties are not occupied by the group. They are carried at fair value which is determined annually by external, independent and qualified valuers.

The valuers use capitalised income projections based on estimated net market income and a capitalisation rate derived from an analysis of market evidence. Key inputs used in the valuations are the discount rate, terminal yield, capitalisation rate, expected vacancy rates and rental growth rates. The inputs are adjusted, if necessary, for any changes in economic circumstances between the measurement date and the reporting date. Changes in fair value are recognised in profit or loss.

(ii) Non-current assets pledged as security

Refer to note 6(f)(ii) for information on non-current assets pledged as security by the group.

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### Non-financial assets and liabilities

#### (c) Investment properties (continued)

(iii) Presenting cash flows

The group classifies cash outflows to acquire or construct investment property as investing and rental inflows as operating cash flows.

(iv) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. The lease contracts include variable lease payments which are linked to consumer price index. The leases are under a term of x to x years and subject to renewal at the option of the tenants for another term of x to x years. There are no purchase options in the lease. To reduce credit risk, the group has obtained bank guarantees from the tenants for the terms of the leases.

#### Consolidated entity

	2024	2023
	\$'000	\$'000

Minimum lease payments receivable on leases of investment properties are as follows:

Within one year	4,265	4,245
Later than one year but not later than 5 years	9,120	9,050
Later than 5 years	2,370	2,550
	<u>15,755</u>	<u>15,845</u>

#### (d) Intangible assets

	Goodwill \$'000	Patents, trademarks and other rights \$'000	Internally generated software \$'000	Customer contracts \$'000	Total \$'000
<b>Non-current assets</b>					
<b>At 1 July 2023</b>					
Cost	9,700	9,410	3,020	-	22,130
Accumulated amortisation and impairment	-	(775)	(410)	-	(1,185)
Net book amount	<u>9,700</u>	<u>8,635</u>	<u>2,610</u>	<u>-</u>	<u>20,945</u>

#### Year ended 30 June 2024

Opening net book amount	9,700	8,635	2,610	-	20,945
Additions - internal development	-	-	735	-	735
Acquisition of business (note 10)	1,115	3,020	-	3,180	7,315
Impairment charge (iv)	(2,410)	-	-	-	(2,410)
Amortisation charge *	-	(525)	(300)	(1,210)	(2,035)

Closing net book amount	8,405	11,130	3,045	1,970	24,550
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### Non-financial assets and liabilities

#### (d) Intangible assets (continued)

Non-current assets	Goodwill \$'000	Patents, trademarks and other rights \$'000	Internally generated software \$'000	Customer contracts \$'000	Total \$'000
Cost	10,815	12,430	3,755	3,180	30,180
Accumulated amortisation and impairment	(2,410)	(1,300)	(710)	(1,210)	(5,630)
Net book amount	8,405	11,130	3,045	1,970	24,550

\* Amortisation expenses are included in the consolidated statement of profit or loss in depreciation and amortisation expenses.

#### (i) Amortisation methods and useful lives

The group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

- Patent, trademarks and licences x-x years
- IT development and software x-x years
- Customer contracts x-x years

See note 19(t) for the other accounting policies relevant to intangible assets, and note 19(j) for the group's policy regarding impairments.

#### (ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

#### (iii) Customer contracts

The customer contracts were acquired as part of a business combination (see note 10 for details). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

#### (iv) Significant estimate: useful life of IT division's intangible assets

The group has recently completed the development of software that is used to analyse business processes by the IT consulting division. As at 30 June 2023, the carrying amount of this software was \$xxx,xxx (2022 - nil). The group estimates the useful life of the software to be at least five years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than five years, depending

Closing net book amount	8,405	11,130	3,045	1,970	24,550
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30 June 2024

Cost	10,815	12,430	3,755	3,180	30,180
Accumulated amortisation and impairment	(2,410)	(1,300)	(710)	(1,210)	(5,630)
Net book amount	8,405	11,130	3,045	1,970	24,550

\* Amortisation expenses are included in the consolidated statement of profit or loss in depreciation and amortisation expenses.

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### Non-financial assets and liabilities

#### (d) Intangible assets (continued)

#### (i) Amortisation methods and useful lives

The group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

- Patent, trademarks and licences x-x years
- IT development and software x-x years
- Customer contracts x-x years

See note 19(t) for the other accounting policies relevant to intangible assets, and note 19(j) for the group's policy regarding impairments.

#### (ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

#### (iii) Customer contracts

The customer contracts were acquired as part of a business combination (see note 10 for details). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

#### (iv) Significant estimate: useful life of IT division's intangible assets

The group has recently completed the development of software that is used to analyse business processes by the IT consulting division. As at 30 June 2024, the carrying amount of this software was \$xxx,xxx (2023 - nil). The group estimates the useful life of the software to be at least five years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than five years, depending on technical

**Non-financial assets and liabilities**

**(d) Intangible assets (continued)**

(v) *Significant judgement and estimate: impairment for goodwill - key assumptions used in value-in-use calculations*

The impairment loss on goodwill recognised by the group in other expenses in the consolidated statement of profit or loss relates to its smartphones and tablets division and followed a decision to reduce the manufacturing output as a result of declining sales due to increased competition in this market.

The group tests annually whether goodwill has suffered any impairment. For the 2023 and 2022 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations, using cash flow projections based on financial budgets approved by management covering a five-year period. The group has used the following assumptions in the calculation of value-in-use:

- Sales growth rates over the five-year forecast period that are based on past performance and management's expectations of market development and include the renewal of certain key customer contracts.
- Sales price annual growth rates over the five-year forecast period that are based on current industry trends and including long-term inflation forecasts for each territory.
- Budgeted gross margin, other operating costs and annual capital expenditure that are based on past performance and management's expectations for the future.
- Pre-tax discount rates that reflect the specific risks relating to the relevant CGUs.

Cash flows beyond the five-year period are extrapolated using the long-term growth rates which are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The assumptions used for current reporting period may differ from the assumptions in the next reporting period as internal and external circumstances and expectations change. This may require further impairment write-downs or the reversal of previous write-downs as the case may be. In particular, the group has assumed sales growth rates of x.x% for the smartphone and tablets division. If this growth rate was revised to x.x% a further impairment loss of \$xxx,xxx would need to be recognised against the carrying amount of property, plant and equipment.

The group has further used a pre-tax discount rate of xx.x% (xxxx 2022- xx%) to calculate the recoverable amount of the division. If the pre-tax discount rate was increased to xx%, an impairment loss of \$xxx,xxx would have to be recognised against property plant and equipment.

**(e) Deferred tax balances**

(i) *Deferred tax assets*

	Notes	Consolidated entity	
		2023 \$'000	2022 \$'000
<b>The balance comprises temporary differences attributable to:</b>			
Lease liabilities	7(b)	3,450	3,387
Tax losses		925	-
Provisions for warranties, restructurings, refunds, make good obligations and legal claims	7(i)	1,137	786
Employee benefits	7(h)	914	822
		<u>6,426</u>	<u>4,995</u>

(v) *Significant judgement and estimate: impairment for goodwill - key assumptions used in value-in-use calculations*

The impairment loss on goodwill recognised by the group in other expenses in the consolidated statement of profit or loss relates to its smartphones and tablets division and followed a decision to reduce the manufacturing output as a result of declining sales due to increased competition in this market.

The group tests annually whether goodwill has suffered any impairment. For the 2024 and 2023 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations, using cash flow projections based on financial budgets approved by management covering a five-year period. The group has used the following assumptions in the calculation of value-in-use:

**Non-financial assets and liabilities**

**(d) Intangible assets (continued)**

(v) *Significant judgement and estimate: impairment for goodwill - key assumptions used in value-in-use calculations (continued)*

- Sales growth rates over the five-year forecast period that are based on past performance and management's expectations of market development and include the renewal of certain key customer contracts.
- Sales price annual growth rates over the five-year forecast period that are based on current industry trends and including long-term inflation forecasts for each territory.
- Budgeted gross margin, other operating costs and annual capital expenditure that are based on past performance and management's expectations for the future.
- Pre-tax discount rates that reflect the specific risks relating to the relevant CGUs.

Cash flows beyond the five-year period are extrapolated using the long-term growth rates which are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The assumptions used for current reporting period may differ from the assumptions in the next reporting period as internal and external circumstances and expectations change. This may require further impairment write-downs or the reversal of previous write-downs as the case may be. In particular, the group has assumed sales growth rates of x.x% for the smartphone and tablets division. If this growth rate was revised to x.x% a further impairment loss of \$xxx,xxx would need to be recognised against the carrying amount of property, plant and equipment.

The group has further used a pre-tax discount rate of xx.x% (xxxx 2023- xx%) to calculate the recoverable amount of the division. If the pre-tax discount rate was increased to xx%, an impairment loss of \$xxx,xxx would have to be recognised against property plant and equipment.

**(e) Deferred tax balances**

(i) *Deferred tax assets*

	Notes	Consolidated entity	
		2024 \$'000	2023 \$'000
<b>The balance comprises temporary differences attributable to:</b>			
Lease liabilities	7(b)	3,450	3,387
Tax losses		925	-
Provisions for warranties, restructurings, refunds, make good obligations and legal claims	7(i)	1,137	786
Employee benefits	7(h)	914	822
		<u>6,426</u>	<u>4,995</u>

<i>Other</i>			
Cash flow hedges	6(c)	230	234
	6(b),		
Loss allowances for financial assets	6(c)	212	121
Contingent liability	7(i)	143	-
Write-down of building	4	140	-
Refund liabilities	6(e)	148	71
Other		65	18
Subtotal other		<u>938</u>	<u>444</u>

**Non-financial assets and liabilities**

**(e) Deferred tax balances (continued)**

*(i) Deferred tax assets (continued)*

	Notes	Consolidated entity	
		2023 \$'000	2022 \$'000
<i>Other</i>			
Cash flow hedges	6(c)	230	234
Loss allowances for financial assets	6(b), 6(c)	212	121
Contingent liability	7(i)	143	-
Write-down of building	4	140	-
Refund liabilities	6(e)	148	71
Other		65	18
Subtotal other		938	444
Total deferred tax assets		7,364	5,439
Set-off of deferred tax liabilities pursuant to set-off provisions	7(e)(ii)	(7,364)	(5,439)
Net deferred tax assets		-	-

*Significant estimates*

The deferred tax assets include an amount of \$xxx,xxx which relates to carried-forward tax losses of Example Electronics Pty Ltd. These losses were recognised on the acquisition of this entity, see note 10. They were subsequently transferred to the head entity, TR Example Group when the acquired entity joined the tax consolidated group. The group expects to be able to recover these losses against taxable income over the following two to three years, subject to changes to the available fraction for transferred losses which could reduce the rate at which these losses can be utilised.

Movements	Lease liabilities \$'000	Tax losses \$'000	Employee benefits \$'000	Provisions \$'000	Other \$'000	Total \$'000
<b>At 1 July 2021</b>	2,889	-	791	610	275	4,565
(Charged)/credited - to profit or loss	498	-	31	176	(134)	571
- to other comprehensive income	-	-	-	-	303	303
<b>At 30 June 2022</b>	3,387	-	822	786	444	5,439
(Charged)/credited - to profit or loss	63	(600)	(33)	351	222	3
- to other comprehensive income	-	-	-	-	77	77
- directly to equity	-	-	-	-	60	60
Acquisition of subsidiary	-	1,525	125	-	135	1,785
<b>At 30 June 2023</b>	3,450	925	914	1,137	938	7,364

Total deferred tax assets		7,364	5,439
Set-off of deferred tax liabilities pursuant to set-off provisions	7(e)(ii)	(7,364)	(5,439)
Net deferred tax assets		-	-

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**Non-financial assets and liabilities**

**(e) Deferred tax balances (continued)**

*(i) Deferred tax assets (continued)*

*Significant estimates*

The deferred tax assets include an amount of \$xxx,xxx which relates to carried-forward tax losses of Example Electronics Pty Ltd. These losses were recognised on the acquisition of this entity, see note 10. They were subsequently transferred to the head entity, TR Example Group when the acquired entity joined the tax consolidated group. The group expects to be able to recover these losses against taxable income over the following two to three years, subject to changes to the available fraction for transferred losses which could reduce the rate at which these losses can be utilised.

Movements	Lease liabilities \$'000	Tax losses \$'000	Employee benefits \$'000	Provisions \$'000	Other \$'000	Total \$'000
<b>At 1 July 2022</b>	2,889	-	791	610	275	4,565
(Charged)/credited - to profit or loss	498	-	31	176	(134)	571
- to other comprehensive income	-	-	-	-	303	303
<b>At 30 June 2023</b>	3,387	-	822	786	444	5,439
(Charged)/credited - to profit or loss	63	(600)	(33)	351	222	3
- to other comprehensive income	-	-	-	-	77	77
- directly to equity	-	-	-	-	60	60
Acquisition of subsidiary	-	1,525	125	-	135	1,785
<b>At 30 June 2024</b>	3,450	925	914	1,137	938	7,364

*(ii) Deferred tax liabilities*

	Notes	Consolidated entity 2024 \$'000	2023 \$'000
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**The balance comprises temporary differences attributable to:**

Property, plant and equipment	7(a)	938	993
Right-of-use assets	7(b)	2,927	2,852
Intangible assets	7(d)	2,375	770

**Non-financial assets and liabilities**

**(e) Deferred tax balances (continued)**

(i) *Deferred tax assets (continued)*

(ii) *Deferred tax liabilities*

		Consolidated entity	
	Notes	2023 \$'000	2022 \$'000
<b>The balance comprises temporary differences attributable to:</b>			
Property, plant and equipment	7(a)	938	993
Right-of-use assets	7(b)	2,927	2,852
Intangible assets	7(d)	2,375	770
Investment property	7(c)	1,124	719
		<u>7,364</u>	<u>5,334</u>
<i>Other</i>			
Financial assets at fair value through profit or loss	6(c)	804	441
Cash flow hedges	6(c)	138	243
Investments in associates	12(c)	90	78
Prepayments	7(g)	125	118
Inventories	7(f)	120	-
Other		23	11
Subtotal other		<u>1,300</u>	<u>891</u>
Total deferred tax liabilities		<u>8,664</u>	<u>6,225</u>
Set-off of deferred tax liabilities pursuant to set-off provisions	7(e)(i)	(7,364)	(5,439)
Net deferred tax liabilities		<u>1,300</u>	<u>786</u>

*Offsetting within tax consolidated group*

TR Example Group and its wholly-owned Australian subsidiaries have applied the tax consolidation legislation, which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated consolidated financial statements.

Movements	Property, plant and equipment \$'000	Right-of-use assets \$'000	Intangible assets \$'000	Investment property \$'000	Other \$'000	Total \$'000
<b>At 1 July 2021</b>	770	2,312	615	300	822	4,819
Charged/(credited)						
- to profit or loss	223	540	155	419	(174)	1,163
- to other comprehensive income	-	-	-	-	243	243
<b>At 30 June 2022</b>	<u>993</u>	<u>2,852</u>	<u>770</u>	<u>719</u>	<u>891</u>	<u>6,225</u>

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**Non-financial assets and liabilities**

**(e) Deferred tax balances (continued)**

(ii) *Deferred tax liabilities (continued)*

		Consolidated entity	
	Notes	2024 \$'000	2023 \$'000
<i>Other</i>			
Financial assets at fair value through profit or loss	6(c)	804	441
Cash flow hedges	6(c)	138	243
Investments in associates	12(c)	90	78
Prepayments	7(g)	125	118
Inventories	7(f)	120	-
Other		23	11
Subtotal other		<u>1,300</u>	<u>891</u>
Total deferred tax liabilities		<u>8,664</u>	<u>6,225</u>
Set-off of deferred tax liabilities pursuant to set-off provisions	7(e)(i)	(7,364)	(5,439)
Net deferred tax liabilities		<u>1,300</u>	<u>786</u>

*Offsetting within tax consolidated group*

TR Example Group and its wholly-owned subsidiaries have applied the tax consolidation legislation, which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

Movements	Property, plant and equipment \$'000	Right-of-use assets \$'000	Intangible assets \$'000	Investment property \$'000	Other \$'000	Total \$'000
<b>At 1 July 2022</b>	770	2,312	615	300	822	4,819
Charged/(credited)						
- to profit or loss	223	540	155	419	(174)	1,163
- to other comprehensive income	-	-	-	-	243	243
<b>At 30 June 2023</b>	<u>993</u>	<u>2,852</u>	<u>770</u>	<u>719</u>	<u>891</u>	<u>6,225</u>
Charged/(credited)						
- to profit or loss	(379)	75	(255)	405	396	242
- to other comprehensive income	-	-	-	-	(107)	(107)
Acquisition of subsidiary	324	-	1,860	-	120	2,304
<b>At 30 June 2024</b>	<u>938</u>	<u>2,927</u>	<u>2,375</u>	<u>1,124</u>	<u>1,300</u>	<u>8,664</u>

## Non-financial assets and liabilities

## (e) Deferred tax balances (continued)

## (ii) Deferred tax liabilities (continued)

Charged/(credited)						
- to profit or loss	(379)	75	(255)	405	396	242
- to other comprehensive income	-	-	-	-	(107)	(107)
Acquisition of subsidiary	324	-	1,860	-	120	2,304
<b>At 30 June 2023</b>	<b>938</b>	<b>2,927</b>	<b>2,375</b>	<b>1,124</b>	<b>1,300</b>	<b>8,664</b>

## (f) Inventories

	Consolidated entity	
	2023	2022
	\$'000	\$'000
<b>Current assets</b>		
Raw materials	6,200	4,800
Work in progress	5,600	5,400
Finished goods	10,353	9,472
	<u>22,153</u>	<u>19,672</u>

## (i) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs. Volume rebates or discounts are taken into account when estimating the cost of inventory if it is probable that they have been earned and will take effect. See note 19(m) for the group's other accounting policies for inventories.

## (ii) Amounts recognised in profit or loss

Inventories recognised in the consolidated statement of profit or loss during the year ended 30 June 2023 included a credit of \$x,xxx,xxx (2022 - \$x,xxx,xxx) recognised as changes in inventories of finished goods and work in progress, an expense of \$xx,xxx,xxx (2022 - \$xx,xxx,xxx) recognised as raw materials and consumables used and \$xxx,xxx of inventories damaged by a fire recognised in other expense (note 1).

During the year ended 30 June 2023, the group wrote down inventories to net realisable value by \$xxx,xxx (2022 - \$xxx,xxx) and reversed \$xx,xxx (2022 - \$x) of a previous written down inventory. These amounts were recognised in finished goods and work in progress in the consolidated statement of profit or loss.

## (g) Assets classified as held for sale

	Consolidated entity
	2023
	\$'000
<b>Non-current assets held for sale</b>	
Land	<u>250</u>
	<u>250</u>

## (i) Land held for sale

In xxx 20xx, the directors of Example Manufacturing Pty Ltd decided to sell a parcel of vacant land which was originally acquired for an expansion of the smartphones and tablets manufacturing division. There are several interested parties and the sale is expected to be completed before the end of xxx 2023.

Refer to note 11(c) for information about assets and liabilities of a disposal group that were classified as held for sale at 30 June 2022.

## Non-financial assets and liabilities

## (e) Deferred tax balances (continued)

## (ii) Deferred tax liabilities (continued)

## (f) Inventories

	Consolidated entity	
	2024	2023
	\$'000	\$'000
<b>Current assets</b>		
Raw materials	6,200	4,800
Work in progress	5,600	5,400
Finished goods	10,353	9,472
	<u>22,153</u>	<u>19,672</u>

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## (ii) Amounts recognised in profit or loss

Inventories recognised in the consolidated statement of profit or loss during the year ended 30 June 2024 included a credit of \$x,xxx,xxx (2023 - \$x,xxx,xxx) recognised as changes in inventories of finished goods and work in progress, an expense of \$xx,xxx,xxx (2023 - \$xx,xxx,xxx) recognised as raw materials and consumables used and \$xxx,xxx of inventories damaged by a fire recognised in other expense (note 1).

During the year ended 30 June 2024, the group wrote down inventories to net realisable value by \$xxx,xxx (2023 - \$xxx,xxx) and reversed \$xx,xxx (2023 - \$x) of a previous written down inventory. These amounts were recognised in finished goods and work in progress in the consolidated statement of profit or loss.

## (g) Assets classified as held for sale

	Consolidated entity
	2024
	\$'000
<b>Non-current assets held for sale</b>	
Land	<u>250</u>
	<u>250</u>

## (i) Land held for sale

In xxx 20xx, the directors of Example Manufacturing Pty Ltd decided to sell a parcel of vacant land which was originally acquired for an expansion of the smartphones and tablets manufacturing division. There are several interested parties and the sale is expected to be completed before the end of xxx 2024.

Refer to note 11(c) for information about assets and liabilities of a disposal group that were classified as held for sale at 30 June 2024.

## Non-financial assets and liabilities

## (h) Employee benefit obligations

	Consolidated entity					
	2023			2022		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Leave obligations (i)	690	2,220	2,910	470	2,270	2,740
Cash-settled share-based payment obligations (ii)	-	138	138	-	-	-
	<b>690</b>	<b>2,358</b>	<b>3,048</b>	<b>470</b>	<b>2,270</b>	<b>2,740</b>

## (i) Leave obligations

The leave obligations cover the group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 19(y).

## (ii) Reclassification of employee benefit obligations

The group's liabilities for accumulating sick leave and other long-term employee benefit obligations were previously presented as provisions in the consolidated **balance sheet**. However, management considers it to be more relevant if all employee benefit obligations are presented in one separate line item in the consolidated **balance sheet**. Prior year comparatives as at 30 June 2022 have been restated by reclassifying \$xxx,xxx from current provisions to current employee benefit obligations and \$x,xxx,xxx from non-current provisions to non-current employee benefit obligations (\$xxx,xxx and \$x,xxx,xxx respectively as at 1 July 2021).

## (iii) Cash-settled share-based payment obligations

In xxx 20xx, TR Example Group decided to reward divisional managers for their contribution to the performance of the group by granting them xxx,xxx share appreciation rights (SARs) in relation to the shares of its ultimate listed parent entity, Example Plc. The rights entitle the employees to a cash payment after three years of service. The amount payable will be determined based on the increase of Example Plc's share price between the grant date (xx xxx 20xx: GBP x.xx) and the vesting date (xx xxx 20xx). The rights must be exercised on vesting date and will expire if not exercised at on that date.

The fair value of the SARs as at the reporting date was determined using the Black-Scholes model and the share price, expected volatility, dividend yield and a risk-free interest rate as at the measurement date.

The group recognised expenses of \$xxx,xxx in relation to the SARs during the current reporting period (2022 - \$ nil).

## (iv) Amounts recognised in profit and loss in relation to defined contribution plans

The group has recognised expenses of \$x,xxx,xxx in the current period (2022 - \$x,xxx,xxx) in relation to defined contribution plans which are included in employee benefit expenses in the consolidated statement of profit or loss and other comprehensive income.

## (v) Termination benefits

Refer to note 7(i) for information about termination benefits included in the restructuring provision recognised as at 30 June 2023.

## (i) Provisions

## Non-financial assets and liabilities

## (h) Employee benefit obligations

	Consolidated entity					
	2024			2023		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Leave obligations (i)	690	2,220	2,910	470	2,270	2,740
Cash-settled share-based payment obligations (ii)	-	138	138	-	-	-
	<b>690</b>	<b>2,358</b>	<b>3,048</b>	<b>470</b>	<b>2,270</b>	<b>2,740</b>

## (i) Leave obligations

The leave obligations cover the group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 19(y).

## (ii) Reclassification of employee benefit obligations

The group's liabilities for accumulating sick leave and other long-term employee benefit obligations were previously presented as provisions in the consolidated **statement of financial position**. However, management considers it to be more relevant if all employee benefit obligations are presented in one separate line item in the consolidated **statement of financial position**. Prior year comparatives as at 30 June 2023 have been restated by reclassifying \$xxx,xxx from current provisions to current employee benefit obligations and \$x,xxx,xxx from non-current provisions to non-current employee benefit obligations (\$xxx,xxx and \$x,xxx,xxx respectively as at 1 July 2022).

## (iii) Cash-settled share-based payment obligations

In xxx 20xx, TR Example Group decided to reward divisional managers for their contribution to the performance of the group by granting them xxx,xxx share appreciation rights (SARs) in relation to the shares of its ultimate listed parent entity, Example Plc. The rights entitle the employees to a cash payment after three years of service. The amount payable will be determined based on the increase of Example Plc's share price between the grant date (xx xxx 20xx: GBP x.xx) and the vesting date (xx xxx 20xx). The rights must be exercised on vesting date and will expire if not exercised at on that date.

The fair value of the SARs as at the reporting date was determined using the Black-Scholes model and the share price, expected volatility, dividend yield and a risk-free interest rate as at the measurement date.

The group recognised expenses of \$xxx,xxx in relation to the SARs during the current reporting period (2023 - \$ nil).

## (iv) Amounts recognised in profit and loss in relation to defined contribution plans

The group has recognised expenses of \$x,xxx,xxx in the current period (2023 - \$x,xxx,xxx) in relation to defined contribution plans which are included in employee benefit expenses in the consolidated statement of profit or loss and other comprehensive income.

## (v) Termination benefits

Refer to note 7(i) for information about termination benefits included in the restructuring provision recognised as at 30 June 2024.

## (i) Provisions

**Non-financial assets and liabilities**

**(i) Provisions (continued)**

	Consolidated entity					
	2023			2022		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Make good provision (i)	225	1,573	1,798	-	1,382	1,382
Restructuring costs (i)	900	-	900	-	-	-
Service warranties (i)	635	-	635	920	-	920
Legal claim (i)	460	-	460	320	-	320
Contingent liability (note 10)	477	-	477	-	-	-
	<b>2,697</b>	<b>1,573</b>	<b>4,270</b>	1,240	1,382	2,622

\* Restated - see note 7(h)(i) for further information.

*(i) Information about individual provisions and significant estimates*

*Make good provision*

The group is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

*Restructuring including termination benefits*

The reduction in output in the smartphones and tablets division (see note 7(d) above) resulted in the loss of xxx jobs at two factories. An agreement was reached with the local union representatives in xxx 20xx, which specifies the number of staff involved and the voluntary redundancy compensation package offered by the group, as well as amounts payable to those made redundant. The total estimated staff restructuring costs to be incurred are \$x,xxx,xxx. Other direct costs attributable to the restructuring, including costs incurred in relation to the cancellation of supply contracts, are \$xxx,xxx. These costs were fully provided for in the current reporting period. The remaining provision of \$xxx,xxx is expected to be fully utilised over the next xx months. \$xxx,xxx of this provision relates to termination benefits.

*Service warranties*

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year.

*Significant estimates*

The group generally offers 12-month warranties for its personal computer products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the group's productivity and quality initiatives, as well as parts and labour costs. As at 30 June 2023, this particular provision had a carrying amount of \$xxx,xxx (20xx - \$xxx,xxx). If claims costs were to differ by xx% from management's estimates, the warranty provisions would be an estimated \$xx,xxx higher or lower (2022 - \$xx,xxx higher/lower).

*Legal claim*

In xxxx 2023, an unfavourable judgement was handed down against the group in respect of a legal claim made by a customer of the IT consulting segment. However, after taking appropriate legal advice, the directors have decided to appeal against the decision. No payment has been made to the claimant pending outcome of the appeal. If upheld, payment of \$xxx,xxx will be required. The recognised provision reflects the directors' best estimate of the most likely outcome. The court of appeal is expected to consider this matter in xxxx 2024.

See note 19(x) for the group's other accounting policies relevant to provisions.

*(ii) Movements in provisions*

Movements in each class of provision during the financial year are set out below:

**Non-financial assets and liabilities**

**(i) Provisions (continued)**

	Consolidated entity					
	2024			2023		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Make good provision (i)	225	1,573	1,798	-	1,382	1,382
Restructuring costs (i)	900	-	900	-	-	-
Service warranties (i)	635	-	635	920	-	920
Legal claim (i)	460	-	460	320	-	320
Contingent liability (note 10)	477	-	477	-	-	-
	<b>2,697</b>	<b>1,573</b>	<b>4,270</b>	1,240	1,382	2,622

\* Restated - see note 7(h)(i) for further information.

*(i) Information about individual provisions and significant estimates*

*Make good provision*

The group is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

*Restructuring including termination benefits*

The reduction in output in the smartphones and tablets division (see note 7(d) above) resulted in the loss of xxx jobs at two factories. An agreement was reached with the local union representatives in xxx 20xx, which specifies the number of staff involved and the voluntary redundancy compensation package offered by the group, as well as amounts payable to those made redundant. The total estimated staff restructuring costs to be incurred are \$x,xxx,xxx. Other direct costs attributable to the restructuring, including costs incurred in relation to the cancellation of supply contracts, are \$xxx,xxx. These costs were fully provided for in the current reporting period. The remaining provision of \$xxx,xxx is expected to be fully utilised over the next xx months. \$xxx,xxx of this provision relates to termination benefits.

*Service warranties*

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year.

*Significant estimates*

The group generally offers 12-month warranties for its personal computer products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the group's productivity and quality initiatives, as well as parts and labour costs. As at 30 June 2024, this particular provision had a carrying amount of \$xxx,xxx (20xx - \$xxx,xxx). If claims costs were to differ by xx% from management's estimates, the warranty provisions would be an estimated \$xx,xxx higher or lower (2023 - \$xx,xxx higher/lower).

*Legal claim*

In xxxx 2024, an unfavourable judgment was handed down against the group in respect of a legal claim made by a customer of the IT consulting division. However, after taking appropriate legal advice, the directors have decided to appeal against the decision. No payment has been made to the claimant pending outcome of the appeal. If upheld, payment of \$xxx,xxx will be required. The recognised provision reflects the directors' best estimate of the most likely outcome. The court of appeal is expected to consider this matter in xxxx 2025.

See note 19(x) for the group's other accounting policies relevant to provisions.

## Non-financial assets and liabilities

### (i) Provisions (continued)

#### (ii) Movements in provisions (continued)

Consolidated entity 2023	Make good provision \$'000	Restructuring obligations \$'000	Service warranties \$'000	Contingent liability \$'000	Legal claim \$'000	Total \$'000
Carrying amount at start of year	1,382	-	920	-	320	2,622
Acquired through business combination	-	-	-	450	-	450
Additional provision charged to plant and equipment	350	-	-	-	-	350
Charged/(credited) to profit or loss	-	-	-	-	-	-
- additional provisions recognised	-	1,377	268	-	140	1,785
- unused amounts reversed	-	-	(330)	-	-	(330)
- unwinding of discount	66	-	-	27	-	93
Amounts used during the year	-	(477)	(223)	-	-	(700)
Carrying amount at end of year	1,798	900	635	477	460	4,270

## 8 Equity

### (a) Contributed equity

#### (i) Movements in ordinary fully paid shares:

Details	Number of shares	Total \$'000
Balance 1 July 2021 and 1 July 2022	54,793,075	62,619
Share issue	8(a)(ii) 1,606,820	10,410
Acquisition of subsidiary	10 1,698,261	14,816
	58,098,156	87,845
Less: Transaction costs arising on share issues	-	(200)
Deferred tax credit recognised directly in equity	-	60
Balance 30 June 2023	58,098,156	87,705

#### (ii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

### (b) Hedging reserve

The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 19(p). Amounts are subsequently either transferred to the initial cost of inventory or reclassified to profit or loss as appropriate.

## Non-financial assets and liabilities

### (i) Provisions (continued)

#### (ii) Movements in provisions

Movements in each class of provision during the financial year are set out below:

Consolidated entity 2024	Make good provision \$'000	Restructuring obligations \$'000	Service warranties \$'000	Contingent liability \$'000	Legal claim \$'000	Total \$'000
Carrying amount at start of year	1,382	-	920	-	320	2,622
Acquired through business combination	-	-	-	450	-	450
Additional provision charged to plant and equipment	350	-	-	-	-	350
Charged/(credited) to profit or loss	-	-	-	-	-	-
- additional provisions recognised	-	1,377	268	-	140	1,785
- unused amounts reversed	-	-	(330)	-	-	(330)
- unwinding of discount	66	-	-	27	-	93
Amounts used during the year	-	(477)	(223)	-	-	(700)
Carrying amount at end of year	1,798	900	635	477	460	4,270

## 8 Equity

### (a) Contributed equity

#### (i) Movements in ordinary fully paid shares:

Details	Number of shares	Total \$'000
Balance 1 July 2022 and 1 July 2023	54,793,075	62,619
Share issue	8(a)(ii) 1,606,820	10,410
Acquisition of subsidiary	10 1,698,261	14,816
	58,098,156	87,845
Less: Transaction costs arising on share issues	-	(200)
Deferred tax credit recognised directly in equity	-	60
Balance 30 June 2024	58,098,156	87,705

#### (ii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

**(c) Franked dividends**

The franked portions of the final dividends recommended after 30 June 2023 will be franked out of existing franking credits, or out of franking credits arising from the payment of income tax in the year ending 30 June 2024.

**Consolidated entity**

2023	2022
\$'000	\$'000

Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2022 - 30.0%)

20,531	15,480

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

**9 Cash flow information****(a) Non-cash investing and financing activities****Consolidated entity**

2023	2022
\$'000	\$'000

Acquisition of office fit outs from lessor as lease incentive (note 7(a))	-	950
---------------------------------------------------------------------------	---	-----

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of right-of-use assets - note 7(b)
- partial settlement of a business combination through the issue of shares - note 10, and
- deferred settlement of part proceeds of the sale of Example Equipment Hire Pty Ltd - note 11.

**(b) Hedging reserve**

The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 19(p). Amounts are subsequently either transferred to the initial cost of inventory or reclassified to profit or loss as appropriate.

**(c) Franked dividends**

The franked portions of the final dividends recommended after 30 June 2024 will be franked out of existing franking credits, or out of franking credits arising from the payment of income tax in the year ending 30 June 2025.

**Consolidated entity**

2024	2023
\$'000	\$'000

Franking credits available for subsequent reporting periods based on a tax rate of 30% (2023 - 30%)

20,531	15,480

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

**9 Cash flow information****(a) Non-cash investing and financing activities****Consolidated entity**

2024	2023
\$'000	\$'000

Acquisition of office fit outs from lessor as lease incentive (note 7(a))	-	950
---------------------------------------------------------------------------	---	-----

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of right-of-use assets - note 7(b)
- partial settlement of a business combination through the issue of shares - note 10, and
- deferred settlement of part proceeds of the sale of Example Equipment Hire Pty Ltd - note 11.

**Group structure**

This section provides information which will help users understand how the group structure affects the financial position and performance of the group as a whole. In particular, there is information about:

- changes to the structure that occurred during the year as a result of business combinations and the disposal of a discontinued operation, and
- interests in associates.

A list of significant subsidiaries is provided in note 12. This note also discloses details about the group's equity-accounted investments.

10	Business combination	x
11	Discontinued operation	x
12	Interests in other entities	x

**Group structure**

This section provides information which will help users understand how the group structure affects the financial position and performance of the group as a whole. In particular, there is information about:

- changes to the structure that occurred during the year as a result of business combinations and the disposal of a discontinued operation, and
- interests in associates.

A list of significant subsidiaries is provided in note 12. This note also discloses details about the group's equity-accounted investments.

10	Business combination	x
11	Discontinued operation	x
12	Interests in other entities	x

## 10 Business combination

### (a) Summary of acquisition

On x xxx 20xx the parent entity acquired xx% of the issued share capital of Example Electronics Pty Ltd, a manufacturer and distributor of peripheral equipment. The acquisition has significantly increased the group's market share in this industry and complements the group's existing IT consultancy division.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$'000
Purchase consideration (refer to (b) below):	
Cash paid	4,340
Ordinary shares issued	14,816
Contingent consideration	135
Total purchase consideration	<u>19,291</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$'000
Cash	1,550
Trade receivables	780
Inventories	840
Property, plant and equipment	11,810
Deferred tax asset	1,785
Intangible assets: trademarks	3,020
Intangible assets: customer contracts	3,180
Trade payables	(470)
Provision for employee benefit obligations	(415)
Bank overdraft	(1,150)
Contingent liability	(450)
Deferred tax liability	(2,304)
Net identifiable assets acquired	<u>18,176</u>
Add: goodwill	1,115
Net assets acquired	<u>19,291</u>

The goodwill is attributable to the workforce and the high profitability of the acquired business.

There were no acquisitions in the year ending 30 June 2022.

#### (i) Significant estimate: contingent consideration

In the event that certain pre-determined sales volumes are achieved by the subsidiary for the year ended 30 June 2023, additional consideration of up to \$xxx,xxx may be payable in cash on x xxx 2024.

The potential undiscounted amount payable under the agreement is between \$x for sales below \$x,xxx,xxx and \$xxx,xxx for sales above \$x,xxx,xxx. The fair value of the contingent consideration of \$xxx,xxx was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of x% and assumed probability-adjusted sales of Example Electronics Pty Ltd of between \$x,xxx,xxx and \$x,xxx,xxx.

As at 30 June 2023, the contingent consideration has been derecognised, as the actual sales revenue achieved by Example Electronics Pty Ltd was below \$x,xxx,xxx. A gain of \$xxx,xxx was included in other income.

## 10 Business combination

### (a) Summary of acquisition

On x xxx 20xx the parent entity acquired xx% of the issued share capital of Example Electronics Pty Ltd, a manufacturer and distributor of peripheral equipment. The acquisition has significantly increased the group's market share in this industry and complements the group's existing IT consultancy division.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$'000
Purchase consideration (refer to (b) below):	
Cash paid	4,340
Ordinary shares issued	14,816
Contingent consideration	135
Total purchase consideration	<u>19,291</u>

The assets and liabilities recognised because of the acquisition are as follows:

	Fair value \$'000
Cash	1,550
Trade receivables	780
Inventories	840
Property, plant and equipment	11,810
Deferred tax asset	1,785
Intangible assets: trademarks	3,020
Intangible assets: customer contracts	3,180
Trade payables	(470)
Provision for employee benefit obligations	(415)
Bank overdraft	(1,150)
Contingent liability	(450)
Deferred tax liability	(2,304)
Net identifiable assets acquired	<u>18,176</u>
Add: goodwill	1,115
Net assets acquired	<u>19,291</u>

The goodwill is attributable to the workforce and the high profitability of the acquired business.

There were no acquisitions in the year ending 30 June 2023.

#### (i) Significant estimate: contingent consideration

If certain pre-determined sales volumes are achieved by the subsidiary for the year ended 30 June 2024, additional consideration of up to \$xxx,xxx may be payable in cash on x xxx 2025.

The potential undiscounted amount payable under the agreement is between \$x for sales below \$x,xxx,xxx and \$xxx,xxx for sales above \$x,xxx,xxx. The fair value of the contingent consideration of \$xxx,xxx was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of x% and assumed probability-adjusted sales of Example Electronics Pty Ltd of between \$x,xxx,xxx and \$x,xxx,xxx.

As at 30 June 2024, the contingent consideration has been derecognised, as the actual sales revenue achieved by Example Electronics Pty Ltd was below \$x,xxx,xxx. A gain of \$xxx,xxx was included in other income.

**Business combination**

**(a) Summary of acquisition (continued)**

*(ii) Significant judgement: contingent liability*

A contingent liability of \$xxx,xxx was recognised on the acquisition of Example Electronics Pty Ltd for a pending lawsuit in which the entity is a defendant. The claim has arisen from a customer alleging defects on products supplied to them. It is expected that the courts will have reached a decision on this case by xxx 20xx. The potential undiscounted amount of all future payments that the group could be required to make, if there was an adverse decision related to the lawsuit, is estimated to be between \$xxx,xxx and \$xxx,xxx. As at 30 June 2023, there has been no change in the amount recognised for the liability in xxx 20xx (except for the unwinding of the discount of \$xx,xxx), as there has been no change in the probability of the outcome of the lawsuit.

**11 Discontinued operation**

**(a) Description**

On xx xxx 2022 the directors decided to sell Example Equipment Hire Pty Ltd and initiated an active program to locate a buyer and complete the sale. The associated assets and liabilities were consequently presented as held for sale in the 2022 consolidated financial statements.

The subsidiary was sold on xx xxx 2022 with effect from xx xxx 2022 and is reported in the current period as a discontinued operation.

The gain from discontinued operations presented in the consolidated statement of profit or loss and other comprehensive income relates to:

	Consolidated entity	
	2023	2022
	\$'000	\$'000
Profit after tax from discontinued operation	246	399
Gain on sale of the subsidiary after income tax	651	-
	<u>897</u>	<u>399</u>

**(b) Details of the sale of the subsidiary**

In the event the operations of the subsidiary achieve certain performance criteria during the period x xxx 20xx to xx xxx 20xx as specified in an 'earn out' clause in the sale agreement, additional cash consideration of up to \$xxx,xxx will be receivable. At the time of the sale the fair value of the consideration was determined to be \$xxx,xxx. It has been recognised as a financial asset at fair value through profit or loss (see note 6(c)).

At year end, the fair value was re-estimated to be \$xxx,xxx. The gain of \$xx,xxx is presented in discontinued operations net of related income tax.

**(c) Assets and liabilities of disposal group classified as held for sale**

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 30 June 2022:

	Consolidated entity	
	2023	2022
	\$'000	\$'000
Assets classified as held for sale		
Property, plant and equipment	-	1,995
Trade receivables	-	1,570
Inventories	-	1,390
Total assets of disposal group held for sale	<u>-</u>	<u>4,955</u>
Liabilities directly associated with assets classified as held for sale		
Trade creditors	-	(450)
Provision for employee benefits	-	(50)
Total liabilities of disposal group held for sale	<u>-</u>	<u>(500)</u>

TR Example Group  
30 June 2023 40

**Business combination**

**(a) Summary of acquisition (continued)**

*(ii) Significant judgement: contingent liability*

A contingent liability of \$xxx,xxx was recognised on the acquisition of Example Electronics Pty Ltd for a pending lawsuit in which the entity is a defendant. The claim has arisen from a customer alleging defects on products supplied to them. It is expected that the courts will have reached a decision on this case by xxx 20xx. The potential undiscounted amount of all future payments that the group could be required to make, if there was an adverse decision related to the lawsuit, is estimated to be between \$xxx,xxx and \$xxx,xxx. As at 30 June 2024, there has been no change in the amount recognised for the liability in xxx 20xx (except for the unwinding of the discount of \$xx,xxx), as there has been no change in the probability of the outcome of the lawsuit.

**11 Discontinued operation**

**(a) Description**

On xx xxx 2023 the directors decided to sell Example Equipment Hire Pty Ltd and initiated an active program to locate a buyer and complete the sale. The associated assets and liabilities were consequently presented as held for sale in the 2023 consolidated financial statements.

The subsidiary was sold on xx xxx 2023 with effect from xx xxx 2023 and is reported in the current period as a discontinued operation.

The gain from discontinued operations presented in the consolidated statement of profit or loss and other comprehensive income relates to:

	Consolidated entity	
	2024	2023
	\$'000	\$'000
Profit after tax from discontinued operation	246	399
Gain on sale of the subsidiary after income tax	651	-
	<u>897</u>	<u>399</u>

**(b) Details of the sale of the subsidiary**

In the event the operations of the subsidiary achieve certain performance criteria during the period x xxx 20xx to xx xxx 20xx as specified in an 'earn out' clause in the sale agreement, additional cash consideration of up to \$xxx,xxx will be receivable. At the time of the sale the fair value of the consideration was determined to be \$xxx,xxx. It has been recognised as a financial asset at fair value through profit or loss (see note 6(c)).

At year end, the fair value was re-estimated to be \$xxx,xxx. The gain of \$xx,xxx is presented in discontinued operations net of related income tax.

**(c) Assets and liabilities of disposal group classified as held for sale**

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 30 June 2024:

	Consolidated entity	
	2024	2023
	\$'000	\$'000
Assets classified as held for sale		
Property, plant and equipment	-	1,995
Trade receivables	-	1,570
Inventories	-	1,390
Total assets of disposal group held for sale	<u>-</u>	<u>4,955</u>
Liabilities directly associated with assets classified as held for sale		
Trade creditors	-	(450)
Provision for employee benefits	-	(50)
Total liabilities of disposal group held for sale	<u>-</u>	<u>(500)</u>

TR Example Group  
30 June 2024 45

**Discontinued operation**

**(c) Assets and liabilities of disposal group classified as held for sale (continued)**

Consolidated  
entity

2023  
\$'000

Assets classified as held for sale	
Property, plant and equipment	1,995
Trade receivables	1,570
Inventories	1,390
Total assets of disposal group held for sale	4,955

Liabilities directly associated with assets classified as held for sale	
Trade creditors	(450)
Provision for employee benefits	(50)
Total liabilities of disposal group held for sale	(500)

## 12 Interests in other entities

### (a) Material subsidiaries

The group's principal subsidiaries at 30 June 2024 are set out below. They have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Principal activities
		2024 %	2023 %	
Example 1 Pty Ltd	Australia	100	100	IT consulting
Example 2 Pty Ltd	Australia	100	100	Computer equipment, smartphones and tablets manufacture
Example 3 Pty Ltd	Australia	100	-	Computer equipment manufacture; see note 10
Example 4 Pty Ltd	Australia	-	100	Equipment hire; see note 11

### (b) Significant restrictions on subsidiaries

Cash and short-term deposits held in Example Manufacturing Pty Ltd are subject to loan covenant requirement in maintaining current assets which restricts the ability of Example Manufacturing Pty Ltd to transfer funds to the parent in the form of cash dividends or to repay loans.

The carrying amount of the assets included within the consolidated financial statements to which these restrictions apply is \$xxx,xxx (2023 - \$xxx,xxx).

### (c) Interests in associates

As at 30 June 2024, the group held xx% of the ordinary shares in Example Pet Ltd (2023 - xx%), a company incorporated in Australia and listed on the Australian Securities Exchange. The group has determined that it has significant influence over Example Pet Ltd and is therefore equity-accounting its investment.

As at 30 June 2024, the fair value of the group's investment in the associate which is based on its market price quoted on the Australian Securities Exchange was \$x,xxx,xxx (2023: \$x,xxx,xxx) and the carrying amount of the investment was \$x,xxx,xxx (2023: \$x,xxx,xxx).

TR Example Group  
30 June 2024 46

## Interests in other entities

### (c) Interests in associates (continued)

The amount presented in the consolidated statement of profit or loss and other comprehensive income in relation to the investment in the associate relates to:

Consolidated entity  
2024 2023  
\$'000 \$'000

Group's share of the profit or loss of the associate	340	312
Group's share of a discontinued operation of the associate	-	43

## Discontinued operation

### (c) Assets and liabilities of disposal group classified as held for sale (continued)

## 12 Interests in other entities

### (a) Material subsidiaries

The group's principal subsidiaries at 30 June 2023 are set out below. They have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Principal activities
		2023 %	2022 %	
Example 1 Pty Ltd	Australia	100	100	IT consulting
Example 2 Pty Ltd	Australia	100	100	Computer equipment, smartphones and tablets manufacture
Example 3 Pty Ltd	Australia	100	-	Computer equipment manufacture; see note 10
Example 4 Pty Ltd	Australia	-	100	Equipment hire; see note 11

### (b) Significant restrictions on subsidiaries

Cash and short-term deposits held in Example Manufacturing Pty Ltd are subject to loan covenant requirement in maintaining current assets which restricts the ability of Example Manufacturing Pty Ltd to transfer funds to the parent in the form of cash dividends or to repay loans.

The carrying amount of the assets included within the consolidated financial statements to which these restrictions apply is \$xxx,xxx (2022 - \$xxx,xxx).

### (c) Interests in associates

As at 30 June 2023, the group held xx% of the ordinary shares in Example Pet Ltd (2022 - xx%), a company incorporated in Australia and listed on the Australian Stock Exchange. The group has determined that it has significant influence over Example Pet Ltd and is therefore equity-accounting its investment.

As at 30 June 2023, the fair value of the group's investment in the associate which is based on its market price quoted on the Australian Stock Exchange was \$x,xxx,xxx (2022: \$x,xxx,xxx) and the carrying amount of the investment was \$x,xxx,xxx (2022: \$x,xxx,xxx).

The amount presented in the consolidated statement of profit or loss and other comprehensive income in relation to the investment in the associate relates to:

Consolidated entity  
2023 2022  
\$'000 \$'000

Group's share of the profit or loss of the associate	340	312
Group's share of a discontinued operation of the associate	-	43

TR Example Group  
30 June 2023 41

### Unrecognised items

This section of the notes provides information about items that are not recognised in the consolidated financial statements as they do not (yet) satisfy the recognition criteria.

In addition to the items and transactions disclosed below, there are also:

- (a) Unrecognised tax amounts - see note 5
- (b) Non-cash investing and financing transactions - see note 9(a).

13	Contingent liabilities and contingent assets	x
14	Commitments	x
15	Events occurring after the reporting period	x

### Unrecognised items

This section of the notes provides information about items that are not recognised in the consolidated financial statements as they do not (yet) satisfy the recognition criteria.

In addition to the items and transactions disclosed below, there are also:

- (a) Unrecognised tax amounts - see note 5
- (b) Non-cash investing and financing transactions - see note 9(a).

13	Contingent liabilities and contingent assets	x
14	Commitments	x
15	Events occurring after the reporting period	x

## Unrecognised items

1. There is no requirement to highlight separately any unrecognised items. However, we believe that this information is useful for users in assessing the financial performance and position of the group.

TR Example Group  
30 June 2023

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## 13 Contingent liabilities and contingent assets

### (a) Contingent liabilities

The group had contingent liabilities at 30 June 2023 in respect of:

#### (i) Claims

A claim for unspecified damages was lodged against Example Consulting Pty Ltd in xxxx 2022 in relation to alleged non-performance under a sales contract. The company has disclaimed liability and is defending the action. It is not practical to estimate the potential effect of this claim, but legal advice indicates that it is not probable that a material liability will arise.

In xxxx 2023, a claim was lodged against Example Manufacturing Pty Ltd asserting that the entity had breached certain registered patents of a competitor. The matter is currently being considered by the courts, and the group expects judgment before the end of xxx 2023. The group considers it to be probable that the judgment will be in its favour and has therefore not recognised a provision in relation to this claim. The potential undiscounted amount of the total payments that the group could be required to make, if there was an adverse decision related to the lawsuit, is estimated to be approximately \$xxx,xxx.

### (b) Contingent assets

A subsidiary has lodged a claim against a supplier for damages caused by the supply of faulty products. The matter has been referred to arbitration and, having received legal advice, the directors believe that a favourable outcome is probable. The claim is estimated to be approximately \$xxx,xxx. However, the contingent asset has not been recognised as a receivable at 30 June 2023 as receipt of the amount is dependent on the outcome of the arbitration.

## Unrecognised items

1. There is no requirement to highlight separately any unrecognised items. However, we believe that this information is useful for users in assessing the financial performance and position of the group.

TR Example Group  
30 June 2024

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## 13 Contingent liabilities and contingent assets

### (a) Contingent liabilities

The group had contingent liabilities at 30 June 2024 in respect of:

#### (i) Claims

A claim for unspecified damages was lodged against Example Consulting Pty Ltd in xxxx 2024 in relation to alleged non-performance under a sales contract. The company has disclaimed liability and is defending the action. It is not practical to estimate the potential effect of this claim, but legal advice indicates that it is not probable that a material liability will arise.

In xxxx 2024, a claim was lodged against Example Manufacturing Pty Ltd asserting that the entity had breached certain registered patents of a competitor. The matter is currently being considered by the courts, and the group expects judgment before the end of xxx 2024. The group considers it to be probable that the judgment will be in its favour and has therefore not recognised a provision in relation to this claim. The potential undiscounted amount of the total payments that the group could be required to make, if there was an adverse decision related to the lawsuit, is estimated to be approximately \$xxx,xxx.

### (b) Contingent assets

A subsidiary has lodged a claim against a supplier for damages caused by the supply of faulty products. The matter has been referred to arbitration and, having received legal advice, the directors believe that a favourable outcome is probable. The claim is estimated to be approximately \$xxx,xxx. However, the contingent asset has not been recognised as a receivable at 30 June 2024 as receipt of the amount is dependent on the outcome of the arbitration.

not been recognised as a receivable at 30 June 2023 as receipt of the amount is dependent on the outcome of the arbitration process.

## 14 Commitments

### (a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Consolidated entity	
	2023	2022
	\$'000	\$'000
Property, plant and equipment	4,200	800
Investment property	520	1,250
Intangible assets	450	-

### (b) Repairs and maintenance: investment property

	Consolidated entity	
	2023	2022
	\$'000	\$'000
Contractual obligation for future repairs and maintenance - not recognised as a liability	540	389

## 15 Events occurring after the reporting period

### (a) Acquisition of Example Furnishings Limited

On xx xxxx 2023, TR Example Group acquired xx.x% of the issued shares in Example Manufacturing Limited, a manufacturer of IT equipment, for consideration of \$xx,xxx,xxx. The acquisition is expected to increase the group's market share and reduce cost through economies of scale.

The financial effects of this transaction have not been recognised at 30 June 2023. The operating results and assets and liabilities of the acquired company will be consolidated from xx xxxx 2023.

TR Example Group  
30 June 2023 43

## Events occurring after the reporting period

### (a) Acquisition of Example Furnishings Limited (continued)

The group estimates that the acquisition will result in the recognition of goodwill of approximately \$x,xxx,xxx which is attributable to Example Manufacturing Limited's strong position and profitability in trading in the IT equipment market and synergies expected to arise after the company's acquisition of the new subsidiary.

The purchase price includes contingent consideration which is depending on the profits achieved by Example Manufacturing in the year ending 30 June 2024. The maximum undiscounted amount payable under this arrangement is \$xxx,xxx and the fair value as at the date of acquisition is estimated to be approximately \$xxx,xxx.

### (b) Refinancing of borrowing

At the beginning of xxxx 2023, the group renegotiated its existing loan facility to finance the construction of the new production plant for the electronic equipment division. The total available amount under the facility was increased by \$xx,xxx,xxx, which is expected to be drawn down over the next xx months. The facility is now repayable in three annual instalments, commencing x xxxx 20xx. The refinancing resulted in the recognition of a modification gain of \$xx,xxx which will be recognised in profit or loss in the 2024 financial year.

recognised as a receivable at 30 June 2023 as receipt of the amount is dependent on the outcome of the arbitration process.

## 14 Commitments

### (a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Consolidated entity	
	2024	2023
	\$'000	\$'000
Property, plant and equipment	4,200	800
Investment property	520	1,250
Intangible assets	450	-

### (b) Repairs and maintenance: investment property

	Consolidated entity	
	2024	2023
	\$'000	\$'000
Contractual obligation for future repairs and maintenance - not recognised as a liability	540	389

## 15 Events occurring after the reporting period

### (a) Acquisition of Example Furnishings Limited

On xx xxxx 2024, TR Example Group acquired xx.x% of the issued shares in Example Manufacturing Limited, a manufacturer of IT equipment, for consideration of \$xx,xxx,xxx. The acquisition is expected to increase the group's market share and reduce cost through economies of scale.

TR Example Group  
30 June 2024 49

## Events occurring after the reporting period

### (a) Acquisition of Example Furnishings Limited (continued)

The financial effects of this transaction have not been recognised at 30 June 2024. The operating results and assets and liabilities of the acquired company will be consolidated from xx xxxx 2024.

The group estimates that the acquisition will result in the recognition of goodwill of approximately \$x,xxx,xxx which is attributable to Example Manufacturing Limited's strong position and profitability in trading in the IT equipment market and synergies expected to arise after the company's acquisition of the new subsidiary.

The purchase price includes contingent consideration which is depending on the profits achieved by Example Manufacturing in the year ending 30 June 2025. The maximum undiscounted amount payable under this arrangement is \$xxx,xxx and the fair value as at the date of acquisition is estimated to be approximately \$xxx,xxx.

### (b) Refinancing of borrowing

At the beginning of xxxx 2024, the group renegotiated its existing loan facility to finance the construction of the new production plant for the electronic equipment division. The total available amount under the facility was increased by \$xx,xxx,xxx, which is expected to be drawn down over the next xx months. The facility is now repayable in three annual instalments, commencing x xxxx 20xx. The refinancing resulted in the recognition of a modification gain of \$xx,xxx which will be recognised in profit or loss in the 2025 financial year.

TR Example Group  
30 June 2023

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### Further details

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the consolidated financial statements.

16	Related party transactions	x
17	Remuneration of auditors	x
18	Parent entity financial information	x
19	Summary of significant accounting policies	x
20	Changes in accounting policies	x

TR Example Group  
30 June 2024

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### Further details

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the consolidated financial statements.

16	Related party transactions	x
17	Remuneration of auditors	x
18	Parent entity financial information	x
19	Summary of significant accounting policies	x
20	Changes in accounting policies	x

## 16 Related party transactions

### (a) Parent entities

The group is controlled by the following entities:

Name	Type	Ownership interest	
		2023	2022
Example Immediate Plc	Immediate parent entity	xx%	xx%
Example Plc	Ultimate parent entity and controlling party	xx%	xx%

- Example AG holds xxx% of the issued ordinary shares of Example Immediate Plc..

### (b) Subsidiaries

Interests in subsidiaries are set out in note 12(a).

### (c) Key management personnel compensation

Consolidated entity	
2023	2022
\$	\$

Total key management compensation 3,273,000 2,510,000

The compensation disclosed above include \$xxx,xxx (2023 - \$xxx,xxx) of bonuses payable under a short-term incentive scheme which were unpaid as at year end and are included in other payables. In addition, the leave obligations disclosed in note 7(h)(i) include \$xxx,xxx (2022 - \$xx,xxx) of obligations payable to the key management personnel.

In addition to the key management compensation disclosed above, the group paid \$xxx,xxx (2022 - \$xxx,xxx) to a management entity for CFO services provided to the group.

### (d) Transactions with other related parties

## 16 Related party transactions

### (a) Parent entities

The group is controlled by the following entities:

Name	Type	Ownership interest	
		2024	2023
Example Immediate Plc	Immediate parent entity	xx%	xx%
Example Plc	Ultimate parent entity and controlling party	xx%	xx%

- Example AG holds xxx% of the issued ordinary shares of Example Immediate Plc..

### (b) Subsidiaries

Interests in subsidiaries are set out in note 12(a).

### (c) Key management personnel compensation

Consolidated entity	
2024	2023
\$	\$

Total key management compensation 3,273,000 2,510,000

The compensation disclosed above include \$xxx,xxx (2024 - \$xxx,xxx) of bonuses payable under a short-term incentive scheme which were unpaid as at year end and are included in other payables. In addition, the leave obligations disclosed in note 7(h)(i) include \$xxx,xxx (2023 - \$xx,xxx) of obligations payable to the key management personnel.

In addition to the key management compensation disclosed above, the group paid \$xxx,xxx (2023 - \$xxx,xxx) to a management entity for CFO services provided to the group.

### (d) Transactions with other related parties

(v) Transactions with other related parties

The following transactions occurred with related parties:

	Consolidated entity	
	2023	2022
	\$	\$
<i>Sales and purchases of goods and services</i>		
Sale of goods to associates	125,222	-
Purchase of management services from parent	450,000	370,000
Purchases of electronic equipment from other related parties	182,232	78,300
Purchases of various goods and services from entities controlled by key management personnel (i)	764,265	576,020
<i>Dividend revenue</i>		
Other related parties	150,000	300,000
<i>Dividend payments</i>		
Example Immediate Plc	25,940,234	12,865,329

(i) Purchases from entities controlled by key management personnel

The group acquired the following goods and services from entities that are controlled by members of the group's key management personnel:

- construction of a warehouse building
- rental of an office building, and
- legal services.

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### Related party transactions

#### (e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Consolidated entity	
	2023	2022
	\$	\$
<i>Current payables (purchases of goods and services)</i>		
Example Immediate Plc (parent entity)	58,200	73,000
Entities controlled by key management personnel	196,375	91,294
Other related parties	265,327	94,300

#### (f) Loans to/from related parties

	Consolidated entity	
	2023	2022
	\$	\$
<i>Loans to key management personnel</i>		
Beginning of the year	606,300	502,700
Loans advanced	220,000	150,000
Loan repayments received	(108,850)	(46,400)
Interest charged	56,929	41,275
Interest received	(56,929)	(41,275)
Loss allowance (see note 6(c))	(3,000)	(2,000)
End of year	714,450	604,300

(v) Transactions with other related parties

The following transactions occurred with related parties:

	Consolidated entity	
	2024	2023
	\$	\$
<i>Sales and purchases of goods and services</i>		
Sale of goods to associates	125,222	-
Purchase of management services from parent	450,000	370,000
Purchases of electronic equipment from other related parties	182,232	78,300
Purchases of various goods and services from entities controlled by key management personnel (i)	764,265	576,020
<i>Dividend revenue</i>		
Other related parties	150,000	300,000
<i>Dividend payments</i>		
Example Immediate Plc	25,940,234	12,865,329

(i) Purchases from entities controlled by key management personnel

The group acquired the following goods and services from entities that are controlled by members of the group's key management personnel:

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### Related party transactions

#### (d) Transactions with other related parties (continued)

(i) Purchases from entities controlled by key management personnel (continued)

- construction of a warehouse building
- rental of an office building, and
- legal services.

#### (e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Consolidated entity	
	2024	2023
	\$	\$
<i>Current payables (purchases of goods and services)</i>		
Example Immediate Plc (parent entity)	58,200	73,000
Entities controlled by key management personnel	196,375	91,294
Other related parties	265,327	94,300

#### (f) Loans to/from related parties

	Consolidated entity	
	2024	2023
	\$	\$
<i>Loans to key management personnel</i>		
Beginning of the year	606,300	502,700
Loans advanced	220,000	150,000
Loan repayments received	(108,850)	(46,400)
Interest charged	56,929	41,275
Interest received	(56,929)	(41,275)
Loss allowance (see note 6(c))	(3,000)	(2,000)
End of year	714,450	604,300

<i>Loans to other related parties</i>		
Beginning of the year	700,000	600,000
Loans advanced	1,000,400	600,400
Loan repayments received	(400,300)	(500,400)
Interest charged	81,450	62,130
Interest received	(81,450)	(62,130)
Loss allowance (see note 6(c))	(4,000)	(2,000)
End of year	1,296,100	698,000

<i>Loans from Example Immediate Plc (parent entity)</i>		
Beginning of the year	4,000,000	-
Loans advanced	7,150,000	4,100,000
Loan repayments made	(2,050,000)	(100,000)
Interest charged	185,400	104,900
Interest paid	(185,400)	(104,900)
End of year	9,100,000	4,000,000

<i>Loans from associates</i>		
Beginning of the year	-	-
Loans advanced	6,285,230	800,220
Loan repayments made	(200,000)	(800,220)
Interest charged	245,450	84,830
Interest paid	(245,450)	(84,830)
End of year	6,085,230	-

A loss allowance of \$x,xxx was recognised in relation to loans to related parties during the year, and the loss allowance on loans to key management personnel was increased by \$x,xxx, see note 6(c)(i). No loss allowance was recognised in expense in 2022.

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## Related party transactions

### (g) Terms and conditions

Transactions relating to dividends, calls on partly paid ordinary shares and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

The loans to key management personnel are generally for periods of xx years, repayable in quarterly instalments at interest rates of x% per annum. They are secured by first mortgages over the individuals' residences. One unsecured loan of \$xx,xxx was made to a director of TR Example Group for a period of two years with an interest rate of x% per annum. This loan is repayable in full on xx xxxx 20xx.

Goods were sold to associates during the year based on the price lists in force and terms that would be available to third parties. Management services were bought from the immediate parent entity on a cost-plus basis, allowing a margin ranging from xx% to xx% (2022 - xx% to xx%). All other transactions were made on normal commercial terms and conditions and at market rates. The loans to other related parties are repayable between two to four years from the reporting date, the loans from the associate mature in three years and the loans from the parent entity are denominated in Australian dollars and repayable in instalments from 20xx. The average interest rate on the other loans during the year was x.x% (2022 - x.xx%).

Outstanding balances other than loans to key management personnel are unsecured and are repayable in cash.

### 17 Remuneration of auditors

During the year the following fees were paid or payable for services provided by ABC Auditors as the auditor of the parent entity, TR Example Group, by xxx's related network firms and by non-related audit firms:

#### (a) Auditors of the Group - xxx and related network firms

Consolidated entity

<i>Loans to other related parties</i>		
Beginning of the year	700,000	600,000
Loans advanced	1,000,400	600,400
Loan repayments received	(400,300)	(500,400)
Interest charged	81,450	62,130
Interest received	(81,450)	(62,130)
Loss allowance (see note 6(c))	(4,000)	(2,000)
End of year	1,296,100	698,000

<i>Loans from Example Immediate Plc (parent entity)</i>		
Beginning of the year	4,000,000	-
Loans advanced	7,150,000	4,100,000
Loan repayments made	(2,050,000)	(100,000)
Interest charged	185,400	104,900
Interest paid	(185,400)	(104,900)
End of year	9,100,000	4,000,000

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## Related party transactions

### (f) Loans to/from related parties (continued)

Consolidated entity	
2024	2023
\$	\$

<i>Loans from associates</i>		
Beginning of the year	-	-
Loans advanced	6,285,230	800,220
Loan repayments made	(200,000)	(800,220)
Interest charged	245,450	84,830
Interest paid	(245,450)	(84,830)
End of year	6,085,230	-

A loss allowance of \$x,xxx was recognised in relation to loans to related parties during the year, and the loss allowance on loans to key management personnel was increased by \$x,xxx, see note 6(c)(i). No loss allowance was recognised in expense in 2023.

### (g) Terms and conditions

Transactions relating to dividends, calls on partly paid ordinary shares and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

The loans to key management personnel are generally for periods of xx years, repayable in quarterly instalments at interest rates of x% per annum. They are secured by first mortgages over the individuals' residences. One unsecured loan of \$xx,xxx was made to a director of TR Example Group for a period of two years with an interest rate of x% per annum. This loan is repayable in full on xx xxxx 20xx.

Goods were sold to associates during the year based on the price lists in force and terms that would be available to third parties. Management services were bought from the immediate parent entity on a cost-plus basis, allowing a margin ranging from xx% to xx% (2023 - xx% to xx%). All other transactions were made on normal commercial terms and conditions and at market rates. The loans to other related parties are repayable between two to four years from the reporting date, the loans from the associate mature in three years and the loans from the parent entity are denominated in Australian dollars and repayable in instalments from 20xx. The average interest rate on the other loans during the year was x.x% (2023 - x.xx%).

Outstanding balances other than loans to key management personnel are unsecured and are repayable in cash.

### 17 Remuneration of auditors

During the year the following fees were paid or payable for services provided by ABC Auditors as the auditor of the parent entity, TR Example Group, by xxx's related network firms and by non-related audit firms:

#### (a) Auditors of the Group - xxx and related network firms

Consolidated entity

	2023	2022
	\$	\$
Audit of financial reports		
Group	653,000	635,000
Controlled entities	963,000	945,000
Total audit of financial reports	1,616,000	1,580,000

Other statutory assurance services	56,000	52,000
Other assurance services	241,000	75,000

Other services		
Tax compliance services	20,000	15,000
Tax advisory services	10,000	10,000
Consulting services	15,000	12,000
Total other non-audit services	45,000	37,000

**Total services provided by ABC Auditors** 1,958,000 1,744,000

**(b) Other auditors and their related network firms**

Audit of financial reports		
Controlled entities	15,000	12,000
Other statutory assurance services	40,000	35,000
Other assurance services	21,000	21,000
Other services		
Tax compliance services	30,000	25,000

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**Remuneration of auditors**

**(b) Other auditors and their related network firms (continued)**

Total services provided by other auditors (excluding ABC Auditors) 106,000 93,000

**18 Parent entity financial information**

**(a) Summary financial information**

The individual consolidated financial statements for the parent entity show the following aggregate amounts:

	2023	2022
	\$'000	\$'000
<b>Balance sheet</b>		
Current assets	31,726	5,651
Total assets	112,085	74,198
Current liabilities	7,389	4,842
Total liabilities	19,301	7,462
<b>Shareholders' equity</b>		
Issued capital	87,705	62,619
Hedging reserve	(223)	(26)
Retained earnings	5,302	4,143
	92,784	66,736
<b>Profit or loss for the period</b>	<u>27,099</u>	<u>14,663</u>

	2024	2023
	\$	\$
Audit of financial reports		
Group	653,000	635,000
Controlled entities	963,000	945,000
Total audit of financial reports	1,616,000	1,580,000

Other statutory assurance services	56,000	52,000
Other assurance services	241,000	75,000

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**Remuneration of auditors**

**(a) Auditors of the Group - xxx and related network firms (continued)**

Other services		
Tax compliance services	20,000	15,000
Tax advisory services	10,000	10,000
Consulting services	15,000	12,000
Total other non-audit services	45,000	37,000

**Total services provided by ABC Auditors** 1,958,000 1,744,000

**(b) Other auditors and their related network firms**

Audit of financial reports		
Controlled entities	15,000	12,000
Other statutory assurance services	40,000	35,000
Other assurance services	21,000	21,000
Other services		
Tax compliance services	30,000	25,000
<b>Total services provided by other auditors (excluding ABC Auditors)</b>	<u>106,000</u>	<u>93,000</u>

**18 Parent entity financial information**

**(a) Summary financial information**

The individual consolidated financial statements for the parent entity show the following aggregate amounts:

	2024	2023
	\$'000	\$'000
<b>Consolidated statement of financial position</b>		
Current assets	31,726	5,651
Total assets	112,085	74,198
Current liabilities	7,389	4,842
Total liabilities	19,301	7,462
<b>Shareholders' equity</b>		
Issued capital	87,705	62,619
Hedging reserve	(223)	(26)
Retained earnings	5,302	4,143
	92,784	66,736
<b>Profit or loss for the period</b>	<u>27,099</u>	<u>14,663</u>
<b>Total comprehensive income</b>	<u>(319)</u>	<u>(82)</u>

Total comprehensive income (319) (82)

(b) Guarantees entered into by the parent entity

	2023	2022
	\$'000	\$'000
Carrying amount included in current liabilities	23	28
	23	28

The parent entity has provided financial guarantees in respect of bank overdrafts and loans of subsidiaries amounting to \$xxx,xxx (2022 - \$xxx,xxx), secured by registered mortgages over the freehold properties of the subsidiaries.

The parent entity has also given unsecured guarantees in respect of:

- (i) lease contracts of subsidiaries amounting to \$x,xxx,xxx (2022 - \$x,xxx,xxx)
- (ii) the bank overdraft of a subsidiary amounting to \$xxx,xxx (2022 - \$xxx,xxx)
- (iii) a bank loan of the subsidiary amounting to \$x,xxx,xxx (2022 - \$x,xxx,xxx).

A liability has been recognised in relation to these financial guarantees in accordance with the policy set out in note 19(q) and (e) below.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022. For information about guarantees given by the parent entity, please see above.

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Parent entity financial information

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2023, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling \$xxx,xxx (30 June 2022 - \$xxx,xxx). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

(e) Determining the parent entity financial information

(i) Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost in the consolidated financial statements of TR Example Group.

(ii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

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Parent entity financial information

(a) Summary financial information (continued)

(b) Guarantees entered into by the parent entity

	2024	2023
	\$'000	\$'000
Carrying amount included in current liabilities	23	28
	23	28

The parent entity has provided financial guarantees in respect of bank overdrafts and loans of subsidiaries amounting to \$xxx,xxx (2023 - \$xxx,xxx), secured by registered mortgages over the freehold properties of the subsidiaries.

The parent entity has also given unsecured guarantees in respect of:

- (i) lease contracts of subsidiaries amounting to \$x,xxx,xxx (2023 - \$x,xxx,xxx)
- (ii) the bank overdraft of a subsidiary amounting to \$xxx,xxx (2023 - \$xxx,xxx)
- (iii) a bank loan of the subsidiary amounting to \$x,xxx,xxx (2023 - \$x,xxx,xxx).

A liability has been recognised in relation to these financial guarantees in accordance with the policy set out in note 19(q) and (e) below.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2024 or 30 June 2023. For information about guarantees given by the parent entity, please see above.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2024, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling \$xxx,xxx (30 June 2023 - \$xxx,xxx). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

(e) Determining the parent entity financial information

(i) Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost in the consolidated financial statements of TR Example Group.

(ii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

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## 19 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the group consisting of TR Example Group and its subsidiaries.

### (a) Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. TR Example Group is a for-profit entity for the purpose of preparing the consolidated financial statements

#### (i) Compliance with Australian Accounting Standards – Simplified Disclosure Requirements

The consolidated consolidated financial statements of the TR Example Group group comply with Australian Accounting Standards - Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB).

#### (ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and investment property - measured at fair value, and
- assets held for sale - measured at fair value less cost of disposal.

#### (iii) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2022:

- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments* [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141].
- AASB 2020-2 *Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*
- AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform Phase 2* [AASB 4, AASB 7, AASB 9, AASB 16 and AASB 139]

## 19 Summary of significant accounting policies

This note provides a list of other material accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the group consisting of TR Example Group and its subsidiaries.

### (a) Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. TR Example Group is a for-profit entity for the purpose of preparing the consolidated financial statements

#### (i) Compliance with Australian Accounting Standards – Simplified Disclosure Requirements

The consolidated consolidated financial statements of the TR Example Group group comply with Australian Accounting Standards - Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB).

#### (ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and investment property - measured at fair value, and
- assets held for sale - measured at fair value less cost of disposal.

#### (iii) New and amended standards adopted by the group

The group has applied the following standards and amendments for first time for their annual reporting period commencing 1 July 2024:

- AASB 17 *Insurance Contracts*
- AASB 2023-2 *Amendments to Australian Accounting Standards - Definition of Accounting Estimates International Tax Reform - Pillar Two Model Rules* [AASB 112].
- AASB 2021-5 *Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction* [AASB 112]
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies Definition of*

- AASB 2020-9 Amendments to Australian Accounting Standards - Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments [AASB 1060].

The group also elected to adopt the following standards and amendments early:

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141]

The group adopted AASB 1060 General Purpose consolidated financial statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities in the current year. Other than the change in disclosure requirements, the adoption of AASB 1060 has no significant impact on the consolidated financial statements because the group previously complied with Australian Accounting Standards - Reduced Disclosure Requirements in preparing its consolidated financial statements.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### (b) Principles of consolidation

##### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

TR Example Group  
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The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### (b) Principles of consolidation

##### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 19(i)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

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### Summary of significant accounting policies

#### (b) Principles of consolidation (continued)

##### (i) Subsidiaries (continued)

The acquisition method of accounting is used to account for business combinations by the group (refer to note 19(i)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

##### (ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between xx% and xx% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

##### (iii) Joint arrangements

[Removed as not applicable.]

##### (iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

### Summary of significant accounting policies

#### (b) Principles of consolidation (continued)

##### (ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between xx% and xx% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

##### (iii) Joint arrangements

[Removed as not applicable.]

##### (iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 19(j).

*(v) Changes in ownership interests*

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of TR Example Group.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

**(c) Segment reporting**

Removed as not applicable to TR Example Group.

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**Summary of significant accounting policies**

**(d) Foreign currency translation**

*(i) Functional and presentation currency*

Items included in the consolidated financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

*(iii) Group companies*

[Removed as not applicable.]

**(e) Revenue recognition**

The accounting policies for the group's revenue from contracts with customers are explained in note 3(b).

**(f) Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Note 4(a) provides further information on how the group accounts for government grants.

**(g) Income tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and tax loss carryforwards.

changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 19(j).

*(v) Changes in ownership interests*

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of TR Example Group.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

**(c) Segment reporting**

Removed as not applicable to TR Example Group.

**(d) Foreign currency translation**

*(i) Functional and presentation currency*

Items included in the consolidated financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

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**Summary of significant accounting policies**

**(d) Foreign currency translation (continued)**

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

*(iii) Group companies*

[Removed as not applicable.]

**(e) Revenue recognition**

The accounting policies for the group's revenue from contracts with customers are explained in note 3(b).

**(f) Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Note 4(a) provides further information on how the group accounts for government grants.

**(g) Income tax**

liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from 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 income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liabilities in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

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## Summary of significant accounting policies

### (g) Income tax (continued)

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### (h) Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

## (g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from 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 income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liabilities in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

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

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## Summary of significant accounting policies

### (g) Income tax (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and

restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

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## Summary of significant accounting policies

### (i) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

### (j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested

## Summary of significant accounting policies

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Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested

annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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## Summary of significant accounting policies

### (k) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

### (l) Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 6(b) for further information about the group's accounting for trade receivables and description of the group's impairment policies.

### (m) Inventories

#### (i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (ii) Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

### (n) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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## Summary of significant accounting policies

### (k) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

### (l) Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 6(b) for further information about the group's accounting for trade receivables and description of the group's impairment policies.

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Land held for resale is stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

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An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated **balance sheet**. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated **balance sheet**.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated 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 presented separately in the consolidated statement of profit or loss.

#### (o) Investments and other financial assets

##### (i) Classification

The group classifies its financial assets in the following measurement categories:

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### Summary of significant accounting policies

#### (o) Investments and other financial assets (continued)

##### (i) Classification (continued)

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

##### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

##### (iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in

presented separately from the other assets in the consolidated **statement of financial position**. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated **statement of financial position**.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated 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 presented separately in the consolidated statement of profit or loss.

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### Summary of significant accounting policies

#### (o) Investments and other financial assets

##### (i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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- **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the consolidated statement of profit or loss.

the consolidated statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

#### Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

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### Summary of significant accounting policies

#### (o) Investments and other financial assets (continued)

##### (iii) Measurement (continued)

##### Equity instruments (continued)

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

##### (iv) Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 6(b) for further details.

#### (p) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 6(d). Movements in the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity.

##### Cash flow hedge that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Where option contracts are used to hedge forecast transactions, the group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the group designates the full change in fair value of the forward contract (including forward points) as the hedging instrument and recognises the gains or losses relating to the effective portion of the change in fair value of the entire forward contract in the cash flow hedge reserve within equity.

other gains/(losses) in the period in which it arises.

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### Summary of significant accounting policies

#### (o) Investments and other financial assets (continued)

##### (iii) Measurement (continued)

##### Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

##### (iv) Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 6(b) for further details.

#### (p) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 6(d). Movements in the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity.

##### Cash flow hedge that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Where option contracts are used to hedge forecast transactions, the group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

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Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).

## Summary of significant accounting policies

### (p) Derivatives and hedging activities (continued)

#### *Cash flow hedge that qualify for hedge accounting (continued)*

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

### (q) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under AASB 9 *Financial Instruments* and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of AASB 15 *Revenue from Contracts with Customers*.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

### (r) Property, plant and equipment

The group's property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss.

Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The depreciation methods and periods used by the group are disclosed in note 7(a).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount

## Summary of significant accounting policies

### (p) Derivatives and hedging activities (continued)

#### *Cash flow hedge that qualify for hedge accounting (continued)*

When forward contracts are used to hedge forecast transactions, the group designates the full change in fair value of the forward contract (including forward points) as the hedging instrument and recognises the gains or losses relating to the effective portion of the change in fair value of the entire forward contract in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

### (q) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under AASB 9 *Financial Instruments* and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of AASB 15 *Revenue from Contracts with Customers*.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

### (r) Property, plant and equipment

The group's property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 19(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

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## Summary of significant accounting policies

### (s) Investment properties

The group's accounting policy for investment properties is disclosed in note 7(c).

### (t) Intangible assets

#### (i) Goodwill

Goodwill is measured as described in note 19(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

#### (ii) Trademarks, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

#### (iii) Research and development

Research expenditure and development expenditure that do not meet the criteria in (i) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

#### (iv) Amortisation methods and periods

Refer to note 7(d) for details about amortisation methods and periods used by the group for intangible assets.

### (u) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within xx months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### (v) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets

## Summary of significant accounting policies

### (r) Property, plant and equipment (continued)

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The depreciation methods and periods used by the group are disclosed in note 7(a).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 19(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

### (s) Investment properties

The group's accounting policy for investment properties is disclosed in note 7(c).

### (t) Intangible assets

#### (i) Goodwill

Goodwill is measured as described in note 19(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

#### (ii) Trademarks, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

#### (iii) Research and development

Research expenditure and development expenditure that do not meet the criteria for capitalisation as set out in note 7(d)(ii) are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

#### (iv) Amortisation methods and periods

Refer to note 7(d) for details about amortisation methods and periods used by the group for intangible assets.

### (u) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within xx months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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## Summary of significant accounting policies

transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

## Summary of significant accounting policies

### (v) Borrowings (continued)

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least xx months after the reporting period.

#### (w) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

Other borrowing costs are expensed in the period in which they are incurred.

#### (x) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### (y) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within xx months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated [balance sheet](#).

#### (ii) Other long-term employee benefit obligations

The group has liabilities for long service leave and annual leave that are not expected to be settled wholly within xx months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated [balance sheet](#) if the entity does not have an unconditional right to defer settlement for at least xx months after the reporting period, regardless of when the actual settlement is expected to occur.

### (v) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the consolidated [statement of financial position](#) when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least xx months after the reporting period.

#### (w) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

Other borrowing costs are expensed in the period in which they are incurred.

#### (x) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## Summary of significant accounting policies

### (y) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within xx months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated [statement of financial position](#).

**Summary of significant accounting policies**

**(y) Employee benefits (continued)**

*(iii) Post-employment obligations*

The group pays contributions to publicly or privately administered defined contribution superannuation plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

*(iv) Share-based payments – share-appreciation rights*

Liabilities for the share appreciation rights granted over the parent entity's shares are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as employee benefit obligations in the consolidated **balance sheet**.

*(v) Profit-sharing and bonus plans*

The group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

*(vi) Termination benefits*

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than xx months after the end of the reporting period are discounted to present value.

*(vii) Reclassification of employee benefit obligations*

The group's liabilities for accumulating sick leave and other long-term employee benefit obligations were previously presented as provisions in the consolidated balance sheet. However, management considers it to be more relevant if all employee benefit obligations are presented in one separate line item in the consolidated balance sheet. Prior year comparatives as at 30 June 2022 have been restated by reclassifying \$xxx,xxx from current provisions to current employee benefit obligations and \$x,xxx,xxx from non-current provisions to non-current employee benefit obligations (\$xxx,xxx and \$x,xxx,xxx respectively as at 1 July 2021).

**(z) Contributed equity**

Ordinary shares are classified as equity, see note 8.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of TR Example Group as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of TR Example Group.

**(aa) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**(ab) Earnings per share**

Removed as not applicable to TR Example Group.

*(ii) Other long-term employee benefit obligations*

The group has liabilities for long service leave and annual leave that are not expected to be settled wholly within xx months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated **statement of financial position** if the entity does not have an unconditional right to defer settlement for at least xx months after the reporting period, regardless of when the actual settlement is expected to occur.

*(iii) Post-employment obligations*

The group pays contributions to publicly or privately administered defined contribution superannuation plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

*(iv) Share-based payments – share-appreciation rights*

Liabilities for the share appreciation rights granted over the parent entity's shares are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as employee benefit obligations in the consolidated **statement of financial position**.

*(v) Profit-sharing and bonus plans*

The group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

*(vi) Termination benefits*

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than xx months after the end of the reporting period are discounted to present value.

**(z) Contributed equity**

Ordinary shares are classified as equity, see note 8.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Summary of significant accounting policies**

**(z) Contributed equity (continued)**

Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of TR Example Group as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of TR Example Group.

**(aa) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**(ab) Earnings per share**

**Summary of significant accounting policies**

**(ac) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated **balance sheet**.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**20 Changes in accounting policies**

Removed as not applicable to TR Example Group.

**(ac) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated **statement of financial position**.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**20 Changes in accounting policies**

### Consolidated entity disclosure statement

As at 30 June 2024						
Name of entity	Type of entity	Trustee, partner or participant in JV	% of share capital	Country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Example Retail Limited	Body corporate	-	100	Australia	Australian	n/a
Example Manufacturing Limited	Body corporate	-	90	Australia	Australian	n/a
Example Electronics Group	Body corporate	-	70	Australia	Australian	n/a
Example Overseas Ltd	Body corporate	-	45	China	Foreign	China
Example Consulting Inc	Body corporate	-	100	US	Australian	n/a*
Example Development Limited	Body corporate	-	100	Australia	Australian	n/a
Example Employee Share Trustee	Body corporate	Trustee	100	Australia	Australian	n/a
Example Employee Share Trust	Trust	-	n/a	Australia	Australian	n/a
Example subsidiary A Pty Ltd	Body corporate	Partner	100	Australia	Australian	n/a
Example subsidiary B Pty Ltd	Body corporate	Partner	60	NZ	Australian	n/a*
ABC Partnership	Partnership	-	n/a**	Australia	n/a**	n/a**

\* These entities are also a tax resident in their respective countries of incorporation. However, they are assessed as an Australian resident under the *Income Tax Assessment Act 1997* and therefore not classified as a foreign resident under that Act.

\*\* The ABC Partnership is a partnership between Example subsidiary A and Example subsidiary B and is therefore consolidated by TR Example Group.

As at 30 June 2024						
Name of entity	Type of entity	Trustee, partner or participant in JV	% of share capital	Country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Example Retail Limited	Body corporate	-	100	Australia	Australian	n/a
Example Manufacturing Limited	Body corporate	-	90	Australia	Australian	n/a
Example Electronics Group	Body corporate	-	70	Australia	Australian	n/a
Example Overseas Ltd	Body corporate	-	45	China	Foreign	China
Example Consulting Inc	Body corporate	-	100	US	Australian	n/a*
Example Development Limited	Body corporate	-	100	Australia	Australian	n/a
Example Employee Share Trustee	Body corporate	Trustee	100	Australia	Australian	n/a
Example Employee Share Trust	Trust	-	n/a	Australia	Australian	n/a
Example subsidiary A Pty Ltd	Body corporate	Partner	100	Australia	Australian	n/a
Example subsidiary B Pty Ltd	Body corporate	Partner	60	NZ	Australian	n/a*
ABC Partnership	Partnership	-	n/a**	Australia	n/a**	n/a**

\* These entities are also a tax resident in their respective countries of incorporation. However, they are assessed as an Australian resident under the *Income Tax Assessment Act 1997* and therefore not classified as a foreign resident under that Act.

\*\* The ABC Partnership is a partnership between Example subsidiary A and Example subsidiary B and is therefore consolidated by TR Example Group.

#### Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

#### Determination of tax residency

Section 295 (3A)(vi) of the *Corporation Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

##### Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5

##### Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the *Corporations Act 2001*).

**Partnerships and trusts**

Australian tax law generally does not contain corresponding residency tests for partnerships and trusts and these entities are typically taxed on a flow-through basis.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

## Directors' declaration

### In the directors' opinion:

In the directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 4 to 63 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Sydney  
22 August 2022

## Directors' declaration

### In the directors' opinion:

In the directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 5 to 69 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the consolidated entity disclosure statement on page 70 is true and correct.

This declaration is made in accordance with a resolution of the directors.

Sydney  
22 August 2024

Independent auditor's report to the members of TR Example Group

Independent auditor's report to the members of  
TR Example Group

{The Auditor's report will be provided by your Auditor.}

TR Example Group  
30 June 2023

This appendix provides a summary of (a) new standards and amendments that are effective for the first time for periods commencing on or after 1 July 2022 (i.e. years ending 30 June 2023), (b) a list of IFRS IC agenda decisions for consideration and (c) forthcoming requirements, being standards and amendments that will become effective on or after 1 July 2024.

Independent auditor's report to the members of TR Example Group

Independent auditor's report to the members of  
TR Example Group

{The Auditor's report will be provided by your Auditor.}

TR Example Group  
30 June 2024

**(a) New standards and amendments – applicable 1 July 2021**

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 July 2022:

Title	Key requirements	Effective Date *
<p>AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</p>	<p>To better align the Tier 2 disclosure requirements to the international benchmark of IFRS for small and medium-sized enterprises (SMEs), the AASB has approved a new simplified disclosure standard.</p> <p>The new standard will replace the current Tier 2 reduced disclosure regime (RDR) and require less disclosures than the RDR. Instead of showing through shading which disclosures can be omitted, AASB 1060 is a separate, stand-alone standard that lists all of the relevant disclosure requirements for entities eligible to report under Tier 2.</p> <p>AASB 1060 applies to all entities that are currently preparing Tier 2 GPFS, including not-for-profit private sector entities and public sector entities.</p>	<p>1 July 2021</p>
<p>AASB 2021-1 Amendments to Australian Accounting Standards - Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities [AASB 1053 &amp; AASB 1060]</p>	<p>The amendments to AASB 1060 provide not-for-profit entities with optional relief from presenting comparative information in the notes to the financial statements where the entity did not disclose the comparable information in its most recent previous general purpose financial statements. The relief is available for not-for-profit entities transitioning from either Tier 1: Australian Accounting Standards or Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements to Tier 2: Australian Accounting Standards - Simplified Disclosures for a reporting period prior to the entity's mandatory application of AASB 1060.</p> <p>There is no relief for not-for-profit entities moving from special purpose to simplified disclosure general purpose financial statements.</p>	<p>1 July 2021</p>

**(a) New standards and amendments – applicable 1 July 2021 (continued)**

<p>AASB 2020-2 Amendments to Australian Accounting Standards</p>	<p>In March 2020, the AASB approved amendments to Australian Accounting Standards (AAS) that remove the ability of certain for-profit private sector entities to prepare special purpose financial statements (SPFS).</p> <p>For-profit private sector entities will be affected if they are currently</p>	<p>1 July 2021</p>
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<p>Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</p>	<p>For-profit private sector entities will be affected if they are currently preparing SPFS and:</p> <ul style="list-style-type: none"> <li>• are required by legislation to comply with AAS or 'accounting standards', or</li> <li>• their constituting document or another document requires the preparation of financial statements that comply with AAS, where the document was written or amended on or after 1 July 2021.</li> </ul> <p>Transitional relief applies if the amendments are applied early, for financial years beginning before 1 July 2021:</p> <ul style="list-style-type: none"> <li>• Entities will not need to restate comparative information for any changes as a result of applying full recognition and measurement requirements for the first time. This means that if an entity has not complied with all recognition and measurement requirements while preparing SPFS, or has prepared stand-alone rather than consolidated financial statements, the entity can disclose the comparatives as they were disclosed in the last SPFS.</li> <li>• Entities also do not need to disclose comparatives for those note disclosures that were not previously required for SPFS.</li> </ul> <p>In addition, entities will not need to distinguish between errors and changes in accounting policies when transitioning from SPFS to general purpose financial statements (GPFS).</p> <p>The entities covered by the scope of these amendments must now also apply the revised Conceptual Framework which was issued by the AASB in 2019.</p>	
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**(a) New standards and amendments – applicable 1 July 2021 (continued)**

<p>AASB 2020-3 Amendments to Australian Accounting Standards -Annual Improvements</p>	<p>The following improvements were finalised in May 2020:</p> <ul style="list-style-type: none"> <li>• AASB 9 <i>Financial Instruments</i> - clarifies which fees should be included in the 10% test for derecognition of financial liabilities.</li> <li>• AASB 1 <i>First-time Adoption of International Financial Reporting Standards</i> - allows entities that have measured their assets and liabilities at carrying</li> </ul>	<p>1 January 2022</p>
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<p>2018-2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 &amp; AASB 141]</p>	<p>amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same AASB 1 exemption.</p> <ul style="list-style-type: none"> <li>● AASB 141 <i>Agriculture</i> - removes the requirement for entities to exclude cash flows for taxation when measuring fair value under AASB 141. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.</li> <li>● AASB 3 <i>Business Combinations</i> - updates the references to the Conceptual Framework for Financial Reporting and adds an exception for the recognition of liabilities and contingent liabilities within the scope of AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> and Interpretation 21 <i>Leases</i>. The amendments also confirm that contingent assets should not be recognised at the acquisition date.</li> <li>● AASB 116 <i>Property, Plant and Equipment (PP&amp;E)</i> - prohibits an entity from deducting from the cost of an item of PP&amp;E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.</li> <li>● AASB 137 - clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.</li> </ul>	
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\* Applicable to reporting periods commencing on or after the given date.

**(b) IFRS IC agenda decisions issued in the last 12 months**

As at 30 June 2023, the following agenda decisions were issued that may be relevant for the preparation of financial statements for years ending on or after 30 June 2023. The date issued refers to the date of the relevant IFRIC Update. For more recent information, refer to our website at [www.aasb.gov.au](#).

Date issued	Topic
October 2021	Non-refundable Value Added Tax on Lease Payments
October 2021	Accounting for Warrants that are Classified as Financial Liabilities on Initial Recognition (IAS 32)
December 2021	Economic Benefits from Use of a Windfarm
February 2022	TLTRO III Transactions (IFRS 9 and IAS 20)
April 2022	Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7)
May 2022	Principal versus Agent: Software Reseller (IFRS 15)

**(c) Forthcoming requirements**

As at 30 June 2022, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 30 June 2022. For more recent information refer to our web site at [www.aasb.gov.au](#).

Title	Key requirements	Effective Date *
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**(c) Forthcoming requirements (continued)**

<p>AASB 17 <i>Insurance Contracts</i></p> <p>AASB 2020-5 <i>Amendments to Australian Accounting Standards - Insurance</i></p>	<p>AASB 17 was issued in May 2017 as replacement for AASB 4 <i>Insurance Contracts</i>. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> <li>● discounted probability-weighted cash flows</li> <li>● an explicit risk adjustment, and</li> <li>● a contractual service margin (CSM) representing the unearned profit of the</li> </ul>	<p>1 January 2023 (deferred from 1 January 2021)</p>
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<p><b>Contracts</b> [AASB 4 &amp; AASB 17]</p> <p>AASB 2022-1 <i>Amendments to Australian Accounting Standards - Initial Application of AASB 17 and AASB 9 - Comparative Information</i> [AASB 17]</p>	<p>contract which is recognised as revenue over the coverage period.</p> <p>The standard allows a choice between recognising changes in discount rates either in the consolidated statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under AASB 9.</p> <p>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.</p> <p>There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.</p> <p>The new rules will affect the consolidated financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.</p> <p>Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying AASB 17 to investors and others. The amendments also deferred the application date of AASB 17 to 1 January 2023</p> <p>Further amendments made in March 2022 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of AASB 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of AASB 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of AASB 9. The classification can be applied on an instrument-by-instrument basis.</p>	
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**(c) Forthcoming requirements (continued)**

<p>AASB 2020-1 <i>Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current</i> [AASB 101]</p> <p>AASB 2020-6 <i>Amendments to</i></p>	<p>The narrow-scope amendments to AASB 101 <i>Presentation of Financial Statements</i> clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).</p> <p>The amendments also clarify what AASB 101 means when it refers to the 'settlement' of a liability.</p> <p>The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.</p> <p>They must be applied retrospectively in accordance with the normal</p>	<p>1 January 2023 (deferred from 1 January 2022) **</p>
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<p>Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date [AASB 101]</p>	<p>They must be applied retrospectively in accordance with the normal requirements in AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>.</p> <p>** Since issuing these amendments, the AASB issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024.</p>	
<p>AASB 2021-2 Amendments to Australian Accounting Standards -Disclosure of Accounting Policies and Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 &amp; AASB Practice Statement 2]</p> <p>AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards [AASB 1049, AASB 1054 and AASB 1060]</p>	<p>The AASB amended AASB 101 to require entities to disclose their material rather than their <i>significant</i> accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.</p> <p>To support this amendment, the AASB also amended AASB Practice Statement 2 <i>Making Materiality Judgements</i> to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p> <p>The amendment to AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.</p> <p>AASB 2021-6 makes corresponding amendments to Australian specific standards, including the Simplified Disclosure standard AASB 1060.</p>	<p>1 January 2023</p>

**(c) Forthcoming requirements (continued)**

<p>AASB 2021-5 Amendments to Australian Accounting Standards -Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112]</p>	<p>The amendments to AASB 112 <i>Income Taxes</i> require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.</p> <p>The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:</p> <ul style="list-style-type: none"> <li>● right-of-use assets and lease liabilities, and</li> </ul>	<p>1 January 2023</p>
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- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

AASB 112 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

**(c) Forthcoming requirements (continued)**

<p>AASB 2014-10 <i>Amendments to Australian Accounting Standards: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture</i></p> <p>AASB 2015-10 <i>Amendments to Australian Accounting Standards - Effective Date of</i></p>	<p>The AASB has made limited scope amendments to AASB 10 <i>Consolidated Financial Statements</i> and AASB 28 <i>Investments in Associates and Joint Ventures</i>.</p> <p>The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in AASB 3 <i>Business Combinations</i>).</p> <p>Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.</p> <p>*** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on</p>	<p>n/a ***</p>
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*Amendments to AASB 10 and AASB 128*

the equity method. However, the AASB cannot legally issue amendments without an operative date. It has therefore initially deferred the application date to 1 January 2018 and subsequently extended this to 1 January 2025.

*AASB 2017-5 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

Even though the amendments are not yet mandatory, they can be applied early if an entity elects to do so.

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

\* applicable to reporting periods commencing on or after the given date