Section B:
Model Annual Report

Section B
Model annual report
for financial years ending on or after 30 June 2013

Contents

About the model annual report

Purpose

This model annual report has been designed by Deloitte Touche Tohmatsu to assist users with the preparation of **annual reports** for a **consolidated entity** in accordance with:

- Provisions of the Corporations Act 2001;
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (except as noted below); and
- Other requirements and guidelines current as at the date of issue, including Australian Securities Exchange ('ASX') Listing Rules and Australian Securities and Investments Commission ('ASIC') Class Orders, Regulatory Guides and Media Releases.

GAAP Holdings (Australia) Limited is assumed to have transitioned to the Australian Accounting Standards in June 2006, and accordingly, is not a first-time adopter of Australian Accounting Standards. Users should refer to AASB 1 'First-time Adoption of Australian Accounting Standards' for specific requirements regarding an entity's first Australian Accounting Standards compliant financial statements.

The model financial statements do not include separate financial statements for the parent, which have been historically required by entities preparing financial reports in accordance with the Corporations Act 2001. The Corporations Amendments (Corporate Reporting Reform) Act 2010 (effective from 1 July 2010) amended the Corporations Act 2001 so that parent entity columns are no longer required in consolidated financial statements, instead limited financial information of the parent entity is disclosed by way of note in annual financial statements (see note 56 to the financial statements for details). However, ASIC Class Order 10/654 allows entities to include the parent entity financial statements as part of the consolidated financial statements if they wish to do so. Accordingly, the model financial statements illustrated in this model annual report do not include the separate financial statements of the parent and only include the limited disclosures required by Reg. 2M.3.01 of the Corporations Regulations 2001.

Where an entity presents separate financial statements that comply with Australian Accounting Standards, the requirements of AASB 127 'Consolidated and Separate Financial Statements' will apply. Separate statements of comprehensive income, financial position, changes in equity and cash flows for the parent will generally be required, together with supporting notes.

In these 2013 model financial statements, we have illustrated the impact of the adoption of a number of new and revised Standards and Interpretations (see note 2 to the financial statements for details).

For the purposes of presenting the statements of comprehensive income and cash flows, the alternatives allowed under Australian Accounting Standards for those statements have been illustrated. Preparers should select the alternatives most appropriate to their circumstances.

Note that in these model financial statements, we have frequently included line items for which a nil amount is shown, so as to illustrate items that, although not applicable to GAAP Holdings (Australia) Limited, are commonly encountered in practice. This does not mean that we have illustrated all possible disclosures. Nor should it be taken to mean that, in practice, entities are required to display line items for such 'nil' amounts.

This illustration is not designed to meet specific needs of specialised industries. Rather, it is intended to meet the needs of the majority of entities in complying with the annual reporting requirements of the Corporations Act 2001. Inquiries regarding specialised industries (e.g. life insurance companies, credit unions, etc.) should be directed to an industry specialist in your nearest Deloitte Touche Tohmatsu office.

Exclusions

This model does not, and cannot be expected to cover all situations that may be encountered in practice. Therefore, knowledge of the disclosure provisions of the Corporations Act 2001, Australian Accounting Standards and Interpretations are pre-requisites for the preparation of annual reports.

Specifically, this illustration does not provide guidance on the 'not-for-profit' disclosure requirements of Australian Accounting Standards, nor the disclosure requirements of the following Australian Accounting Standards and Interpretations:

AASB 1	'First-time Adoption of Australian Accounting Standards'
AASB 4	'Insurance Contracts'
AASB 6	'Exploration for and Evaluation of Mineral Resources' Note: While this illustration does not provide guidance on the disclosure requirements of AASB 6, a number of example accounting policies applicable to mining entities are included in note 3 to the financial statements
AASB 129	'Financial Reporting in Hyperinflationary Economies'
AASB 134	'Interim Financial Reporting' (other than as noted)
AASB 141	'Agriculture'
AASB 1004	'Contributions'
AASB 1023	'General Insurance Contracts'
AASB 1038	'Life Insurance Contracts'
AASB 1049	'Whole of Government and General Government Sector Financial Reporting'
AASB 1050	'Administered Items'
AASB 1051	'Land Under Roads'
AASB 1052	'Disaggregated Disclosures'
AASB 1053	'Application of tiers of Australian Accounting Standards'
AAS 25	'Financial Reporting by Superannuation Plans'
Int 2	'Members' Shares in Co-operative Entities and Similar Instruments'
Int 7	'Applying the Restatement Approach under AASB 129 *Financial Reporting in Hyperinflationary Economies*'
Int 129	'Service Concession Arrangements: Disclosures'
Int 1019	'The Superannuation Contributions Surcharge'
Int 1038	'Contributions by Owners Made to Wholly-Owned Public sector Entities'
Int 1047	'Professional Indemnity Claims Liabilities in Medical Defence Organisations'

Further, unless otherwise specified, this illustration only includes references to Standards not yet effective (and not early adopted) in the context of illustrating the disclosures specified by AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'.

We see this publication as an illustration and strongly encourage preparers of financial statements to ensure that disclosures made are relevant, practical and useful.

Source references

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

Abbreviations used in this illustration are as follows:

s.	Section of the Corporations Act 2001
Reg	Regulation of the Corporations Regulations 2001
AASB	Australian Accounting Standard issued by the Australian Accounting Standards Board
Int	Interpretation issued by the Australian Accounting Standards Board
ASA	Australian Auditing Standard issued by the Auditing and Assurance Standards Board
ASIC-CO	Australian Securities and Investments Commission Class Order issued pursuant to s.341(1) of the Corporations Act 2001
ASIC-RG	Australian Securities and Investments Commission Regulatory Guide
ASX-LR	Australian Securities Exchange Limited Listing Rule
ASX-GN	Australian Securities Exchange Limited Guidance Note

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GAAP Holdings (Australia) Limited
ACN 123 456 789
Annual report for the financial year ended 30 June 2013

Source	GAAP Holdings (Australia) Limited

Corporate governance statement

ASX-LR 4.10.3

Australian Securities Exchange Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the best practice recommendations of the ASX Corporate Governance Council, as summarised in ASX Guidance Note 9 'Disclosure of Corporate Governance Practices'. Where a recommendation has not been followed the entity must justify the reason for the non-compliance. If a recommendation has been followed for only part of the period, the entity must state the period during which it had been followed.

Recommendations

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The ASX Corporate Governance Council first released the 10 principles of good corporate governance and the 28 best practice recommendations (the Corporate Governance Principles and Recommendations) in March 2003. A second edition was released in August 2007 and additional amendments were made in June 2010 to add gender diversity recommendations. The current version of the guidelines contains 8 principles and 30 best practice recommendations, with the changes in the reporting requirements applying to annual reporting periods commencing on or after 1 January 2011.

To assist companies in complying with the guidelines, the ASX issued Guidance Note 9A 'Corporate Governance – ASX Corporate Governance Council – Corporate Governance Principles and Recommendations'. This was reissued in December 2007 to incorporate the changes made by the ASX Corporate Governance Council in August 2007. The current version, Guidance Note 9 'Disclosure of Corporate Governance Practices' was issued in February 2012 and reflects the amendments made by the ASX Corporate Governance Council in 2010.

It is important that listed entities refer to the complete documents when preparing their reports as they provide comprehensive and invaluable guidance in relation to implementation of the Principles and Recommendations. The recommendations of the ASX Corporate Governance Council, including corporate governance practices and suggested disclosures, are set out below. The recommendations are differentiated between the eight core principles that the ASX Corporate Governance Council believes underlie good corporate governance. Entities must disclose any instances of non-compliance with these recommendations.

Principle 1 - Lay solid foundations for management and oversight

1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

1.2 Companies should disclose the process for evaluating the performance of senior executives.

1.3 Companies should provide the following information in the corporate governance statement in the annual report:
- an explanation for any departure from Recommendations 1.1 to 1.3; and
- whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.

Principle 2 - Structure the board to add value

2.1 A majority of the board should be independent directors.

2.2 The chair should be an independent director.

2.3 The roles of chair and chief executive officer should not be exercised by the same individual.

2.4 The board should establish a nomination committee.

2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

2.6 Companies should provide the following information in the corporate governance statement in the annual report:
- the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report;
- the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds used in determining a director's independence;
- the existence of any of the relationships listed as affecting independence status of directors, and an explanation of why the board considers a director to be independent notwithstanding the existence of these relationships;
- a statement as to whether there is a procedure agreed by the board of directors to take independent professional advice at the expense of the company;
- a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board;
- the period of office held by each director as at the date of the annual report;
- the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out;

Source	GAAP Holdings (Australia) Limited
	• whether a performance evaluation for the board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed; and • an explanation of any departures from Recommendations 2.1 to 2.6.

Principle 3: Promote ethical and responsible decision making

3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:
  3.1.1 the practices necessary to maintain confidence in the company's integrity;
  3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
  3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

3.5 Companies should provide an explanation of any departures from Recommendations 3.1 to 3.5 in the corporate governance statement in the annual report.

Principle 4 - Safeguard integrity in financial reporting

4.1. The board should establish an audit committee.

4.2. The audit committee should be structured so that it:
- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not chair of the board; and
- has at least three members.

4.3. The audit committee should have a formal charter.

4.4. The following material should be included in the corporate governance statement in the annual report:
- the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out;
- the number of meetings of the audit committee; and
- explanation of any departures from Recommendations 4.1 to 4.4.

Principle 5 - Make timely and balanced disclosures

5.1 Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

5.2 Companies should provide an explanation of any departures from Recommendations 5.1 or 5.2 in the corporate governance statement in the annual report.

Principle 6 - Respect the rights of shareholders

6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

6.2. Companies should provide an explanation of any departure from Recommendations 6.1 or 6.2 in the corporate governance statement in the annual report.

Principle 7 - Recognise and manage risk

7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

Source	GAAP Holdings (Australia) Limited

7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.

7.4 The following material should be included in the corporate governance statement in the annual report:

- explanation of any departures from Recommendations 7.1 to 7.4;
- whether the board has received the report from management under Recommendation 7.2; and
- whether the board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3.

Principle 8 - Remunerate fairly and responsibly

8.1. The board should establish a remuneration committee. (Refer to section 300A of the Corporations Act and AASB 124 ‘Related Party Disclosures’ for disclosure of remuneration policies and procedures.)

8.2 The remuneration committee should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and
- has at least three members.

8.3 The company should clearly distinguish the structure of non-executive directors’ remuneration from that of executive directors and senior executives.

8.4 The following material or a clear cross-reference to the location of the material should be included in the corporate governance statement in the annual report:

- the names of the members of the remuneration committee and their attendance at the meetings of the committee or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out;
- the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; and
- an explanation of any departures from Recommendations 8.1 to 8.4.

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Information to be made publicly available

The ASX Corporate Governance Council has also determined that the following information should be made publicly available, ideally on the company’s website in a clearly marked corporate governance section:

- the statement of matters reserved for the board, or the board charter, or the statement of areas of delegated authority to senior executives (Principle 1);
- a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors (Principle 2);
- the charter of the nomination committee, or a summary of the role, rights, responsibilities and membership requirements for that committee (Principle 2);
- the board’s policy for the nomination and appointment of directors (Principle 2);
- any applicable code of conduct, or a summary (Principle 3);
- the diversity policy, or a summary of its main provisions (Principle 3);
- the audit committee charter (Principle 4);
- information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners (Principle 4);
- the policies or a summary of those policies designed to guide compliance with ASX Listing Rule disclosure requirements (Principle 5);
- a description of how the company will communicate with its shareholders (Principle 6);
- a summary of the company’s policies on risk oversight and management of material business risks (Principle 7);
- the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee (Principle 8); and
- a summary of the company’s policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes (Principle 8).

Where the company does not have a website it must make relevant information available to shareholders by other means, for example, a company may provide the information on request by e-mail, facsimile, or post.

Source	GAAP Holdings (Australia) Limited

Directors' report

s.1308(7) — Where the directors' report contains information in addition to that required by the Corporations Act 2001, the information will be regarded as part of the directors' report for the purposes of s.1308 'False or misleading statements'.

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

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

ASIC-CO 98/2395 — Information required by s.298(1)(c)[1], s.298(1A), s.299 to s.300 (other than s.300(11B) and (11C) insofar as those sections require certain information to be included in the directors' report or in the financial statements pursuant to s.300(2)) may be transferred to a document attached to the directors' report and financial statements where a clear cross reference to the pages containing the excluded information exists and certain conditions are satisfied. The information required by s.298(1)(c)[1], s.298(1A), s.299 and s.299A may not be transferred into the financial statements. Where information is transferred into the financial statements it will be subject to audit.

The directors of GAAP Holdings (Australia) Limited submit herewith the annual report of the company for the financial year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors

s.300(1)(c), s.300(10)(a) — The names and particulars of the directors of the company during or since the end of the financial year are:

Name [all entities]	**Particulars** [public companies only]
Mr C.J. Chambers	Chairman, Chartered Accountant, joined the Board in 2002 in a non-executive capacity and is a non-executive director of the ultimate holding company, Y Holdings Limited. Mr C.J. Chambers is also a director of Eastwood Limited. He is a member of the audit committee and the risk management committee.
Mr P.H. Taylor	Chief Executive Officer, joined the Board in 1999. Mr P.H. Taylor was previously the CEO at a large manufacturing company.
Ms F.R. Ridley	Chartered Accountant, joined the Board in 2008 in a non-executive capacity. Ms F.R. Ridley is a member of the nomination and remuneration committee, and of the audit committee.
Mr A.K. Black	Industrial Engineer, joined the Board in July 2013. He previously held various senior management positions in manufacturing and wholesale companies.
Mr B.M. Stavrinidis	Director of Merchant Bank Limited, joined the Board in 2007 in a non-executive capacity. Mr B.M. Stavrinidis is a member of the nomination and remuneration committee, the audit committee, and the risk management committee.
Mr W.K. Flinders	Practicing Solicitor, joined the Board in 2004 in a non-executive capacity and resigned during the year. Mr W.K. Flinders was a member of the nomination and remuneration committee until his resignation.
Ms S.M. Saunders	Practicing Solicitor, joined the Board in 2011 in a non-executive capacity and resigned after year end. Ms S.M. Saunders was a member of the nomination and remuneration committee and the risk management committee until her resignation.

s.300(1)(c) — The above named directors held office during the whole of the financial year and since the end of the financial year except for:

- Mr W.K. Flinders – resigned 20 July 2012
- Ms S.M. Saunders – appointed 1 August 2011, resigned 30 July 2013
- Mr A.K. Black – appointed 21 July 2013

[1] Subsection 298(1)(c) has been removed and relocated to subsections 298(1)(1AA)(c) and 298(1)(1AB)(c) as a result of the Corporations Amendment (Corporate Reporting Reform) Act 2010.

Source	GAAP Holdings (Australia) Limited
s.300(10)(a) s.300(10)	Particulars include each director's qualifications, experience and special responsibilities. Disclosure of directors' particulars is not required for a public company which is a wholly-owned controlled entity of another company.

Directorships of other listed companies [listed companies only]

s.300(11)(e) Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Mr C.J. Chambers	Eastwood Limited	Since 2010
	Yarwood Limited	2010 – 2012

Former partners of the audit firm

s.300(1)(ca) The directors' report must disclose the name of each person who:

- is an officer of the company, registered scheme or disclosing entity at any time during the year;
- was a partner in an audit firm, or a director of an audit company, that is an auditor of the company, disclosing entity or registered scheme for the year; and
- was such a partner or director at a time when the audit firm or the audit company undertook an audit of the company, disclosing entity or registered scheme.

Directors' shareholdings [listed companies only]

s.300(11)(a), (b), (c) The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report:

	GAAP Holdings (Australia) Limited		
Directors	Fully paid ordinary shares Number	Share options Number	Convertible notes Number
C.J. Chambers	5,000	-	3,000
P.H. Taylor	50,000	88,000	15,000
A.K. Black	9,000	-	-

s.608 Directors are considered to have a relevant interest where the director:

(a) is the holder of the securities;

(b) has power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) has power to dispose of, or control the exercise of a power to dispose of, the securities.

s.608 It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

s.608, s.609 Refer s.608 and s.609 of the Corporations Act 2001 for more information about when a person has a relevant interest in a security.

Although s.300(11)(a)-(c) only requires relevant interests in shares, debentures, and rights or options in shares or debentures to be disclosed, where considered necessary (i.e., to satisfy the information needs of the likely users of the annual report), directors may consider disclosing interests in other equity instruments.

s.300(11)(d) For each director who is party to or entitled to a benefit under a contract that confers a right to call for or deliver shares in, or debentures of or interests in a registered scheme made available by the company or a related body corporate, disclosure should be made of such contracts.

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report of this directors' report, on pages B14 to B22. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

Source	GAAP Holdings (Australia) Limited

Share options granted to directors and senior management

s.300(1)(d) The directors' report should include details of options that are:

(a) granted over unissued shares or unissued interests during or since the end of the financial year; and
(b) granted to any of the directors or any of the 5 most highly remunerated officers of the company (other than the directors)[2]; and
(c) granted to them as part of their remuneration.

s.300(3) The disclosures required by s.300(1)(d) (illustrated below), s.300(1)(e) and s.300(1)(f) cover:

(a) options over unissued shares and interests of the company, registered scheme or disclosing entity; and
(b) if consolidated financial statements are required – options over unissued shares and interests of any controlled entity that is a company, registered scheme or disclosing entity.

s.300(5) The details of an option granted during or since the end of the financial year should include:

(a) the identity of the company, registered scheme or disclosing entity granting the option;
(b) the name of the person to whom the option is granted; and
(c) the number and class of shares or interests over which the option is granted.

s.300(1)(d), s.300(3), s.300(5)

During and since the end of the financial year, an aggregate 140,870 share options were granted to the following directors and to the five highest remunerated officers of the company and its controlled entities as part of their remuneration[2]:

Directors and senior management	Number of options granted	Issuing entity	Number of ordinary shares under option
P.H. Taylor	88,000	GAAP Holdings (Australia) Limited	88,000
T.L. Smith	32,036	GAAP Holdings (Australia) Limited	32,036
W.L. Lee	6,250	GAAP Holdings (Australia) Limited	6,250
L.J. Jackson	6,250	GAAP Holdings (Australia) Limited	6,250
C.P. Daniels	4,167	GAAP Holdings (Australia) Limited	4,167
N.W. Wright	4,167	GAAP Holdings (Australia) Limited	4,167

Company secretary [public companies only]

s.300(10)(d) Mr A.B. Grey, Chartered Accountant, held the position of company secretary of GAAP Holdings (Australia) Limited at the end of the financial year. He joined GAAP Holdings (Australia) Limited in 2009 and previously held the company secretary position at a large manufacturing company. He is a member of the Chartered Institute of Company Secretaries in Australia.

s.300(10) Disclosure of the company secretary's qualifications and experience is not required for a public company which is a wholly-owned controlled entity of another company.

Principal activities

s.299(1)(c) The consolidated entity's principal activities in the course of the financial year were the manufacture of electronic equipment and leisure goods, and the construction and renovation of residential properties.

During the financial year the consolidated entity sold its toy business. Details of the sale are contained in note 11 and note 47 to the financial statements. During the year the board of directors decided to dispose of the bicycle business. Details of the planned disposal are contained in note 11 to the financial statements.

[2] While s.300A(1)(a) has been amended to remove remeneration disclosures for the five highest remunerated officers in the remuneration report section of the directors' report, disclosure of options granted to such officers as part of their remuneration continues to be required in the general directors' report section in accordance with s.300(1)(d).

Source	GAAP Holdings (Australia) Limited
	Review of operations
s.299(1)(a), ASX-LR 4.10.17	The directors' report must contain a review of the consolidated entity's operations during the financial year and the results of those operations. The Corporations Act 2001 contains additional general requirements for listed public companies.
	Additional requirements for listed companies, listed registered schemes and listed disclosing entities
s.299A(1), (2)	The directors' report for a company, registered scheme or disclosing entity that is listed must also contain information that members of the listed entity would reasonably require to make an informed assessment of: (a) the operations of the consolidated entity; (b) the financial position of the consolidated entity; and (c) the business strategies, and prospects for future financial years, of the consolidated entity.
s.299A(3)	The directors' report may omit material that would otherwise be included under s.299A(1)(c) concerning the consolidated entity's business strategies and prospects for future financial years, if it is likely to result in unreasonable prejudice to the consolidated entity or any entity (including the company, registered scheme or disclosing entity) that is part of the consolidated entity. If material is omitted, the report must say so.
ASX-GN 10	In preparing this disclosure, entities may wish to refer to ASX Guidance Note 10 'Review of Operations and Activities: Listing Rule 4.10.17' and to the G100's 'Guide to Review of Operations and Financial Condition', providing guidance on the form and content of the consolidated entity's review of operations and the results of those operations, including specific guidance on items which might be appropriately included in such a review. It is recommended that the review should provide users, being shareholders, prospective investors and other interested stakeholders, an understanding of the consolidated entity by providing short and long-term analysis of the business as seen through the eyes of the directors. As such, the review should aim to meet the information needs of users of financial reports relating to the current reporting period and also provide them with a basis for forming a view as to likely future performance in the context of the strategies of the consolidated entity for achieving long-term value creation and known trends in performance. This requires that the review contains a discussion of the operations of the period, including an explanation of unusual or infrequent events and transactions, and an analysis of the opportunities and risks facing the consolidated entity, together with the planned approach to managing those opportunities and risks. Given this context, preparers of annual reports are encouraged to provide: (a) An overview of the consolidated entity and its strategy; (b) A review of operations, considering both short and longer-term value creation in the context of the consolidated entity's strategy; (c) Information on investments made to enhance future value creating potential; (d) A review of the consolidated entity's financial condition; (e) An overview of risk management and governance practices. This is aimed at anchoring the review in a strategic context of how the consolidated entity is aiming to enhance shareholder value, both in the short and long term. This includes discussion of both financial and non-financial elements of performance, including analysis using relevant financial and non-financial key performance indicators. The latter may include sustainability related indicators. The recommended contents of the review include: (a) Consolidated entity overview and strategy (i) Explaining the objectives of the consolidated entity and how they are to be achieved; (ii) Including a discussion and analysis of key financial and non-financial performance indicators used by management in their assessment of the consolidated entity and its performance (including relevant sustainability performance indicators); (iii) Discussing the main factors and influences that may have a major effect on future results (including potential longer-term effects), whether or not they were significant in the period under review. This may include discussion of market opportunities and risks; competitive advantage; changes in market share or position; economic factors; key customer and other relationships; employee skills and training; environmental, occupational health and safety aspects; significant legal issues; and innovation and technological developments.

Source	GAAP Holdings (Australia) Limited

(b) Review of operations

(i) Discussing the main activities of the consolidated entity, including significant features of operating performance for the period under review. It should cover all aspects of operations, focussing on the consolidated entity as a whole 'through the eyes of the directors'. It should not be boilerplate, and should cover significant aspects of the consolidated entity's performance in the period, financial and non-financial. Consideration should be given to unusual or infrequent events or transactions, including material acquisitions or disposals, major sources of revenues and expenses, and changes in factors which affect the results to enable users to assess the significance of the ongoing and core activities of the consolidated entity to identify the sustainability of performance over the longer-term;

(ii) Providing the overall return attributable to shareholders in terms of dividends and increases in shareholders' funds, including a commentary on the comparison between the results of the financial year and dividends, both in total and in per share terms, and indicating the directors' overall distribution policy.

(c) Providing information on investments made for future performance, including capital expenditure and other expenditure enhancing future performance potential. This may include marketing and advertising spend to enhance brand loyalty and reputation; staff training and development programmes; quality improvement and health and safety programs; customer relationship management; and expansion of production capacity.

(d) Review of financial conditions

(i) Capital structure of the consolidated entity including capital funding and treasury policies and objectives;

(ii) Cash from operations and other sources of capital;

(iii) Discussion of the liquidity and funding at the end of the period under review, including restrictions on funds transfer, covenants entered into and the maturity profile of borrowings;

(iv) Discussing the resources available to the consolidated entity not reflected in the statement of financial position, for example mineral reserves, key intellectual property (e.g. databases or specific entity competences); market-position; employee competences or resources / skills and their role in creating longer-term value;

(v) Impact of legislation and other external requirements having a material effect on the financial condition in the reporting period or expected to have a material effect on the financial condition in future periods.

(e) Risk management and corporate governance practices, including management of both financial and non-financial risks.

Non-IFRS financial information

ASIC-RG 230

If the directors consider it appropriate to include non-IFRS financial information in the operating and financial review, the directors' report or another document in the annual report, the guidelines in Section D of Regulatory Guide 230 'Disclosing non-IFRS financial information' should be followed to assist in reducing the risk of non-IFRS financial information being misleading[3].

Important considerations include that:

- IFRS financial information should be given equal or greater prominence compared to non-IFRS financial information, in particular IFRS profit;
- Non-IFRS information should:
  - be explained and reconciled to IFRS financial information;
  - be calculated consistently from period to period; and
  - be unbiased and not used to remove 'bad news'.

Entities should refer to the complete document when preparing their reports as it provides detailed guidance for presenting non-IFRS financial information.

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

Source	GAAP Holdings (Australia) Limited
	Changes in state of affairs
s.299(1)(b)	During the financial year, the consolidated entity disposed of its toy business. The consolidated entity is also seeking to dispose of its bicycle business, in order to focus its operations towards the manufacture and distribution of electronic equipment and leisure goods as proposed and agreed at the company's last Annual General Meeting. Other than the above, there was no significant change in the state of affairs of the consolidated entity during the financial year.
	Subsequent events
s.299(1)(d)	On 18 July 2013, the premises of Subfive Limited were seriously damaged by fire. Insurance claims are in process, but the cost of refurbishment is currently expected to exceed the amount that will be reimbursed by $8.3 million. Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.
	Future developments
s.299(1)(e), s.299(3)	Directors must bring likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations to the attention of the users of the annual report. These disclosures are not required where they would result in unreasonable prejudice to the entity.
s.299A(1)(c), (2)	The directors' report for a company, registered scheme or disclosing entity that is listed must also contain information that members of the listed entity would reasonably require to make an informed assessment of the consolidated entity's prospects for future financial years.
	Environmental regulations
s.299(1)(f)	If the consolidated entity's operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory, the directors' report should disclose details of the consolidated entity's performance in relation to the environmental regulation.
ASIC-RG 68.74	The ASIC has provided the following guidance on completing environmental regulations disclosures: • prima facie, the requirements would normally apply where an entity is licensed or otherwise subject to conditions for the purposes of environmental legislation or regulation; • the requirements are not related specifically to financial disclosures (e.g. contingent liabilities and capital commitments) but relate to performance in relation to environmental regulation. Hence, accounting concepts of materiality in financial statements are not applicable; • the information provided in the directors' report cannot be reduced or eliminated because information has been provided to a regulatory authority for the purposes of any environmental legislation; and • the information provided in the director's report would normally be more general and less technical than information which an entity is required to provide in any compliance reports to an environmental regulator.
	Dividends
s.300(1)(a)	In respect of the financial year ended 30 June 2012, as detailed in the directors' report for that financial year, a final dividend of 19.36 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 12 October 2012.
s.300(1)(a)	In respect of the financial year ended 30 June 2013, an interim dividend of 17.85 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 5 March 2013.
s.300(1)(a)	In respect of the financial year ended 30 June 2013, a dividend of 10.00 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of convertible non-participating preference shares on 20 June 2013.
s.300(1)(a)	In respect of the financial year ended 30 June 2013, an interim dividend of 20.33 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of redeemable cumulative preference shares on 20 June 2013.
s.300(1)(b)	In respect of the financial year ended 30 June 2013, the directors recommend the payment of a final dividend of 26.31 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares on 3 October 2013.

Source	GAAP Holdings (Australia) Limited
	Where no dividends have been paid or declared since the start of the financial year, and/or the directors do not recommend the payment of a dividend in respect of the financial year, the directors' report should disclose that fact.
AASB110.13	If dividends are declared (i.e. the dividends are appropriately authorised and no longer at the discretion of the entity) after the reporting date but before the financial statements are authorised for issue, the dividends are not recognised as a liability at the reporting date because no obligations exist at that time. Such dividends are disclosed in the notes to the financial statements in accordance with AASB 101 'Presentation of Financial Statements'.

Shares under option or issued on exercise of options

The directors' report should include details of:

s.300(1)(f) (a) shares or interests issued during or since the end of the financial year as a result of the exercise of an option over unissued shares or interests; and

s.300(1)(e) (b) unissued shares or interests under option as at the date of the directors' report.

s.300(3) The disclosures required by s.300(1)(d) (illustrated on page B6), s.300(1)(e) and s.300(1)(f) cover:

(a) options over unissued shares and interests of the company, registered scheme or disclosing entity; and
(b) if consolidated financial statements are required – options over unissued shares and interests of any controlled entity that is a company, registered scheme or disclosing entity.

s.300(6) The details of unissued shares or interests under option should include:

(a) the company, registered scheme or disclosing entity that will issue shares or interests when the options are exercised;
(b) the number and classes of those shares or interests;
(c) the issue price, or the method of determining the issue price, of those shares or interests;
(d) the expiry date of the options; and
(e) any rights that option holders have under the options to participate in any share issue or interest issue of the company, registered scheme or disclosing entity or of any other body corporate or registered scheme.

s.300(7) The details of shares and interests issued as a result of the exercise of any option should include:

(a) the company, registered scheme or disclosing entity issuing the shares or interests;
(b) the number of shares or interests issued;
(c) if the company, registered scheme or disclosing entity has different classes of shares or interests, the class to which each of those shares or interests belongs;
(d) the amount unpaid on each of those shares or interests; and
(e) the amount paid, or agreed to be considered as paid, on each of those shares or interests.

s.300(1)(e), s.300(3), s.300(6) Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
GAAP Holdings (Australia) Limited	136,000	Ordinary	$1.00	30 September 2013
GAAP Holdings (Australia) Limited	60,000	Ordinary	$1.00[(a)]	27 March 2014

[(a)] These share options can only be exercised once the share price of GAAP Holdings (Australia) Limited exceeds $4.00.

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the company or of any other body corporate or registered scheme.

s.300(1)(f), s.300(3), s.300(7) Details of shares or interests issued during or since the end of the financial year as a result of exercise of an option are:

Issuing entity	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
GAAP Holdings (Australia) Limited	314,000	Ordinary	$1.00	$nil

Source	GAAP Holdings (Australia) Limited

Indemnification of officers and auditors

s.300(1)(g), s.300(8), s.300(9)

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Mr A.B. Grey, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Where the company has not indemnified or agreed to indemnify an officer or auditor against a liability incurred, or paid an insurance premium in respect of a contract insuring against a liability incurred by an officer or auditor, the following disclosure is encouraged:

'During or since the end of the financial year the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.'

Directors' meetings [public companies only]

s.300(10)(b), (c)

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 12 board meetings, 2 nomination and remuneration committee meetings, 4 audit committee meetings and 4 risk management committee meetings were held.

Directors	Board of directors		Nomination & remuneration committee		Audit committee		Risk management committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
C.J. Chambers	12	12	-	-	4	4	4	4
P.H. Taylor	12	10	-	-	-	-	-	-
F.R. Ridley	12	11	2	2	4	4	-	-
A.K. Black	-	-	-	-	-	-	-	-
B.M. Stavrinidis	12	12	2	2	4	4	4	4
W.K. Flinders	1	1	1	1	-	-	-	-
S.M. Saunders	10	9	1	1	-	-	4	4

s.300(10)

Disclosure of directors' meetings is not required for a public company which is a wholly-owned controlled entity of another company.

Registered schemes [registered schemes only]

s.300(12)

The directors' report for a listed registered scheme should disclose the following details for each director of the company that is the responsible entity for the scheme:

(a) their relevant interests in the scheme;
(b) their rights or options over interests in the scheme; and
(c) contracts to which the director is a party or under which the director is entitled to a benefit and that confer a right to call for or deliver interests in the scheme.

s.300(13)

The directors' report for a registered scheme (whether listed or unlisted) should disclose details of:

(a) the fees paid to the responsible entity and its associates out of scheme property during the financial year;
(b) the number of interests in the scheme held by the responsible entity or its associates as at the end of the financial year;
(c) interests in the scheme issued during the financial year;
(d) withdrawals from the scheme during the financial year;
(e) the value of the scheme's assets as at the end of the financial year, and the basis for the valuation; and
(f) the number of interests in the scheme as at the end of the financial year.

Source	GAAP Holdings (Australia) Limited
	Proceedings on behalf of the company
s.300(14)	The directors' report should disclose, with respect to persons applying for leave under s.237 to bring, or intervene in, proceedings on behalf of the company, the applicant's name and a statement whether leave was granted.
s.300(15)	Where leave is granted under s.237, the directors' report should disclose the following details of any proceedings that a person has brought, or intervened in, on behalf of the company: (a) the person's name; (b) the names of the parties to the proceedings; and (c) sufficient information to enable members to understand the nature and status of the proceedings (including the cause of action and any orders made by the court).
	Non-audit services [listed companies only]
s.300(2A), s.300(11B)(a)	Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 53 to the financial statements.
s.300(11B)(b)	The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.
s.300(11B)(c)	The directors are of the opinion that the services as disclosed in note 53 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons: • all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and • none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.
s.300(11D)	The statements under s.300(11B)(b) and (c) must be made in accordance with: (a) advice provided by the listed company's audit committee if the company has an audit committee; or (b) a resolution of the directors of the listed company if the company does not have an audit committee.
s.300(11E)	A statement is taken to be made in accordance with advice provided by the company's audit committee only if: (a) the statement is consistent with that advice and does not contain any material omission of material included in that advice; (b) the advice is endorsed by a resolution passed by the members of the audit committee; and (c) the advice is written advice signed by a member of the audit committee on behalf of the audit committee and given to the directors.
	Auditor's independence declaration
s.298(1AA)(c)	The auditor's independence declaration is included on page B23 of the annual report.
	Extension of audit rotation period [listed companies only]
s.300(11AA)	Where, in accordance with s.324DAA, the directors of the company by resolution grant an approval for an individual to play a significant role in the audit of the company by extending the audit involvement period from the normal five successive financial years to six or seven successive financial years, the report must include details of and the reasons for the approval.
s.300(11A)	Where, in accordance with s.342A, ASIC has made a declaration to enable an individual who is a registered company auditor to continue to play a significant role (as defined in s.9 of the Corporations Act 2001) in the audit of a listed company (by extending the audit involvement period from the normal five successive financial years to six or seven successive financial years), the directors' report must include details of the declaration.

Source	GAAP Holdings (Australia) Limited

True and fair view

s.298(1A)	If the financial statements for a financial year include additional information under s.295(3)(c) to give a true and fair view of financial position and performance, the directors' report for the financial year must also: (a) set out the directors' reasons for forming the opinion that the inclusion of that additional information was necessary to give a true and fair view required by s.297; and (b) specify where that additional information can be found in the financial statements.

Rounding off of amounts

If the company is of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and consequently the amounts in the directors' report and the financial statements are rounded, that fact must be disclosed in the financial statements or the directors' report.

ASIC-CO 98/100	The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.
	or
ASIC-CO 98/100	The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial statements are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.
	or
ASIC-CO 98/100	The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial statements are rounded off to the nearest million dollars, unless otherwise indicated.

[Report continues over the page]

Source	GAAP Holdings (Australia) Limited
s.300A(1), (1A), (2)	**Remuneration report** [all disclosing entities that are companies]
	This model remuneration report is suitable for use as a **guide** only and will not be appropriate for use by all companies required to prepare a remuneration report. Each company shall consider its respective circumstances and amend the disclosures as necessary.
	Defined terms
s.9, AASB124.9	Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.
s.9	Closely related party of a member of the key management personnel for an entity means: (a) a spouse or child of the member; or (b) a child of the member's spouse; or (c) a dependant of the member or of the member's spouse; or (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or (e) a company the member controls; or (f) a person prescribed by the regulations for the purposes of this paragraph.
s.206K(2)(b)	A remuneration committee is a committee of the board of directors of the company that has functions relating to the remuneration of key management personnel for the company.
s.9	Remuneration consultant means a person: (a) who makes a remuneration recommendation under a contract for services with the company to whose key management personnel the recommendation relates; and (b) who is not an officer or employee of the company.
s.9B(1) to (4)	1. A remuneration recommendation is: (a) a recommendation about either or both of the following: (i) how much the remuneration should be; (ii) what elements the remuneration should have; for one or more members of the key management personnel for a company; or (b) a recommendation or advice about a matter or of a kind prescribed by the regulations. 2. None of the following is a remuneration recommendation (even if it would otherwise be covered by s.9B(1) above): (a) advice about the operation of the law (including tax law); (b) advice about the operation of accounting principles (for example, about how options should be valued); (c) advice about the operation of actuarial principles and practice; (d) the provision of facts; (e) the provision of information of a general nature relevant to all employees of the company; (f) a recommendation, or advice or information, of a kind prescribed by the regulations. (Regulation 1.2.01 of the of the Corporations Regulations 2001 prescribes that for s.9B(2)(f), a recommendation, or advice or information, provided in relation to one or more members of the key management personnel for a company by an employee of a company within the same consolidated entity, is not a remuneration recommendation). 3. s.9B(2) does not limit the things that are not remuneration recommendations, nor does it mean that something specified in that subsection would otherwise be a remuneration recommendation within the meaning of s.9B(1). 4. ASIC may by writing declare that s.9B(1) above does not apply to a specified recommendation or specified advice, but may do so only if ASIC is satisfied that it would be unreasonable in the circumstances for the advice or recommendation to be a remuneration recommendation. The declaration has effect accordingly. The declaration is not a legislative instrument.

Source	GAAP Holdings (Australia) Limited

Prescribed details in relation to remuneration

s.300A(1)(c), Reg2M.3.03

The prescribed details in relation to remuneration referred to in s.300A(1)(c) are detailed in Regulation 2M.3.03 of the Corporations Regulations 2001. The prescribed details must be provided in respect of the following persons:

(i) if consolidated financial statements are required – each member of the key management personnel for the consolidated entity; or

(ii) if consolidated financial statements are not required – each member of the key management personnel for the company.

s.300A(1)(d), (1)(e)

Note, s.300A(1)(d) and s.300A(1)(e) specify further remuneration details that must be made in the remuneration report in respect of the persons noted above.

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of GAAP Holdings (Australia) Limited's key management personnel for the financial year ended 30 June 2013. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of key management personnel
- key terms of employment contracts.

Key management personnel

Reg2M.3.03(1) (Item 1-5)

The directors and other key management personnel of the consolidated entity during or since the end of the financial year were:

Mr C.J. Chambers (Chairman, Non-executive director)
Mr P.H. Taylor (Executive Director, Chief Executive Officer)
Ms F.R. Ridley (Non-executive director)
Mr A.K. Black (Non-executive director) (appointed 21 July 2013)
Mr B.M. Stavrinidis (Non-executive director)
Mr W.K. Flinders (Non-executive director) (resigned 20 July 2012)
Ms S.M. Saunders (Non-executive director) (appointed 1 August 2011, resigned 30 July 2013)
W.L. Lee (Chief Financial Officer – Subthree Limited)
L.J. Jackson (Chief Marketing Officer – Subfour Limited)
C.P. Daniels (Chief Operations Officer, resigned 3 July 2013)
N.W. Wright (General Manager – Electronic equipment division, resigned 27 June 2013)
T.L. Smith (General Manager – Leisure goods division, appointed 3 July 2012)

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

s.300A, Reg2M.3.03

s.300A of the Corporations Act 2001 and Regulation 2M.3.03 prescribe information that must be disclosed in respect of the following persons:

(a) if consolidated financial statements are required – each member of the key management personnel for the consolidated entity; or

(b) if consolidated financial statements are not required – each member of the key management personnel for the company.

Remuneration policy

s.300A(1)(a)

The directors' report for a financial year for a company must include (in a separate and clearly identified section of the report):

(a) discussion of board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of the key management personnel for:
   (i) the company, if consolidated financial statements are not required; or
   (ii) the consolidated entity, if consolidated financial statements are required.

Source	GAAP Holdings (Australia) Limited
	The report must also include:
s.300A(1)(f)	(a) such other matters related to the policy or policies referred to in s.300A(1)(a) above as are prescribed by the regulations; and
s.300A(1)(g)	(b) if: (i) at the company's most recent AGM, comments were made on the remuneration report that was considered at that AGM; and (ii) when a resolution that the remuneration report for the last financial year be adopted was put to the vote at the company's most recent AGM, at least 25% of the votes cast were against adoption of that report; an explanation of the board's proposed action in response or, if the board does not propose any action, the board's reasons for inaction; and
s.300A(1)(h)	(c) if a remuneration consultant made a remuneration recommendation in relation to any of the key management personnel for the company or, if consolidated financial statements are required, for the consolidated entity, for the financial year: (i) the name of the consultant; and (ii) a statement that the consultant made such a recommendation; and (iii) if the consultant provided any other kind of advice to the company or entity for the financial year--a statement that the consultant provided that other kind or those other kinds of advice; and (iv) the amount and nature of the consideration payable for the remuneration recommendation; and (v) the amount and nature of the consideration payable for any other kind of advice referred to in subparagraph (iii); and (vi) information about the arrangements the company made to ensure that the making of the remuneration recommendation would be free from undue influence by the member or members of the key management personnel to whom the recommendation relates; and (vii) a statement about whether the board is satisfied that the remuneration recommendation was made free from undue influence by the member or members of the key management personnel to whom the recommendation relates; and (viii) if the board is satisfied that the remuneration recommendation was made free from undue influence by the member or members of the key management personnel to whom the recommendation relates--the board's reasons for being satisfied of this.

Relationship between the remuneration policy and company performance

	Extent (or otherwise) of remuneration being dependent on satisfaction of a performance condition A disclosing entity that is a company must disclose:
s.300A(1)(e)(i)	(a) an explanation of the relative proportions of those elements of the remuneration of a s.300A(1)(c) identified person that are related to performance and those elements of the person's remuneration that are not;
s.300A(1)(d)	(b) if an element of the remuneration of a s.300A(1)(c) identified person consists of securities of a body and that element is not dependent on the satisfaction of a performance condition – an explanation of why that element of the remuneration is not dependent on the satisfaction of a performance condition must be disclosed;
s.300A(1)(ba)	(c) if an element of the remuneration of a member of key management personnel for the company, or if consolidated financial statements are required, for the consolidated entity, is dependent on the satisfaction of a performance condition: (i) a detailed summary of the performance condition; (ii) an explanation of why the performance condition was chosen; (iii) a summary of the methods used in assessing whether the performance condition is satisfied and an explanation of why those methods were chosen; and (iv) if the performance condition involves a comparison with factors external to the company: (A) a summary of the factors to be used in making the comparison; and (B) if any of the factors relates to the performance of another company, of 2 or more other companies or of an index in which the securities of a company or companies are included – the identity of that company, of each of those companies or of the index.

Source	GAAP Holdings (Australia) Limited

No hedging of remuneration of key management personnel

s.206J(1) to (3)

(1) A member of the key management personnel for a company that is a disclosing entity, or a closely related party of such a member, must not enter into an arrangement (with anyone) if the arrangement would have the effect of limiting the exposure of the member to risk relating to an element of the member's remuneration that:
   (a) has not vested in the member; or
   (b) has vested in the member but remains subject to a holding lock.

(2) Without limiting s.206J(1)(a), remuneration that is not payable to a member until a particular day is, until that day, remuneration that has not vested in the member.

(3) In determining whether an arrangement has the effect described in s.206J(1) in relation to an element of remuneration described in that subsection, regard is to be had to the regulations made for the purposes of this subsection (see Regulation 2D.7.01 of the Corporations Regulations 2001).

Discussion of the relationship between the remuneration policy and company performance

s.300A(1)(b) The directors' report must include discussion of the relationship between the remuneration policy for key management personnel and the company's performance.

s.300A(1AA) Without limiting the requirements of s.300A(1)(b), the discussion under that subsection of the company's performance must specifically deal with:

(a) the company's earnings; and
(b) the consequences of the company's performance on shareholder wealth;

in the financial year to which the report relates and in the previous 4 financial years.

s.300A(1AB) In determining, for the purposes of s.300A(1AA), the consequences of the company's performance on shareholder wealth in a financial year, have regard to:

(a) dividends paid by the company to its shareholders during that year;
(b) changes in the price at which shares in the company are traded between the beginning and the end of that year;
(c) any return of capital by the company to its shareholders during that year that involves:
   (i) the cancellation of shares in the company; and
   (ii) a payment to the holders of those shares that exceeds the price at which shares in that class are being traded at the time when the shares are cancelled; and
(d) any other relevant matter.

s.300A(1)(b) Illustrated below is an example of how an entity may present information to comply with s.300A(1AA) and s.300A(1AB). Alternatively, an entity may elect to present such information graphically. The illustrative tables must be accompanied by discussion relevant to explaining the relationship between the remuneration policy and company performance.

s.300A(1AA), (1AB) The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2013:

	30 June 2013 $'000	30 June 2012 $'000	30 June 2011 $'000	30 June 2010 $'000	30 June 2009 $'000
Revenue	140,918	151,840	217,054	205,321	200,058
Net profit before tax	41,773	45,124	42,567	40,243	39,011
Net profit after tax	27,049	30,327	28,217	26,211	26,208

	30 June 2013	30 June 2012	30 June 2011	30 June 2010	30 June 2009
Share price at start of year	$2.65	$2.59	$2.61	$2.54	$1.90
Share price at end of year	$3.37	$2.65	$2.59	$2.61	$2.54
Interim dividend[1]	17.85cps	12.71cps	12.71cps	10.00cps	10.00cps
Final dividend[1, 2]	26.31cps	19.36cps	18.93cps	15.00cps	15.00cps
Basic earnings per share	132.2cps	137.0cps	133.0cps	123.5cps	123.5cps
Diluted earnings per share	115.5cps	130.5cps	127.5cps	118.4cps	118.4cps

[1] Franked to 100% at 30% corporate income tax rate.
[2] Declared after the end of the reporting period and not reflected in the financial statements.

In addition, during 2013 GAAP Holdings (Australia) Limited repurchased 5,603 thousand shares for $17,011 thousand. The shares were repurchased at the prevailing market price on the date of the buy-back.

Source	GAAP Holdings (Australia) Limited

Remuneration of key management personnel

Reg2M.3.03(1) (Item 6-9, 11)

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment	
2013	Salary & fees $	Bonus $	Non-monetary $	Other $	Superannuation $	$	Options & rights $	Total $
Non-executive directors								
C.J. Chambers	76,000	-	28,050	1,250	-	-	-	105,300
F.R. Ridley	65,000	-	25,091	854	-	-	-	90,945
B.M. Stavrinidis	65,000	-	26,800	685	-	-	-	92,485
W.K. Flinders	4,000	-	800	200	-	-	-	5,000
S.M. Saunders	65,000	-	15,159	689	-	-	-	80,848
Executive officers								
P.H. Taylor	261,600	-	66,280	1,240	30,000	5,400	105,600	470,120
W.L. Lee	183,712	10,000	6,796	-	17,937	8,788	7,500	234,733
L.J. Jackson	187,928	-	16,481	-	20,000	4,572	7,500	236,481
C.P. Daniels	185,500	-	14,805	-	20,000	-	5,000	225,305
N.W. Wright	184,000	-	12,761	-	17,708	-	5,000	219,469
T.L. Smith	180,000	-	4,734	-	16,716	1,000	8,663	211,113
								1,971,799

Reg2M.3.03(1) (Item 6-9, 11), (2)

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment	
2012	Salary & fees $	Bonus $	Non-monetary $	Other $	Superannuation $	$	Options & rights $	Total $
Non-executive directors								
C.J. Chambers	65,125	-	25,400	1,125	-	-	-	91,650
F.R. Ridley	62,000	-	23,162	850	-	-	-	86,012
B.M. Stavrinidis	62,000	-	24,350	670	-	-	-	87,020
W.K. Flinders	62,000	-	24,350	680	-	-	-	87,030
O.H. O'Brien	36,750	-	20,120	312	-	-	-	57,182
Executive officers								
P.H. Taylor	229,860	-	53,800	1,125	38,000	10,140	57,500	390,425
W.L. Lee	179,372	-	5,980	-	17,300	6,878	-	209,530
L.J. Jackson	180,690	-	14,503	-	20,000	5,560	-	220,753
C.P. Daniels	171,250	-	13,028	-	20,000	7,750	-	212,028
N.W. Wright	173,738	-	11,230	-	17,500	4,587	-	207,055
E.P Hart	179,375	-	12,500	-	17,270	-	-	209,145
								1,857,830

Reg2M.3.03(1) (Item 10)

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Payments and benefits

Reg2M.3.03(1) (Item 6-11)

The tables above do not illustrate all the payments and benefits specified by Regulation 2M.3.03 that shall be disclosed, if present. Disclosure of the following payments and benefits in respect of each s.300A(1)(c) identified person is required:

- the person's short-term employee benefits, divided into at least the following components:
  - (a) cash salary, fees and short-term compensated absences;
  - (b) short-term cash profit-sharing and other bonuses;
  - (c) non-monetary benefits;
  - (d) other short-term employee benefits;
- the person's post-employment benefits, divided into at least the following components:
  - (a) pension and superannuation benefits;
  - (b) other post-employment benefits;
- the person's long-term employee benefits other than benefits mentioned in items 6 and 7, separately identifying any amount attributable to a long-term incentive plan;
- the person's termination benefits;

Source	GAAP Holdings (Australia) Limited

- for any position the person started to hold during the financial year, payments (if any) made to the person, before the person started to hold the position, as part of the consideration for the person agreeing to hold the position, including:
  - (a) the monetary value of the payment; and
  - (b) the date of the payment;
- share-based payments made to the person, divided into at least the following components:
  - (a) equity-settled share-based payment transactions, showing separately:
    - (i) shares and units; and
    - (ii) options and rights;
  - (b) cash-settled share-based payment transactions;
  - (c) all other forms of share-based payment compensation (including hybrids).

Total of a person's compensation

Disclosure of the total compensation for each identified person is not specifically required by s.300A or Regulation 2M.3.03, however Deloitte recommend that it be made as a matter of good practice.

Comparative information

Reg2M.3.03(2)

For items 6-9 and 11 of Regulation 2M.3.03, information of the kind described in the item for the previous financial year must also be disclosed in the financial year to which the item relates (to give comparative information for the purposes of the item), but this does not apply in relation to the first financial year in which paragraph 300A(1)(c) of the Corporations Act 2001 applies in relation to a person.

Bonuses and share-based payments granted as compensation for the current financial year

Reg2M.3.03(1) (Item 12)

Bonuses

Mr. W.L. Lee was granted a cash bonus of $10,000 on 12 June 2013. The bonus was given, on successful acquisition by the consolidated entity, for his identification of the distribution business of Minus Pty Limited as an advantageous investment opportunity earlier in the reporting period. No other bonuses were granted during 2013.

Reg2M.3.03(1) (Item 12(b), (c), 15(b)(ii), (b)(iii), (b)(v))

Employee share option plan

GAAP Holdings (Australia) Limited operates an ownership-based scheme for executives and senior employees of the consolidated entity. In accordance with the provisions of the plan, as approved by shareholders at a previous annual general meeting, executives and senior employees with more than five years service with the company may be granted options to purchase parcels of ordinary shares at an exercise price of $1.00 per ordinary share.

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

The number of options granted is calculated in accordance with the performance based formula approved by shareholders at a previous annual general meeting and is subject to approval by the Remuneration Committee. The formula rewards executives and senior employees against the extent of the consolidated entity's and individual's achievement against both qualitative and quantitative criteria from the following financial and customer service measures:

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

The options granted expire within twelve months of their issue, or one month of the resignation of the executive or senior employee, whichever is the earlier.

Source	GAAP Holdings (Australia) Limited

Reg2M.3.03(1) (Item 12(a), 15(b)(i), (b)(iv), (b)(v))

During the financial year, the following share-based payment arrangements were in existence:

Options series	Grant date	Expiry date	Grant date fair value	Vesting date
(1) Issued 30 September 2011	30/09/11	30/09/12	$1.15	Vests at date of grant
(2) Issued 31 March 2012	31/03/12	31/03/13	$1.18	Vests at date of grant
(3) Issued 30 September 2012	30/09/12	30/09/13	$1.20	Vests at date of grant
(4) Issued 29 March 2013	29/03/13	27/03/14	$1.05	Vests when the GAAP Holdings (Australia) Limited share price exceeds $4.00

Reg2M.3.03(1) (Item 12(g), 15(b)(vi))

There are no further service or performance criteria that need to be met in relation to options granted under series (1) – (3) before the beneficial interest vests in the recipient. Executives and senior employees receiving options under option series (4) are entitled to the beneficial interest under the option when the performance condition (share price exceeds $4.00) is met only if they continue to be employed with the company at that time.

s.300A(1)(e)(vi), Reg2M.3.03(1) (Item 12(e), (f), 15(a))

The following grants of share-based payment compensation to key management personnel relate to the current financial year:

Name	Option series	During the financial year: No. granted	No. vested	% of grant vested	% of grant forfeited	% of compensation for the year consisting of options
Mr P.H. Taylor	(3) Issued 30 Sep 12	88,000	88,000	100%	n/a	22.5%
W.L. Lee	(3) Issued 30 Sep 12	6,250	6,250	100%	n/a	3.2%
L.J. Jackson	(3) Issued 30 Sep 12	6,250	6,250	100%	n/a	3.2%
C.P. Daniels	(3) Issued 30 Sep 12	4,167	4,167	100%	n/a	2.2%
N.W. Wright	(3) Issued 30 Sep 12	4,167	4,167	100%	n/a	2.3%
T.L. Smith	(4) Issued 29 Mar 13	32,036	nil	nil	nil	4.1%

Reg2M.3.03(1) (Item 16)

During the year, the following key management personnel exercised options that were granted to them as part of their compensation. Each option converts into one ordinary share of GAAP Holdings (Australia) Limited.

Name	No. of options exercised	No. of ordinary shares of GAAP Holdings (Australia) Limited issued	Amount paid	Amount unpaid
Mr P.H. Taylor	50,000	50,000	$50,000	$nil
W.L. Lee	6,250	6,250	$6,250	$nil
L.J. Jackson	6,250	6,250	$6,250	$nil
C.P. Daniels	4,167	4,167	$4,167	$nil
N.W. Wright	4,167	4,167	$4,167	$nil

Source	GAAP Holdings (Australia) Limited

s.300A(1)(e)(ii)-(iv)

The following table summarises the value of options to key management personnel granted, exercised or lapsed during the year:

	Value of options granted at the grant date (i) $	Value of options exercised at the exercise date $	Value of options lapsed at the date of lapse (ii) $
P.H. Taylor	105,600	88,000	-
W.L. Lee	7,500	15,750	-
L.J. Jackson	7,500	15,750	-
C.P. Daniels	5,000	10,501	-
N.W. Wright	5,000	10,501	-
T.L. Smith	33,638	-	-

(i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards.
(ii) The value of options lapsing during the period due to the failure to satisfy a vesting condition is determined assuming the vesting condition had been satisfied.

Compensation

Reg2M.3.03(1) (Item 12)

For each grant of a cash bonus, performance related bonus or share-based payment compensation benefit made to a s.300A(1)(c) identified person, whether part of a specific contract for services or not, the remuneration report must include the terms and conditions of each grant affecting compensation in the reporting period or a future reporting period, including the following:

(a) the grant date;
(b) the nature of the compensation;
(c) the service and performance criteria used to determine the amount of compensation;
(d) if there has been any alteration of the terms or conditions of the grant since the grant date – the date, details and effect of each alteration (see also 'alterations and modifications' below);
(e) the percentage of the bonus or grant for the financial year that was paid to the period, or that vested in the person, in the financial year;
(f) the percentage of the bonus or grant for the financial year that was forfeited by the person (because the person did not meet the service and performance criteria for the bonus or grant) in the financial year;
(g) the financial years, after the financial year which the report relates, for which the bonus or grant will be payable if the person meets the service and performance criteria for the bonus or grant; and
(h) estimates of the maximum and minimum possible total value of the bonus or grant (other than option grants) for financial years after the financial year to which the report relates.

Options and rights over equity instruments

Reg2M.3.03(3)

A disclosure required by Regulation 2M.3.03(1)(Item 15) and Regulation 2M.3.03(1)(Item 16) must:

(a) be separated into each class of equity instrument; and
(b) identify each class of equity instrument by:
    (i) the name of the issuing entity;
    (ii) the class of equity instrument; and
    (iii) if the instrument is an option or right – the class and number of equity instruments for which it may be exercised.

Reg2M.3.03(1) (Item 15)

If options and rights over an equity instrument issued or issuable by the disclosing entity or any of its subsidiaries have been provided as compensation to a s.300A(1)(c) identified person during the reporting period:

(a) the number of options and the number of rights that:
    (i) have been granted; and
    (ii) have vested
    during the reporting period;
(b) the terms and conditions of each grant made during the reporting period, including:
    (i) the fair value per option or right at grant date; and
    (ii) the exercise price per share or unit; and
    (iii) the amount, if any, paid or payable, by the recipient; and

Source	GAAP Holdings (Australia) Limited
	(iv) the expiry date; and (v) the date or dates when the options or rights may be exercised; and (vi) a summary of the service and performance criteria that must be met before the beneficial interest vests in the person.
Reg2M.3.03(1) (Item 16)	If an equity instrument that is issued or issuable by the disclosing entity or any of its subsidiaries has been provided as a result of the exercise during the reporting period of options and rights that have been granted as compensation to a person: (a) the number of equity instruments; (b) if the number of options or rights exercised differs from the number of equity instruments disclosed under paragraph (a) – the number of options or rights exercised; (c) the amount paid per instrument; and (d) the amount unpaid per instrument.
	Alterations and modifications
Reg2M.3.03(1) (Item 14)	If the terms of share-based payment transactions (including options or rights) granted as compensation to key management personnel have been altered or modified by the issuing entity during the reporting period: (a) the date of the alteration; (b) the market price of the underlying equity instrument at the date of the alteration; (c) the terms of the grant of compensation immediately before the alteration, including: (i) the number and class of the underlying equity instruments, exercise price; and (ii) the time remaining until expiry; and (iii) each other condition in the terms that affects the vesting or exercise of an option or other right; (d) the new terms; and (e) the difference between: (i) the total of the fair value of the options or other rights affected by the alteration immediately before the alteration; and (ii) the total of the fair value of the options or other rights immediately after the alteration.
	Key terms of employment contracts
	The report must also include, for each s.300A(1)(c) identified person:
s.300A(1)(e)(vii)	(a) if the person is employed by the company under a contract – the duration of the contract, the periods of notice required to terminate the contract and the termination payments provided for under the contract;
Reg2M.3.03(1) (Item 13)	(b) for each contract for services between a person and the disclosing entity (or any of its subsidiaries), any further explanation that is necessary in addition to those prescribed in s.300A(1)(ba) (refer page B16) and Regulation 2M.3.03(1)(Item 12) (refer page B21) to provide an understanding of: (i) how the amount of compensation in the current reporting period was determined; and (ii) how the terms of the contract affect compensation in future periods.
s.298(2)	This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001. On behalf of the Directors *(Signature)* C.J. Chambers Director Sydney, 11 September 2013

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The Board of Directors
GAAP Holdings (Australia) Limited
167 Admin Ave
SYDNEY, NSW 2000

11 September 2013

Dear Board Members,

GAAP Holdings (Australia) Limited

s.298(1AA)(c), s.307C, ASIC-CO 98/2395

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of GAAP Holdings (Australia) Limited.

As lead audit partner for the audit of the financial statements of GAAP Holdings (Australia) Limited for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

T.L. Green
Partner
Chartered Accountants

Source	GAAP Holdings (Australia) Limited
s.307C(1), (3)	If an audit firm, audit company or individual auditor conducts an audit or review of the financial statements for the financial year, the lead auditor must give the directors of the company, registered scheme or disclosing entity a written declaration that, to the best of the lead auditor's knowledge and belief, there have been: (i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit or review; and (ii) no contraventions of any applicable code of professional conduct in relation to the audit or review; or a written declaration that, to the best of the lead auditor's knowledge and belief, the only contraventions of: (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit or review; or (ii) any applicable code of professional conduct in relation to the audit or review; are those contraventions details of which are set out in the declaration.
s.307C(5)(a)	The auditor's independence declaration must be given when the audit report is given to the directors of the company, registered scheme or disclosing entity (other than when the conditions in s.307(5A) are satisfied – see below) and must be signed by the person making the declaration.
s.307(5A)	A declaration under s.307C(1) or s.307C(3) in relation to financial statements for a financial year satisfies the conditions in this subsection if: (a) the declaration is given to the directors of the company, registered scheme or disclosing entity before the directors pass a resolution under s.298(2) in relation to the directors' report for the financial year; and (b) a director signs the directors' report within 7 days after the declaration is given to the directors; and (c) the auditors' report on the financial statements is made within 7 days after the directors' report is signed; and (d) the auditors' report includes either of the following statements: i. a statement to the effect that the declaration would be in the same terms if it had been given to the directors at the time that auditors' report was made; ii. a statement to the effect that circumstances have changed since the declaration was given to the directors, and setting out how the declaration would differ if it had been given to the directors at the time the auditor's report was made.
s.307C(5B)	An individual auditor or lead auditor is not required to give a declaration under s.307C(1) and s.307C(3) in respect of a contravention if: (a) the contravention was a contravention by a person of s.324CE(2) or s.324CG(2) (strict liability contravention of specific independence requirements by individual auditor or audit firm), or s.324CF(2) (contravention of independence requirements by members of audit firms); and (b) the person does not commit an offence because of s.324CE(4), s.324CF(4) or s.324CG(4) (quality control system defence).

Source	GAAP Holdings (Australia) Limited
	Independent auditor's report to the members of GAAP Holdings (Australia) Limited
	An independent auditor's report shall be prepared by the auditor in accordance with the Australian Auditing Standards.
	Duty to form an opinion
	The auditor is required to form an opinion on the following:
s.307(a), s.308(1)	• whether the financial statements are in accordance with the Corporations Act 2001, including: i. whether the financial statements comply with accounting standards; and ii. whether the financial statements give a true and fair view of the financial performance and position of the entity (or consolidated entity);
s.307(aa)	• if the financial statements include additional information under s.295(3)(c) (information included to give true and fair view of financial position and performance) – whether the inclusion of that additional information was necessary to give the true and fair view required by s.297;
s.307(b)	• whether the auditor has been given all information, explanations and assistance necessary for the conduct of the audit;
s.307(c)	• whether the company, registered scheme or disclosing entity has kept financial records sufficient to enable financial statements to be prepared and audited;
s.307(d)	• whether the company, registered scheme or disclosing entity has kept other records and registers as required by the Corporations Act 2001;
s.308(3C)	• if the directors' report for the financial year includes a remuneration report, whether the auditor is of the opinion that the remuneration report complies with s.300A of the Corporations Act 2001. If not of that opinion, the auditor's report must say why; and
s.308(3A), ASA700.49A	• when an entity, in accordance with Australian Accounting Standard AASB 101 'Presentation of Financial Statements', has included in the notes to the financial statements an explicit and unreserved statement of compliance with IFRSs, whether the auditor is of the opinion that the financial statements comply with IFRSs. The auditor is only required to include in the audit report this opinion where the auditor agrees with the entity's statement of compliance,
s.308(3)(b)	The auditor is only required to include in the audit report particulars of any deficiency, failure or shortcoming in respect of any matter referred to in s.307(b), (c) or (d) above.
	Qualified audit opinions
s.308(2)	Where, in the auditor's opinion, there has been a departure from a particular Australian Accounting Standard, the audit report must, to the extent that is practicable to do so, quantify the effect that non-compliance has on the financial statements. If it is not practicable to quantify the effect fully, the report must say why.
	Duty to report
s.308(3)(a)	The auditor is required to report any defect or irregularity in the financial statements.
s.308(3A)	The audit report must include any statements or disclosures required by the auditing standards.
s.308(3B)	If the financial statements include additional information under s.295(3)(c) (information included to give true and fair view of financial position and performance), the audit report must also include a statement of the auditor's opinion on whether the inclusion of that additional information was necessary to give the true and fair view required by s.297.
	Duty to inform
s.311(c)	The auditor must inform the ASIC in writing if the auditor is aware of circumstances that: • the auditor has reasonable grounds to suspect amount to a contravention of the Corporations Act 2001; or • amount to an attempt, in relation to the audit, by any person to unduly influence, coerce, manipulate or mislead a person involved in the conduct of the audit; or • amount to an attempt, by any person, to otherwise interfere with the proper conduct of the audit.
s.311	The auditor is required to notify ASIC in writing of the circumstances of the matters outlined above as soon as practicable and in any case within 28 days, after the auditor becomes aware of those circumstances.
ASIC-RG 34	ASIC Regulatory Guide 34 provides guidance on the procedures to be followed by registered company auditors in complying with s.311 of the Corporations Act 2001, including specific reference to evidence of a contravention, examples of contraventions and timing of notification.

Source	GAAP Holdings (Australia) Limited
	Directors' declaration
	The directors declare that:
s.295(4)(c)	(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
s. 295(4)(ca)	(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3.1 to the financial statements;
s.295(4)(d)	(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
s.295(4)(e)	(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001 [listed companies, listed disclosing entities and listed registered schemes only].
ASIC-CO 98/1418	At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee. In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 39 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.
s.295(5)	Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.
	On behalf of the Directors
	(Signature) C.J. Chambers Director
	Sydney, 11 September 2013

Source	GAAP Holdings (Australia) Limited

Format of the financial statements

General disclosures

Minimum general requirements relating to the format of the financial statements are included in Australian Accounting Standards AASB 101 'Presentation of Financial Statements' and AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and have been implicitly applied in the model financial statements. These include:

AASB101.49 (a) An entity shall clearly identify the financial statements and distinguish them from other information in the same published document;

AASB101.36 (b) An entity shall present a complete set of financial statements (including comparative information) at least annually;

AASB101.36 (c) When an entity changes the end of its reporting period and presents financial statements for a period longer or shorter than one year, an entity shall disclose, in addition to the period covered by the financial statements:
- (i) the reason for using a longer or shorter period; and
- (ii) the fact that amounts presented in the financial statements are not entirely comparable;

AASB101.51 (d) An entity shall clearly identify each financial statement and the notes;

AASB101.51 (e) An entity shall display the following information prominently, and repeat it when necessary for the information presented to be understandable:
- AASB101.51(a) (i) the name of the reporting entity or other means of identification, and any change in that information from the end of the preceding reporting period (for example, to give a proper understanding, the change of name may be disclosed on the cover of the annual report and repeated in the directors' report, the directors' declaration, auditor's independence declaration, independent auditor's report and on the face of the financial statements);
- AASB101.51(b) (ii) whether the financial statements are of the individual entity or a group of entities;
- AASB101.51(c) (iii) the date of the end of the reporting period or the period covered by the set of financial statements or notes;
- AASB101.51(d) (iv) the presentation currency, as defined in AASB 121 'The Effects of Changes in Foreign Exchange Rates'; and
- AASB101.51(e) (v) the level of rounding used in presenting amounts in the financial statements; and

AASB101.45 (f) An entity shall retain the presentation and classification of items in the financial statements from one period to the next unless:
- AASB101.45(a) (i) it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in AASB 108; or
- AASB101.45(b) (ii) an Australian Accounting Standard requires a change in presentation.

Specific disclosures

Where the following is not disclosed elsewhere in information published with the financial statements, the information shall be disclosed in the financial statements:

AASB101.138(a) (a) the domicile and legal form of the entity, its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office); For a listed entity, this information would normally be disclosed in additional securities exchange information. However, non-listed entities will need to ensure that this information is specifically included in the financial statements. These disclosure requirements are illustrated in note 1 to the model financial statements.

AASB101.138(b) (b) a description of the nature of the entity's operations and its principal activities; Complying with the Corporations Act 2001 directors' report requirements, in relation to principal activities, will ensure compliance with these requirements. This disclosure requirement is illustrated in the directors' report.

AASB101.138(c) (c) the name of the parent and the ultimate parent of the group; and

AASB101.138(d) (d) if it is a limited life entity, information regarding the length of its life.

Notes to the financial statements

AASB101.112 The notes shall:

(a) present information about the basis of preparation of the financial statements and the specific accounting policies used;

(b) disclose the information required by Australian Accounting Standards that is not presented elsewhere in the financial statements; and

(c) provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.

Source	GAAP Holdings (Australia) Limited
AASB101.113	An entity shall, as far as practicable, present notes in a systematic manner. An entity shall cross-reference each item in the statements of financial position and of comprehensive income, in the separate income statement (if presented), and in the statements of changes in equity and of cash flows to any related information in the notes.
	Comparative information
AASB101.38	Except when Australian Accounting Standards permit or require otherwise, an entity shall disclose comparative information in respect of the previous period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information when it is relevant to an understanding of the current period's financial statements.
	Reclassification of financial information
AASB101.41	When the entity changes the presentation or classification of items in its financial statements, the entity shall reclassify comparative amounts unless reclassification is impracticable. When the entity reclassifies comparative amounts, the entity shall disclose: (a) the nature of the reclassification; (b) the amount of each item or class of items that is reclassified; and (c) the reason for the reclassification.
AASB101.42	When it is impracticable to reclassify comparative amounts, an entity shall disclose: (a) the reason for not reclassifying the amounts; and (b) the nature of the adjustments that would have been made if the amounts had been reclassified.
	Errors made in prior periods
AASB108.42	Material prior period errors shall be retrospectively corrected in the first financial statements authorised for issue after their discovery by: (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.
AASB108.43 AASB108.44	However, to the extent that it is impracticable to determine either: (a) the period-specific effects of an error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (which may be the current period); or
AASB108.45	(b) the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable.
AASB108.46	The correction of a prior period error is excluded from profit or loss for the period in which the error is discovered. Any information presented about prior periods, including any historical summaries of financial data, is restated as far back as is practicable. The disclosure requirements are illustrated in note 4 to the model financial statements.
	Change in accounting estimates
AASB108.36	The effect of a change in an accounting estimate shall be recognised prospectively by including it in profit or loss in: (a) the period of the change, if the change affects that period only; or (b) the period of the change and future periods, if the change affects both.
AASB108.37	To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change. The disclosure requirements with respect to revisions of accounting estimates are illustrated in note 4 to the model financial statements.

Source	GAAP Holdings (Australia) Limited
	True and fair override
AASB101.15	Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.
AASB101.19	In the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the Framework, the entity shall depart from that requirement in the manner set out in AASB 101 para.20 if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure.
AASB101. Aus19.1	In relation to AASB 101 para.19 above, the following shall not depart from a requirement in an Australian Accounting Standard: (a) entities required to prepare financial reports under Part 2M.3 of the Corporations Act; (b) private and public sector not-for-profit entities; and (c) entities applying Australian Accounting Standards – Reduced Disclosure Requirements.
AASB101.23	In the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the Framework, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing: (a) the title of the Australian Accounting Standard in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in the Framework; and (b) for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation.
	Consolidated entity vs. group
	The provisions of the Corporations Act 2001 use the term ‘consolidated entity’, rather than ‘group’, to refer to the parent entity and the subsidiaries included in the consolidated financial statements. Therefore, where consolidated financial statements are prepared under the Corporations Act 2001, the directors’ report, directors’ declaration, auditor’s independence declaration and independent auditor’s report shall adopt the term ‘consolidated entity’. However, as the Accounting Standards use the term ‘group’ to refer to the parent entity and its subsidiaries, it would be equally acceptable for the financial statements and the notes thereto to adopt the term ‘group’, as has been illustrated in the model financial statements.

Index to the consolidated financial statements

Source	GAAP Holdings (Australia) Limited			
AASB101.10(b), 51(b), (c)	**Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2013**			**[Alt 1]**
AASB101.113		Notes	Year ended 30/06/13	Year ended 30/06/12
AASB101.51(d), (e)			$'000	$'000
	Continuing operations			
AASB101.82(a)	Revenue	5	140,918	151,840
AASB101.99	Cost of sales		(87,897)	(91,840)
AASB101.85	Gross profit		53,021	60,000
AASB101.85	Investment income	7	3,608	2,351
AASB101.85	Other gains and losses	8	647	1,005
AASB101.82(c)	Share of profits of associates	20	1,186	1,589
AASB101.85	Gain recognised on disposal of interest in former associate	20	581	-
AASB101.99	Distribution expenses		(5,087)	(4,600)
AASB101.99	Marketing expenses		(3,305)	(2,254)
AASB101.99	Occupancy expenses		(2,128)	(2,201)
AASB101.99	Administration expenses		(11,001)	(15,124)
AASB101.82(b)	Finance costs	9	(4,418)	(6,023)
AASB101.99	Other expenses		(2,801)	(2,612)
AASB101.85	Profit before tax		30,303	32,131
AASB101.82(d)	Income tax expense	10	(11,564)	(11,799)
AASB101.85	Profit for the year from continuing operations	13	18,739	20,332
	Discontinued operations			
AASB101.82(ea)	Profit for the year from discontinued operations	11	8,310	9,995
AASB101.81A(a)	**PROFIT FOR THE YEAR**		27,049	30,327
AASB101.91(a)	**Other comprehensive income, net of income tax**	38		
AASB101.82A(a)	**Items that will not be reclassified subsequently to profit or loss:**			
AASB101.82A(a)	Gain on revaluation of properties		-	1,150
AASB101.82A(a)	Share of gain (loss) on property revaluation of associates		-	-
AASB101.82A(a)	Others (please specify)		-	-
			-	1,150
AASB101.82A(b)	**Items that may be reclassified subsequently to profit or loss:**			
AASB101.82A(b)	Exchange differences on translating foreign operations		(39)	85
AASB101.82A(b)	Net fair value gain on available-for-sale financial assets		66	57
AASB101.82A(b)	Net fair value gain on hedging instruments entered into for cash flow hedge		39	20
AASB101.82A(b)	Others (Please specify)		-	-
			66	162
AASB101.81A(b)	Other comprehensive income for the year, net of income tax		66	1,312
AASB101.81A(c)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		27,115	31,639
	Profit for the year attributable to:			
AASB101.81B(a)(ii)	Owners of the Company		23,049	27,564
AASB101.81B(a)(i)	Non-controlling interests		4,000	2,763
			27,049	30,327

Source	GAAP Holdings (Australia) Limited			
	Consolidated statement of comprehensive income for the year ended 30 June 2013 – continued			**[Alt 1]**
		Notes	Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
	Total comprehensive income attributable to:			
AASB101.81B(b)(ii)	Owners of the Company		23,115	28,876
AASB101.81B(b)(i)	Non-controlling interests		4,000	2,763
			27,115	31,639
	Earnings per share	14		
	From continuing and discontinued operations			
AASB133.66	Basic (cents per share)		132.2	137.0
AASB133.66	Diluted (cents per share)		115.5	130.5
	From continuing operations			
AASB133.66	Basic (cents per share)		84.5	87.3
AASB133.66	Diluted (cents per share)		74.0	83.2

The Group has applied the amendments to AASB 101 arising from AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income' which is effective for annual periods beginning on or after 1 July 2012. The amendments to AASB 101 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss.

AASB101.10A

One statement vs. two statements

The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Alt 1 above illustrates the presentation of profit or loss and other comprehensive income in one statement with expenses analysed by function. Alt 2 (see next pages) illustrates the presentation of profit or loss and other comprehensive income in two separate but consecutive statements with expenses analysed by nature.

Whichever presentation approach is adopted, the distinction is retained between items recognised in profit or loss and items recognised in other comprehensive income. The objective under both approaches is to arrive at an amount for 'total comprehensive income', Under the two-statement approach, the separate statement of profit or loss ends at 'profit for the year', and this 'profit for the year' is then the starting point for the statement of profit or loss and other comprehensive income, which is required to be presented immediately following the statement of profit or loss. In addition, the analysis of 'profit for the year' between the amount attributable to the owners of the Company and the amount attributable to non-controlling interests is presented as part of the separate statement of profit or loss.

AASB101.82A

Other comprehensive income: items that may or may not be reclassified

Irrespective of whether the one-statement or the two-statement approach is followed, the items of other comprehensive income should be classified by nature and grouped into those that, in accordance with other AASBs:

(a) will not be reclassified subsequently to profit or loss; and
(b) will be reclassified subsequently to profit or loss when specific conditions are met.

Source	GAAP Holdings (Australia) Limited
AASB101.94	**Presentation options for reclassification adjustments** In addition, in accordance with paragraph 94 of AASB 101, an entity may present reclassification adjustments in the statement(s) of profit or loss and other comprehensive income or in the notes. In Alt1 above, the reclassification adjustments have been presented in the notes. Alt 2 (see next pages) illustrates the presentation of the reclassification adjustments in the consolidated statement of profit or loss and other comprehensive income.
AASB101.91	**Presentation options for income tax relating to items of other comprehensive income** Furthermore, for items of other comprehensive income, additional presentation options are available as follows: the individual items of other comprehensive income may be presented net of tax in the statement of profit or loss and other comprehensive income (as illustrated on the previous pages), or they may be presented gross with a single line deduction for tax relating to those items by allocating the tax between the items that may be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to profit or loss section (see Alt 2). Which ever option is selected, the income tax relating to each item of other comprehensive income must be disclosed, either in the statement of profit or loss and other comprehensive income or in the notes (see Note 10)

Source	GAAP Holdings (Australia) Limited			
AASB101.10A,51 (b), (c)	**Consolidated statement of profit or loss for the year ended 30 June 2013**			**[Alt 2]**
AASB101.113		Notes	Year ended 30/06/13	Year ended 30/06/12
AASB101.51(d), (e)			$'000	$'000
	Continuing operations			
AASB101.82(a)	Revenue	5	140,918	151,840
AASB101.85	Investment income	7	3,608	2,351
AASB101.85	Other gains and losses	8	647	1,005
AASB101.82(c)	Share of profits of associates	20	1,186	1,589
AASB101.85	Gain recognised on disposal of interest in former associate	20	581	-
AASB101.99	Changes in inventories of finished goods and work in progress		(7,134)	2,118
AASB101.99	Raw materials and consumables used		(70,391)	(85,413)
AASB101.99	Depreciation and amortisation expenses	13	(14,179)	(17,350)
AASB101.99	Employee benefits expense	13	(9,803)	(11,655)
AASB101.82(b)	Finance costs	9	(4,418)	(6,023)
AASB101.99	Consulting expense		(3,120)	(1,926)
AASB101.99	Other expenses		(7,592)	(4,405)
AASB101.85	Profit before tax		30,303	32,131
AASB101.82(d)	Income tax expense	10	(11,564)	(11,799)
AASB101.85	Profit for the year from continuing operations	13	18,739	20,332
	Discontinued operations			
AASB101.82(ea)	Profit for the year from discontinued operations	11	8,310	9,995
AASB101.81A(a)	**PROFIT FOR THE YEAR**		27,049	30,327
	Attributable to:			
AASB101.81B(a) (ii)	Owners of the Company		23,049	27,564
AASB101.81B(a) (i)	Non-controlling interests		4,000	2,763
			27,049	30,327
	Earnings per share	14		
	From continuing and discontinued operations			
AASB133.66, 67A	Basic (cents per share)		132.2	137.0
AASB133.66, 67A	Diluted (cents per share)		115.5	130.5
	From continuing operations			
AASB133.66, 67A	Basic (cents per share)		84.5	87.3
AASB133.66, 67A	Diluted (cents per share)		74.0	83.2

The format outlined above aggregates expenses according to their nature.
See the previous page for a discussion of the format of the statement of profit or loss and other comprehensive income. Note that where the two-statement approach is adopted (above and on the next page), as required by AASB101.10A, the statement of profit or loss must be displayed immediately before the statement of profit or loss and other comprehensive income.

Source	GAAP Holdings (Australia) Limited		
AASB101.10A, 51(b), (c)	**Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2013**		**[Alt 2]**
AASB101.113		Year ended 30/06/13	Year ended 30/06/12
AASB101.51(d), (e)		$'000	$'000
AASB101.10A	**Profit for the year**	27,049	30,327
	Other comprehensive income		
AASB101.82A(a)	**Items that will not be reclassified subsequently to profit or loss:**		
AASB101.82A(a)	Gain on revaluation of properties	-	1,643
AASB101.82A(a)	Share of gain(loss) on property revaluation of associates	-	-
AASB101.82A(a)	Others (please specify)	-	-
AASB101.91(b)	Income tax relating to items that will not be reclassified subsequently	-	(493)
		-	1,150
	Items that may be reclassified subsequently to profit or loss:		
AASB101.82A(b)	Exchange differences on translating foreign operations		
AASB101.82A(b)	Exchange differences arising during the year	75	121
AASB101.82A(b)	Loss on hedging instruments designated in hedges of the net assets of foreign operations	(12)	-
AASB101.82A(b)	Reclassification adjustments relating to foreign operations disposed of in the year	(166)	-
AASB101.82A(b)	Reclassification adjustments relating to hedges of the net assets of foreign operations disposed of in the year	46	-
		(57)	121
AASB101.82A(b)	Available-for-sale financial assets		
AASB101.82A(b)	Net fair value gain on available-for-sale financial assets during the year	94	81
AASB101.82A(b)	Reclassification adjustments relating to available-for-sale financial assets disposed of in the year	-	-
		94	81
AASB101.82A(b)	Cash flow hedges		
AASB101.82A(b)	Fair value gains arising during the year	436	316
AASB101.82A(b)	Reclassification adjustments for amounts recognised in profit or loss	(123)	(86)
AASB101.82A(b)	Adjustments for amounts transferred to the initial carrying amounts of hedged items	(257)	(201)
		56	29
AASB101.82A(b)	Others(please specify)	-	-
AASB101.91(b)	Income tax relating to items that may be reclassified subsequently	(27)	(69)
AASB101.81A(b)	Other comprehensive income for the year, net of income tax	66	(1,312)
AASB101.81A(c)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**	27,115	31,639
	Total comprehensive income attributable to:		
AASB101.81B(b)(ii)	Owners of the Company	23,115	28,876
AASB101.81B(b)(i)	Non-controlling interests	4,000	2,763
		27,115	31,639

Source	GAAP Holdings (Australia) Limited
	Presentation of revenues and expenses
AASB101.10A	An entity may present a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections. The sections shall be presented together, with the profit or loss section presented first followed directly by the other comprehensive income section. An entity may present the profit or loss section in a separate statement of profit or loss. If so, the separate statement of profit or loss shall immediately precede the statement presenting comprehensive income, which shall begin with profit or loss.
AASB101.81A	The statement of profit or loss and other comprehensive income (statement of comprehensive income) shall present, in addition to the profit or loss and other comprehensive income sections: (a) profit or loss; (b) total other comprehensive income; (c) comprehensive income for the period, being the total of profit or loss and other comprehensive income. If an entity presents a separate statement of profit or loss it does not present the profit or loss section in the statement presenting comprehensive income.
AASB 101.81B	An entity shall present the following items, in addition to the profit or loss and other comprehensive income sections, as allocation of profit or loss and other comprehensive income for the period: (a) profit or loss for the period attributable to: (i) non-controlling interests; and (ii) owners of the parent. (b) total comprehensive income for the period attributable to: (i) non-controlling interests; and (ii) owners of the parent. If an entity presents profit or loss in a separate statement it shall present (a) in that statement.
AASB 101.82	In addition to items required by other Australian Accounting Standards, the profit or loss section or the statement of profit or loss shall include line items that present the following amounts for the period: (a) revenue; (b) finance costs; (c) share of the profit or loss of associates and joint ventures accounted for using the equity method; (d) tax expense; (e) [deleted by the IASB] (ea) a single amount for the total of discontinued operations (see AASB5). (f)-(i) [deleted by the IASB]
AASB101.82A	The other comprehensive income section shall present line items for amounts of other comprehensive income in the period, classified by nature (including share of the other comprehensive income of associates and joint ventures accounted for using the equity method) and grouped into those that, in accordance with other Australian Accounting Standards: (a) will not be reclassified subsequently to profit or loss; and (b) will be reclassified subsequently to profit or loss when specific conditions are met.
AASB101.88	All items of income and expense recognised in a period are to be included in profit or loss unless another Accounting Standard requires otherwise. Other Accounting Standards require some gains and losses (for example, revaluation increases and decreases, particular foreign exchange differences, gains or losses on remeasuring available-for-sale financial assets, and related amounts of current tax and deferred tax) to be recognised directly as changes in equity. Examples of items of income and expense recognised directly in equity not illustrated in these model financial statements include: • gains/losses on a hedge of the net investment in a foreign operation • transfers to profit or loss on impairment of available-for-sale financial assets • transfers to profit or loss on sale of available-for-sale financial assets • share of increments in reserves attributable to associate • share of increments in reserves attributable to jointly controlled entities
AASB101.99, 100	An entity shall present, in the statement(s) presenting profit or loss and other comprehensive income, or in the notes, an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant. Sub-classifications of expenses by nature or function have been illustrated in the example on the face of the statement(s) presenting profit or loss and other comprehensive income respectively as is encouraged by the Accounting Standard.

Source	GAAP Holdings (Australia) Limited
AASB101.105	The choice between the function of expense method and the nature of expense method depends on historical and industry factors and the nature of the entity. Both methods provide an indication of those costs that might vary, directly or indirectly, with the level of sales or production of the entity. Because each method of presentation has merit for different types of entities, management is required to select the most relevant and reliable presentation. However, because information on the nature of expenses is useful in predicting future cash flows, additional disclosure is required when the function of expense classification is used.
AASB101.29,30 AASB101.31	Regardless of whether expenses are classified by nature or by function, each material class is separately disclosed. Unclassified expenses that are immaterial both individually and in aggregate may be combined and presented as a single line item. An item that is not sufficiently material to warrant separate presentation on the face of the financial statements may nevertheless be sufficiently material for it to be presented separately in the notes. It follows that the total of unclassified expenses is unlikely to exceed 10% of total expenses classified by nature or by function, whether disclosed either on the face or in the notes to the financial statements.
	Offsetting
AASB101.32	An entity shall not offset income and expenses, unless required or permitted by an Australian Accounting Standard.
AASB101.34	An entity undertakes, in the course of its ordinary activities, transactions that do not generate revenue but are incidental to the main revenue-generating activities. An entity presents the results of such transactions, when this presentation reflects the substance of the transaction or other event, by netting any income with related expenses arising on the same transaction. For example: (a) an entity presents gains and losses on the disposal of non-current assets, including investments and operating assets, by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses; and (b) an entity may net expenditure related to a provision that is recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and reimbursed under a contractual arrangement with a third party (for example, a supplier's warranty agreement) against the related reimbursement.
AASB101.35	An entity presents on a net basis gains and losses arising from a group of similar transactions, for example, foreign exchange gains and losses or gains and losses arising on financial instruments held for trading. However, an entity presents such gains and losses separately if they are material.
	Disclosure of specific revenues and expenses
AASB101.97	When items of income and expense are material, an entity shall disclose their nature and amount separately either in the statement(s) presenting profit or loss and other comprehensive income or in the notes.
	Disclosure of additional information
AASB101.85	An entity shall present additional line items, headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income, when such presentation is relevant to an understanding of the entity's financial performance.
	Prohibition on extraordinary items
AASB101.87	An entity shall not present any items of income or expense as extraordinary items, in the statement (s) presenting profit or loss and other comprehensive income, or in the notes.
	Other comprehensive income for the period
AASB119.93B	Where an entity recognises actuarial gains and losses with respect to defined benefit plans in other comprehensive income, the entity must present these in the statement of profit or loss and other comprehensive income. Illustrative examples of a statement of profit or loss and other comprehensive income are presented on pages B33 and B35.

Source	GAAP Holdings (Australia) Limited				
AASB101.10(a), (f), 51(b), (c)	**Consolidated statement of financial position at 30 June 2013**				
AASB101.113 AASB101.51(d), (e)		Notes	30/06/13 $'000	30/06/12 $'000	01/07/11 $'000
	Assets				
AASB101.60	*Current assets*				
AASB101.54(i)	Cash and bank balances	48	23,446	19,778	9,082
AASB101.54(h)	Trade and other receivables	15	19,735	16,292	14,002
AASB101.55	Finance lease receivables	16	198	188	182
AASB101.54(d)	Other financial assets	17	8,757	6,949	5,528
AASB101.54(g)	Inventories	18	31,213	28,982	29,688
AASB101.54(n)	Current tax assets	10	125	60	81
AASB101.55	Other assets	26	-	-	-
			83,474	72,249	58,563
AASB101.54(j)	Assets classified as held for sale	12	22,336	-	-
	Total current assets		105,810	72,249	58,563
AASB101.60	*Non-current assets*				
AASB101.54(e)	Investments in associates	20	7,402	7,270	5,706
AASB101.55	Finance lease receivables	16	830	717	739
AASB101.54(d)	Other financial assets	17	10,771	9,655	7,850
AASB101.54(a)	Property, plant and equipment	22	109,783	134,211	161,058
AASB101.54(b)	Investment property	23	1,936	1,642	170
AASB101.54(o)	Deferred tax assets	10	-	-	-
AASB101.55	Goodwill	24	20,285	24,060	23,920
AASB101.54(c)	Other intangible assets	25	9,739	11,325	12,523
AASB101.55	Other assets	26	-	-	-
	Total non-current assets		160,746	188,880	211,966
	Total assets		266,556	261,129	270,529

AASB101

AASB 101.10(f) requires that an entity should present a statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

AASB2012-5

As part of the 2009-2011 annual improvements cycle, AASB101 'Presentation of Financial Statements' has been revised to provide guidance on statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes should be presented in the financial statements. Based on the amendments, an entity is required to present a third statement of financial position if:

(a) it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and
(b) the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the third statement of financial position.

Other than disclosures of certain specified information as required by AASB101.41-44 and AASB108, the related notes to the third statement of financial position are not required to be disclosed.

In this model, the application of new and revised standards does not result in any retrospective restatement of items in the financial statements (see note 2). However, this model does include the additional statement of financial position for illustrative purposes only in order to show the level of detail to be disclosed when entities, after considering the specific facts and circumstances and exercising judgement, conclude that the additional statement of financial position should be presented.

Source	GAAP Holdings (Australia) Limited				
	Consolidated statement of financial position at 30 June 2013 – continued				
		Notes	30/06/13 $'000	30/06/12 $'000	01/07/11 $'000
	Liabilities				
AASB101.60	*Current liabilities*				
AASB101.54(k)	Trade and other payables	28	16,373	21,220	52,750
AASB101.55	Borrowings	29	22,446	25,600	33,618
AASB101.54(m)	Other financial liabilities	31	116	18	-
AASB101.54(n)	Current tax liabilities	10	5,270	5,868	4,910
AASB101.54(l)	Provisions	32	3,356	3,195	2,235
AASB101.55	Deferred revenue	33	355	52	63
AASB101.55	Other liabilities	34	90	95	-
			48,006	56,048	93,576
AASB101.54(p)	Liabilities directly associated with assets classified as held for sale	12	3,684	-	-
	Total current liabilities		51,690	56,048	93,576
AASB101.60	*Non-current liabilities*				
AASB101.55	Borrowings	29	20,221	31,478	28,014
AASB101.54(m)	Other financial liabilities	31	15,001	-	-
AASB101.55	Retirement benefit obligation	36	508	352	739
AASB101.54(o)	Deferred tax liabilities	10	4,646	3,693	2,593
AASB101.54(l)	Provisions	32	2,294	2,231	4,102
AASB101.55	Deferred revenue	33	219	95	41
AASB101.55	Other liabilities	34	180	270	-
	Total non-current liabilities		43,069	38,119	35,489
	Total liabilities		94,759	94,167	129,065
	Net assets		171,797	166,962	141,464
	Equity				
	Capital and reserves				
AASB101.55	Issued capital	37	32,439	48,672	48,672
AASB101.55	Reserves	38	4,237	3,376	1,726
AASB101.55	Retained earnings	39	110,805	94,909	73,824
			147,481	146,957	124,222
AASB101.55	Amounts recognised directly in equity relating to assets classified as held for sale	12	-	-	-
AASB101.54(r)	Equity attributable to owners of the Company		147,481	146,957	124,222
AASB101.54(q)	Non-controlling interests	41	24,316	20,005	17,242
	Total equity		171,797	166,962	141,464

Source	GAAP Holdings (Australia) Limited
	Third statement of financial position
AASB101.10(f) AASB2012-5	An entity is required to present a statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with AASB101 paragraphs 40A-40D. Note that a third statement of financial position is illustrated on page B39.
	Current/non-current vs. liquidity presentation
AASB101.60,61	All assets and all liabilities shall be classified and presented as either current or non-current unless they are presented in order of their liquidity. The term 'current' is defined for:
AASB101.66	(a) assets, as an asset that is: i. expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle; ii. held primarily for the purpose of being traded; iii. expected to be realised within 12 months after the reporting period; or iv. cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period;
AASB101.69	(b) liabilities, as a liability that: i. is expected to be settled in the entity's normal operating cycle; ii. is held primarily for the purpose of being traded; iii. is due to be settled within 12 months after the reporting period; or iv. the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
AASB101.60	A liquidity basis shall only be presented where a liquidity presentation provides information that is reliable and more relevant than the current/non-current presentation. The liquidity basis of presentation is not illustrated in these model financial statements.
	Operating cycle
AASB101.68	A company's operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Once an entity defines their operating cycle it affects the classification and presentation of assets and liabilities as either current or non-current.
AASB101.68, 70	When an entity's normal operating cycle is not clearly identifiable, its duration is assumed to be 12 months.
AASB101.66, 69	However, where there is a single clearly identifiable operating cycle that extends over a period greater than 12 months, the longer period shall be used as the basis for identifying as: (a) current assets, those assets expected to be realised in, or intended for sale or consumption in, the entity's normal operating cycle; and (b) current liabilities, those liabilities expected to be settled in the entity's normal operating cycle.
AASB101.68, 70	Current assets will include inventories and trade receivables that are sold, consumed or realised as part of the normal operating cycle and current liabilities will include those liabilities that form part of the working capital used in a normal operating cycle of the entity, for example trade payables and accruals for employee benefits expense. This is the case even when they are not expected to be realised/settled within 12 months of the reporting period.
	Refinancing liabilities
AASB101.72	Where current and non-current liabilities are presented separately, financial liabilities shall be categorised as current when they are due to be settled within 12 months of the reporting period, even if: (a) the original term was for a period longer than 12 months; and (b) an agreement to refinance, or to reschedule payments, on a long term basis is completed after the reporting period and before the financial statements are authorised for issue.
AASB101.73	However, if an entity expects, and has the discretion, to refinance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. However, when refinancing or rolling over the obligation is not at the discretion of the entity (for example, there is no arrangement for refinancing), the entity does not consider the potential to refinance the obligation and classifies the obligation as current.

Source	GAAP Holdings (Australia) Limited
AASB101.74	**Breach of loan covenants** When an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender has agreed, after the reporting period, and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. An entity classifies the liability as current because, at the end of the reporting period, it does not have an unconditional right to defer its settlement for at least twelve months after that date
AASB101.75	However, an entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least 12 months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.
AASB101.32	**Offsetting** An entity shall not offset assets and liabilities, unless required or permitted by an Accounting Standard, for example, AASB 132 'Financial Instruments: Presentation'.
AASB112.71	Income taxes An entity shall offset current tax assets and current tax liabilities if, and only if, the entity: (a) has a legally enforceable right to set-off the recognised amounts; and (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
AASB112.74	An entity shall offset deferred tax assets and deferred tax liabilities if, and only if: (a) the entity has a legally enforceable right to set-off current tax assets against current tax liabilities; and (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either: i. the same taxable entity; or ii. different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
AASB5.40	**Presentation of a non-current asset or disposal group classified as held for sale** An entity shall not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the statements of financial position for prior periods to reflect the classification in the statement of financial position for the latest period presented.

Source	GAAP Holdings (Australia) Limited

AASB101.
10(c), 51(b),(c)

AASB101.106
AASB101.106A
AASB101.51(d),
(e)

Consolidated statement of changes in equity
for the year ended 30 June 2013

	Share capital	General reserve	Properties revaluation reserve	Investments revaluation reserve	Equity-settled employee benefits reserve	Cash flow hedging reserve	Foreign currency translation reserve	Option premium on convertible notes	Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2011	48,672	807	51	470	-	258	140	-	73,824	124,222	17,242	141,464
Payment of dividends	-	-	-	-	-	-	-	-	(6,479)	(6,479)	-	(6,479)
Profit for the year	-	-	-	-	-	-	-	-	27,564	27,564	2,763	30,327
Other comprehensive income for the year, net of income tax	-	-	1,150	57	-	20	85	-	-	1,312	-	1,312
Total comprehensive income for the year	-	-	1,150	57	-	20	85	-	27,564	28,876	2,763	31,639
Recognition of share-based payments	-	-	-	-	338	-	-	-	-	338	-	338
Balance at 30 June 2012	48,672	807	1,201	527	338	278	225	-	94,909	146,957	20,005	166,962
Payment of dividends	-	-	-	-	-	-	-	-	(6,635)	(6,635)	-	(6,635)
Profit for the year	-	-	-	-	-	-	-	-	23,049	23,049	4,000	27,049
Other comprehensive income for the year, net of income tax	-	-	-	66	-	39	(39)	-	-	66	-	66
Total comprehensive income for the year	-	-	-	66	-	39	(39)	-	23,049	23,115	4,000	27,115
Additional non-controlling interests arising on the acquisition of Subsix Limited (note 46)	-	-	-	-	-	-	-	-	-	-	132	132
Additional non-controlling interests arising on disposal of interest in Subone Limited (note 19)	-	-	-	-	-	-	-	-	-	-	179	179
Difference arising on disposal of interest in Subone Limited (note 19)	-	-	-	-	-	-	-	-	34	34	-	34
Recognition of share-based payments	-	-	-	-	206	-	-	-	-	206	-	206
Issue of ordinary shares under employee share option plan	314	-	-	-	-	-	-	-	-	314	-	314
Issue of ordinary shares for consulting services performed	8	-	-	-	-	-	-	-	-	8	-	8
Issue of convertible non-participating preference shares	100	-	-	-	-	-	-	-	-	100	-	100
Issue of convertible notes	-	-	-	-	-	-	-	834	-	834	-	834
Share issue costs	(6)	-	-	-	-	-	-	-	-	(6)	-	(6)
Buy-back of ordinary shares	(16,456)	-	-	-	-	-	-	-	(555)	(17,011)	-	(17,011)
Share buy-back costs	(277)	-	-	-	-	-	-	-	-	(277)	-	(277)
Transfer to retained earnings	-	-	(3)	-	-	-	-	-	3	-	-	-
Income tax relating to transactions with owners	84	-	-	-	-	-	-	(242)	-	(158)	-	(158)
Balance at 30 June 2013	32,439	807	1,198	593	544	317	186	592	110,805	147,481	24,316	171,797

Source	GAAP Holdings (Australia) Limited
AASB101.106	An entity shall present a statement of changes in equity as required by paragraph 10. The statement of changes in equity includes the following information: (a) total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests; (b) for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with AASB 108; and (c) [deleted by the IASB] (d) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from: (i) profit or loss; (ii) other comprehensive income; and (iii) transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.
AASB101.106A	For each component of equity an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item (see paragraph 106(d)(ii)).
AASB101.107 AASB 101.BC75	An entity shall present, either in the statement of changes in equity or in the notes, the amount of dividends recognised as distributions to owners during the period, and the related amount of dividends per share. (Note that presentation of dividend disclosures in the statement of comprehensive income is no longer permitted.) An illustrative example of a statement of changes in equity is presented on page B43.
AASB101.109	Changes in an entity's equity between the beginning and the end of the reporting period reflect the increase or decrease in its net assets during the period. Except for changes resulting from transactions with owners in their capacity as owners (such as equity contributions, reacquisitions of the entity's own equity instruments and dividends) and transaction costs directly related to such transactions, the overall change in equity during a period represents the total amount of income and expense, including gains and losses, generated by the entity's activities during that period.

Source	GAAP Holdings (Australia) Limited			
AASB101.10(d), 51(b), (c)	**Consolidated statement of cash flows for the year ended 30 June 2013**			**[Alt 1]**
AASB101.113		Notes	Year ended 30/06/13	Year ended 30/06/12
AASB101.51(d), (e)			$'000	$'000
AASB107.10	**Cash flows from operating activities**			
AASB107.18(a)	Receipts from customers		211,032	214,487
	Payments to suppliers and employees		(165,666)	(181,378)
	Cash generated from operations		45,366	33,109
AASB107.31	Interest paid		(4,493)	(6,106)
AASB107.35	Income taxes paid		(13,848)	(13,340)
	Net cash generated by operating activities		27,025	13,663
AASB107.10	**Cash flows from investing activities**			
	Payments to acquire financial assets		(3,163)	(2,163)
	Proceeds on sale of financial assets		938	1,712
AASB107.31	Interest received		2,315	1,304
	Royalties and other investment income received		1,137	893
AASB124.19(d)	Dividends received from associates		30	25
AASB107.31	Other dividends received		156	154
	Amounts advanced to related parties		(738)	(4,311)
	Repayments by related parties		189	1,578
	Payments for property, plant and equipment		(22,047)	(11,875)
	Proceeds from disposal of property, plant and equipment		11,462	21,245
	Payments for investment property		(10)	(12)
	Proceeds from disposal of investment property		-	58
	Payments for intangible assets		(6)	(358)
AASB107.39	Net cash outflow on acquisition of subsidiaries	46	(477)	-
AASB107.39	Net cash inflow on disposal of subsidiary	47	7,566	-
	Net cash inflow on disposal of associate		1,245	-
	Net cash (used in)/generated by investing activities		(3,173)	8,250
AASB107.10	**Cash flows from financing activities**			
	Proceeds from issue of equity instruments of the Company		414	-
	Proceeds from issue of convertible notes		4,950	-
	Payment for share issue costs		(6)	-
	Payment for buy-back of shares		(17,011)	-
	Payment for share buy-back costs		(277)	-
	Proceeds from issue of redeemable preference shares		15,000	-
	Proceeds from issue of perpetual notes		2,500	-
	Payment for debt issue costs		(595)	-
	Proceeds from borrowings		17,122	26,798
	Repayment of borrowings		(37,761)	(23,209)
	Proceeds from government loans		2,610	-
	Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control		213	-
AASB107.31	Dividends paid on redeemable preference shares		(613)	-
AASB107.31	Dividends paid to owners of the Company		(6,635)	(6,479)
	Net cash used in financing activities		(20,089)	(2,890)
	Net increase in cash and cash equivalents		3,763	19,023
	Cash and cash equivalents at the beginning of the year		19,400	561
AASB107.28	Effects of exchange rate changes on the balance of cash held in foreign currencies		(80)	(184)
	Cash and cash equivalents at the end of the year	48	23,083	19,400

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

Source	GAAP Holdings (Australia) Limited			
AASB101.10(d), 51(b), (c)	**Consolidated statement of cash flows for the year ended 30 June 2013**			**[Alt 2]**
AASB101.113		Notes	Year ended 30/06/13	Year ended 30/06/12
AASB101.51(d), (e)			$'000	$'000
AASB107.10	**Cash flows from operating activities**			
AASB107.18(b)	Profit for the year		27,049	30,327
	Adjustments for:			
	Income tax expense recognised in profit or loss		14,088	14,797
	Share of profits of associates		(1,186)	(1,589)
	Finance costs recognised in profit or loss		4,418	6,023
	Investment income recognised in profit or loss		(3,608)	(2,351)
	Gain on disposal of property, plant and equipment		(6)	(67)
	Gain arising on changes in fair value of investment property		(297)	(8)
	Gain on disposal of subsidiary		(1,940)	-
	Gain on disposal of interest in former associate		(581)	-
	Net (gain)/loss arising on financial liabilities designated as at fair value through profit or loss		488	-
	Net (gain)/loss arising on financial assets classified as held for trading		129	-
	Hedge ineffectiveness on cash flow hedges		(89)	(68)
	Net (gain)/loss on disposal of available-for-sale financial assets		-	-
	Impairment loss recognised on trade receivables		63	430
	Reversal of impairment loss on trade receivables		(103)	-
	Depreciation and amortisation of non-current assets		14,179	17,350
	Impairment of non-current assets		1,325	-
	Net foreign exchange (gain)/loss		(101)	117
	Expense recognised in respect of equity-settled share-based payments		206	338
	Expense recognised in respect of shares issued in exchange for consulting services		8	-
	Amortisation of financial guarantee contracts		6	18
	Gain arising on effective settlement of claim against Subseven Limited		(40)	-
			54,008	65,317
	Movements in working capital			
	Decrease/(increase) in trade and other receivables		(2,262)	(1,880)
	(Increase)/decrease in inventories		(5,900)	204
	(Increase)/decrease in other assets		(34)	(20)
	Decrease in trade and other payables		(929)	(29,979)
	Increase/(decrease) in provisions		151	(941)
	(Decrease)/increase in deferred revenue		427	43
	(Decrease)/increase in other liabilities		(95)	365
	Cash generated from operations		45,366	33,109
AASB107.31	Interest paid		(4,493)	(6,106)
AASB107.35	Income taxes paid		(13,848)	(13,340)
	Net cash generated by operating activities		27,025	13,663

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

Source	GAAP Holdings (Australia) Limited			
	Consolidated statement of cash flows			
	for the year ended 30 June 2013 - continued			**[Alt 2 continued]**
		Notes	Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
AASB107.10	**Cash flows from investing activities**			
	Payments to acquire financial assets		(3,163)	(2,163)
	Proceeds on sale of financial assets		938	1,712
AASB107.31	Interest received		2,315	1,313
	Royalties and other investment income received		1,137	884
AASB124.19(d)	Dividends received from associates		30	25
AASB107.31	Other dividends received		156	154
	Amounts advanced to related parties		(738)	(4,311)
	Repayments by related parties		189	1,578
	Payments for property, plant and equipment		(22,932)	(11,875)
	Proceeds from disposal of property, plant and equipment		11,462	21,245
	Payments for investment property		(10)	(12)
	Proceeds from disposal of investment property		-	58
	Payments for intangible assets		(6)	(358)
AASB107.39	Net cash outflow on acquisition of subsidiaries	46	(477)	-
AASB107.39	Net cash inflow on disposal of subsidiary	47	7,566	-
	Net cash inflow on disposal of associate		360	-
	Net cash (used in)/generated by investing activities		(3,173)	8,250
AASB107.10	**Cash flows from financing activities**			
	Proceeds from issue of equity instruments of the Company		414	-
	Proceeds from issue of convertible notes		4,950	-
	Payment for share issue costs		(6)	-
	Payment for buy-back of shares		(17,011)	-
	Payment for share buy-back costs		(277)	-
	Proceeds from issue of redeemable preference shares		15,000	-
	Proceeds from issue of perpetual notes		2,500	-
	Payment for debt issue costs		(595)	-
	Proceeds from borrowings		17,122	26,798
	Repayment of borrowings		(37,761)	(23,209)
	Proceeds from government loans		2,610	-
	Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control		213	-
AASB107.31	Dividends paid on redeemable cumulative preference shares		(613)	-
AASB107.31	Dividends paid to owners of the Company		(6,635)	(6,479)
	Net cash used in financing activities		(20,089)	(2,890)
	Net increase in cash and cash equivalents		3,763	19,023
	Cash and cash equivalents at the beginning of the year		19,400	561
AASB107.28	Effects of exchange rate changes on the balance of cash held in foreign currencies		(80)	(184)
	Cash and cash equivalents at the end of the year	48	23,083	19,400

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

Source	GAAP Holdings (Australia) Limited

Operating activities

AASB107.14

Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the entity. Therefore, they generally result from the transactions and other events that enter into the determination of profit or loss. Examples of cash flows from operating activities are:

(a) cash receipts from the sale of goods and the rendering of services;
(b) cash receipts from royalties, fees, commissions and other revenue;
(c) cash payments to suppliers for goods and services;
(d) cash payments to and on behalf of employees;
(e) cash receipts and cash payments of an insurance entity for premiums and claims, annuities and other policy benefits;
(f) cash payments or refunds of income taxes unless they can be specifically identified with financing and investing activities; and
(g) cash receipts and payments from contracts held for dealing or trading purposes.

Some transactions, such as the sale of an item of plant, may give rise to a gain or loss that is included in recognised profit or loss. The cash flows relating to such transactions are cash flows from investing activities. However, cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale as described in paragraph 68A of AASB 116 ‘Property, Plant and Equipment’ are cash flows from operating activities. The cash receipts from rents and subsequent sales of such assets are also cash flows from operating activities.

AASB107.18

Entities shall report cash flows from operations using the direct method or indirect method.

AASB107.19

Entities are encouraged to report cash flows from operating activities using the direct method.

AASB1054.16

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

Investing activities

AASB107.16

The separate disclosure of cash flows arising from investing activities is important because the cash flows represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. Only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activitites. Examples of cash flows arising from investing activities are:

(a) cash payments to acquire property, plant and equipment, intangibles and other long-term assets. These payments include those relating to capitalised development costs and self-constructed property, plant and equipment;
(b) cash receipts from sales of property, plant and equipment, intangibles and other long-term assets;
(c) cash payments to acquire equity or debt instruments of other entities and interests in joint ventures (other than payments for those instruments considered to be cash equivalents or those held for dealing or trading purposes);
(d) cash receipts from sales of equity or debt instruments of other entities and interests in joint ventures (other than receipts for those instruments considered to be cash equivalents and those held for dealing or trading purposes);
(e) cash advances and loans made to other parties (other than advances and loans made by a financial institution);
(f) cash receipts from the repayment of advances and loans made to other parties (other than advances and loans of a financial institution);
(g) cash payments for futures contracts, forward contracts, option contracts and swap contracts except when the contracts are held for dealing or trading purposes, or the payments are classified as financing activities; and
(h) cash receipts from futures contracts, forward contracts, option contracts and swap contracts except when the contracts are held for dealing or trading purposes, or the receipts are classified as financing activities.

When a contract is accounted for as a hedge of an identifiable position, the cash flows of the contract are classified in the same manner as the cash flows of the position being hedged.

Source	GAAP Holdings (Australia) Limited
AASB107.17	**Financing activities** The separate disclosure of cash flows arising from financing activities is important because it is useful in predicting claims on future cash flows by providers of capital to the entity. Examples of cash flows arising from financing activities are: (a) cash proceeds from issuing shares or other equity instruments; (b) cash payments to owners to acquire or redeem the entity's shares; (c) cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short-term or long-term borrowings; (d) cash repayments of amounts borrowed; and (e) cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease.
AASB107.31	**Interest and dividends** Cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as either operating, investing or financing activities.
AASB107.32	The total amount of interest paid during a period is disclosed in the cash flow statement whether it has been recognised as an expense in profit or loss or capitalised in accordance with AASB 123 'Borrowing Costs'.
AASB107.33	Interest paid and interest and dividends received are usually classified as operating cash flows for a financial institution. However, there is no consensus on the classification of these cash flows for other entities. Interest paid and interest and dividends received may be classified as operating cash flows because they enter into the determination of net profit or loss. Alternatively, interest paid and interest and dividends received may be classified as financing cash flows and investing cash flows respectively, because they are costs of obtaining financial resources or returns on investments.
AASB107.34	Dividends paid may be classified as a financing cash flow because they are a cost of obtaining financial resources. Alternatively, dividends paid may be classified as a component of cash flows from operating activities in order to assist users to determine the ability of an entity to pay dividends out of operating cash flows.
AASB107.35	**Taxes on income** Cash flows arising from taxes on income shall be separately disclosed and shall be classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities.
AASB107.37	**Investments in subsidiaries, associates and joint ventures** When accounting for an investment in an associate or a subsidiary accounted for by use of the equity or cost method, an investor restricts its reporting in the cash flow statement to the cash flows between itself and the investee, for example, to dividends and advances.
AASB107.38	An entity which reports its interest in a jointly controlled entity (see AASB 131 'Interests in Joint Ventures') using proportionate consolidation, includes in its consolidated cash flow statement its proportionate share of the jointly controlled entity's cash flows. An entity which reports such an interest using the equity method includes in its cash flow statement the cash flows in respect of its investments in the jointly controlled entity, and distributions and other payments or receipts between it and the jointly controlled entity.
AASB107.43	**Non-cash transactions** Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a cash flow statement. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities.

Source	GAAP Holdings (Australia) Limited

AASB101.10(e), 51(b), (c)	**1. General information**
AASB101.138(a)	GAAP Holdings (Australia) Limited (the Company) is a limited company incorporated in Australia. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries (the Group) are described in note 6.
AASB101.138(a)	Disclosures in relation to the domicile and legal form of the entity, the country of incorporation and the address of the registered office (or principal place of business, if different from the registered office) only need be made in the financial report where such information is not disclosed elsewhere in information published with the financial report. The following sentence is suggested in the year of incorporation: ‘The company was incorporated on [date] and accordingly only current year figures covering the period from incorporation are shown.’

2. Application of new and revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

AASB108.28

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

Source	Standard	Description
AASB 101.82A	Amendments to AASB 101 ‘Presentation of Financial Statements’	The amendment (part of AASB 2011-9 ‘Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income’ introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Source	GAAP Holdings (Australia) Limited	
	Amendments to AASB 101 ‘Presentation of Financial Statements’	The amendments (part of AASB 2012-5 ‘Further Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle’) requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position), when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position.The related notes to the third statement of financial position are not required to be disclosed.

<u>Standards and Interpretations affecting the reported results or financial position</u>

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

AASB112.51C	Amendments to AASB 112 ‘Income Taxes’	The company has applied the amendments to AASB 112 as a consequence of AASB 2010-8 ‘Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets’. Under the amendments, investment properties that are measured using the fair value model in accordance with AASB 140 ‘Investment Property’ are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes unless the presumption is rebutted. The company measures its investment properties using the fair value model. As a result of the application of the amendments to AASB 112, the directors reviewed the company’s investment property portfolios and concluded that none of the company’s investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the presumption set out in the amendments to AASB 112 is not rebutted. The application of the amendments to AASB 112 has resulted in the company not recognising any deferred taxes on changes in fair value of the investment properties as the company is not subject to any income taxes on disposal of its investment properties. Previously, the company recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use. The amendments to AASB 112 have been applied retrospectively, resulting in the company’s deferred tax liabilities being decreased by $[x,xxx] as at 1 July 2012 with the corresponding adjustment being recognised in retained earnings. Similarly, the deferred tax liabilities have been decreased by $[x,xxx] as at 30 June 2013. In the current financial year, no deferred taxes have been recognised for changes in fair value of the company's investment properties. The change in accounting policy has resulted in the company's income tax expense for the years ended 30 June 2013 and 30 June 2012 being reduced by $[x,xxx] and $[x,xxx] respectively and hence resulted in profit for the years ended 30 June 2013 and 30 June 2012 being increased by $[x,xxx] and $[x,xxx] respectively. *Note: When an investment property was acquired as part of a business combination that took place in a prior half-year, the corresponding adjustments will also include an adjustment to goodwill.*

Source	GAAP Holdings (Australia) Limited

Changes in accounting policies on initial application of Accounting Standards

AASB108.28

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

(a) the title of the Accounting Standard;
(b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions;
(c) the nature of the change in accounting policy;
(d) when applicable, a description of the transitional provisions;
(e) when applicable, the transitional provisions that might have an effect on future periods;
(f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:
    i. for each financial statement line item affected; and
    ii. if AASB 133 'Earnings per Share' applies to the entity, for basic and diluted earnings per share;
(g) the amount of the adjustment relating to periods before those presented, to the extent practicable; and
(h) if retrospective application required by AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

Financial reports of subsequent periods need not repeat these disclosures.

The above information would likely be disclosed in the accounting policy note of the relevant item and the relevant note for the item, or a change in accounting policy note.

Voluntary changes in accounting policies

AASB108.29

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

(a) the nature of the change in accounting policy;
(b) the reasons why applying the new accounting policy provides reliable and more relevant information;
(c) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:
    i. for each financial statement line item affected; and
    ii. if AASB 133 'Earnings per Share' applies to the entity, for basic and diluted earnings per share;
(d) the amount of the adjustment relating to periods before those presented, to the extent practicable; and
(e) if retrospective application of the accounting policy is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

AASB108.20

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

Changes in accounting policy since the most recent interim financial report

AASB134.26

Where there is a change in an accounting policy during the final current interim period of the annual reporting period but a separate interim financial report is not published for that final current interim period, the nature of the change in accounting policy and the financial effect of the change on prior interim financial reports of the current annual reporting period shall be disclosed in the notes in the annual financial report for that annual reporting period.

AASB134.27

If the entity does not prepare interim financial reports other than for the first half-year, the requirements above apply where there is a change in accounting policy between the first half-year reporting date and the annual reporting date.

Source	GAAP Holdings (Australia) Limited

2. Application of new and revised Accounting Standards (cont'd)

AASB134.43

A change in accounting policy, other than one for which the transition is specified by a new Accounting Standard, shall be reflected by:

(a) restating the financial statements of prior interim periods of the current annual reporting period and the comparable interim periods of any prior annual reporting periods that will be restated in the annual financial statements in accordance with AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'; or

(b) when it is impracticable to determine the cumulative effect at the beginning of the annual reporting period of applying a new accounting policy to all prior periods, adjusting the financial statements of prior interim periods of the current annual reporting period, and comparable interim periods of prior annual reporting periods to apply the new accounting policy prospectively from the earliest date practicable.

2.2 Standards and Interpretations in issue not yet adopted

AASB108.30, 31

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB108.31(a), (c), (d)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards[1]	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014

[1] The AASB has issued the following versions of AASB 9 and the relevant amending standards;

- AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'
- AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure'.

For annual reporting periods beginning before 1 January 2015, an entity may early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards.

Source	GAAP Holdings (Australia) Limited

2. Application of new and revised Accounting Standards (cont'd)

AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	30 June 2014
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'	1 January 2013	30 June 2014

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending

None at time of publication.

Example disclosures

Having completed assessment of the impact of the various pronouncements in issue but not yet effective, the following example disclosures should be **tailored as appropriate** for the entity. In some cases, an entity may not yet have determined the impact and therefore may state "The potential effect of the revised Standards/Interpretations on the Group's financial statements has not yet been determined."

A. Changes in accounting policies

AASB108.30(a), (b)

Where Standards or Interpretations in issue but not yet effective will result in changes in recognition or measurement, the following wording should be **tailored as appropriate** to reflect the amendments affecting the entity. For example, where AASB 10 is not relevant to the entity, it is not necessary to include explanations about the pronouncement:

"A number of Australian Accounting Standards and Interpretations [and IFRSs and IFRIC Interpretations] are in issue but are not effective for the current year end. The following existing group accounting policies will change on adoption of these pronouncements:

Source	GAAP Holdings (Australia) Limited

AASB108.30(a), (b)

- AASB 9 issued in December 2009 introduces new requirements for the classification and measurement of financial assets. AASB 9 amended in December 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

  Key requirements of AASB 9 are described as follows:

  - AASB 9 requires all recognised financial assets that are within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under AASB 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss
  - With regard to the measurement of financial liabilities designated as at fair value through profit or loss, AASB 9 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under AASB 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

  The directors anticipate that the application of AASB 9 in the future may have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in redeemable notes that are currently classified as available-for-sale investments will have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). However, it is not practicable to provide a reasonable estimate of the effect of AASB 9 until a detailed review has been completed.

AASB108.30(a), (b)

- In August 2011, a package of six Standards on consolidation, joint arrangements, associates and disclosures was issued, including AASB 10, AASB 11, AASB 12, AASB 127 (2011), AASB 128 (2011) and AASB 2011-7.

  Key requirements of these six Standards are described below.

  - AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements. Interpretation 112 'Consolidation – Special Purpose Entities' will be withdrawn upon the effective date of AASB 10. Under AASB 10, there is only one basis for consolidation, that is control. In addition, AASB 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in AASB 10 to deal with complex scenarios.
  - AASB 11 replaces AASB 131 'Interests in Joint Ventures'. AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Interpretation 113 'Jointly Controlled Entities – Non-monetary Contributions by Venturers' will be withdrawn upon the effective date of AASB 11. Under AASB 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under AASB 131, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under AASB 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under AASB 131 can be accounted for using the equity method of accounting or proportionate accounting.
  - AASB 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in AASB 12 are more extensive than those in the current standards.

Source	GAAP Holdings (Australia) Limited

2. Application of new and revised Accounting Standards (cont'd)

- o AASB 2011-7 contains consequential amendments to a range of Australian Accounting Standards and Intepretations in light of the issuance of the 5 Standards above.

These six standards are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

The directors anticipate that the application of these six standards will have a significant impact on amounts reported in the consolidated financial statements. For example, the application of AASB 10 may affect the accounting for the Group's 45 per cent ownership interest in C Plus Limited that is currently classified as the Group's associate. Taking into account the new definition of control and the additional guidance on control set out in AASB 10, the application of IFRS 10 may result in C Plus Limited being treated as the Group's subsidiary. If C Plus Limited is consolidated as the Group's subsidiary, the net assets as well as income and expenses of C Plus Limited will be presented as separate line items in the consolidated statement of financial position and in the consolidated statement of profit or loss and other comprehensive income respectively, rather than being presented as one line item in the Group's consolidated financial statements. A detailed review will be performed by the directors to quantify the impact on the application of AASB 10.

The application of AASB 11 will change the classification and subsequent accounting of the Group's investment in JV Electronics Limited, which is classified as a jointly controlled entity under AASB 131 and has been accounted for using the proportionate consolidation method. Under AASB 11, JV Electronics Limited will be classified as a joint venture and accounted for using the equity method, resulting in the aggregation of the Group's proportionate share of JV Electronics Limited's net assets and items of profit or loss and other comprehensive income into a single line item which will be presented in the consolidated statement of financial position and in the consolidated statement of profit or loss and other comprehensive income as 'investment in joint venture' and 'share of profits (loss) of joint venture' respectively. Besides the investment in JV Electronics Limited, the Group does not have any other interests in jointly controlled entities.

AASB108.30(a), (b)

- AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of AASB 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other Australian Accounting Standards require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in AASB 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under AASB 7 'Financial Instruments: Disclosures' will be extended by AASB 13 to cover all assets and liabilities within its scope.

  AASB 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

  The directors anticipate that AASB 13 will be adopted in the Group's consolidated financial statements for the annual period ending 30 June 2014 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Source	GAAP Holdings (Australia) Limited

2. Application of new and revised Accounting Standards (cont'd)

AASB108.30(a), (b)

- The amendments to AASB 132 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

  The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

  The amendments to AASB 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to AASB 132 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

  The directors anticipate that the application of these amendments to AASB 132 and AASB 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

AASB108.30(a), (b)

- The amendments to AASB 119 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of AASB 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

  The amendments to AASB 119 require retrospective application. Based on the directors' preliminary assessment, when the Group applies the amendments to AASB 119 for the first time for the year ending 30 June 2014, the profit after income tax for the year ended 30 June 2013 would be reduced by $308,000 and the other comprehensive income after income tax for the said year would be increased by $564,000 (1 July 2012: decrease in retained earnings of $163,000) with the corresponding adjustments being recognised in the retirement benefit obligation and income tax liability. This net effect reflects a number of adjustments, including their income tax effects: a) full recognition of actuarial gains through other comprehensive income and decrease in the net pension deficit; b) immediate recognition of past service costs in profit or loss and an increase in the net pension deficit and c) reversal of the difference between the gain arising from the expected rate of return on pension plan assets and the discount rate through other comprehensive income.

AASB108.30(a), (b)

- The Annual Improvements to AASBs 2009 – 2011 Cycle include a number of amendments to various AASBs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to AASBs include:
  - amendments to AASB 116 'Property, Plant and Equipment'; and
  - amendments to AASB 132 'Financial Instruments: Presentation'.

  The amendments to AASB 116 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in AASB 116 and as inventory otherwise. The directors do not anticipate that the amendments to AASB 116 will have a significant effect on the Group's consolidated financial statements.

  The amendments to AASB 132 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with AASB 112 'Income Taxes'. The directors anticipate that the amendments to AASB 132 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

Source	GAAP Holdings (Australia) Limited

2. Application of new and revised Accounting Standards (cont'd)

Other than as noted above, the adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective will not impact the group's accounting policies. However, the pronouncements will result in changes to information currently disclosed in the financial statements. The group does not intend to adopt any of these pronouncements before their effective dates."

B. No changes in recognition or measurement accounting policies

Where none of the Standards or Interpretations in issue but not yet effective will result in changes in recognition or measurement, the example wording could be collapsed into the following paragraph. This wording should be **tailored as appropriate**:

"A number of Australian Accounting Standards and Interpretations [and IFRSs and IFRIC Interpretations] are in issue but are not effective for the current year end. The reported results and position of the group will not change on adoption of these pronouncements as they do not result in any changes to the group's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The group does not intend to adopt any of these pronouncements before their effective dates."

Accounting Standards and Interpretations issued and not yet effective

AASB108.30 When an entity has not applied a new Accounting Standard that has been issued but is not yet effective, the entity shall disclose:

(a) this fact; and

(b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Accounting Standard will have on the entity's financial report in the period of initial application.

AASB108.31 In complying with the requirements above, an entity considers disclosing:

(a) the title of the new Accounting Standard;

(b) the nature of the impending change or changes in accounting policy;

(c) the date by which application of the Accounting Standard is required;

(d) the date as at which it plans to apply the Accounting Standard initially; and

(e) either:

  i. a discussion of the impact that initial application of the Accounting Standard is expected to have on the entity's financial report; or

  ii. if that impact is not known or reasonably estimable, a statement to that effect.

The disclosures set out above regarding adoption of Standards and Interpretations not yet effective reflect a cut-off date of 31 March 2013. The potential impact of any new or revised Standards and Interpretations issued by the Australian Accounting Standards Board after that date, but before the issue of the financial statements, should also be considered and disclosed.

AASB101.112(a), 117

3. Significant accounting policies

The following are examples of the types of accounting policies that might be disclosed in this entity's financial statements. Entities are required to disclose in the summary of significant accounting policies the measurement basis (or bases) used in preparing the financial statements, and the other accounting policies used that are relevant to an understanding of the financial statements. An accounting policy may be significant because of the nature of the entity's operations even if amounts for the current and prior periods are not material.

In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in the reported financial performance and financial position. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in Standards and Interpretations.

Each entity considers the nature of its operations and the policies that users of its financial statements would expect to be disclosed for that type of entity. It is also appropriate to disclose each significant accounting policy that is not specifically required by Accounting Standards, but that is selected and applied in accordance with AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'.

For completeness, in these model financial statements accounting policies have been provided for some immaterial items, although this is not required under Accounting Standards.

Source	GAAP Holdings (Australia) Limited
	3. Significant accounting policies (cont'd)
	<u>Materiality</u> In accordance with AASB 1031 'Materiality', accounting polices need only be identified in the summary of accounting policies where they are considered 'material'. Accounting policies will be considered material if their omission, misstatement or non-disclosure has the potential, individually or collectively, to: (a) influence the economic decisions of users taken on the basis of the financial report; and (b) affect the discharge of accountability by the management or governing body of the entity.
	3.1 Statement of compliance
AASB1054. 7, 8, 9 AASB101.16, AASB127.42(a)	These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').
AASB110.17	The financial statements were authorised for issue by the directors on 11 September 2013.
AASB101. 112(a) AASB101.51(d), 108(a)	***3.2 Basis of preparation*** The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.
ASIC-CO 98/100	If the company is of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and consequently the amounts in the directors' report and the financial report are rounded, that fact must be disclosed in the report. Where the conditions of the Class Order are met, entities may round to the nearest thousand dollars, nearest hundred thousand dollars, or to the nearest million dollars.
ASIC-CO 98/100, AASB101.51(e)	The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.
	Early adoption of Accounting Standards The following disclosure is recommended where an Accounting Standard has been adopted early: 'The directors have elected under s.334(5) of the Corporations Act 2001 to apply Accounting Standard AASB 10XX '[title]' for this financial year, even though the Standard is not required to be applied until annual reporting periods beginning on or after [date].' In accordance with s.334(5) of the Corporations Act 2011, the election must be made in writing by directors.
AASB101. 117(b)	The following significant accounting policies have been adopted in the preparation and presentation of the financial report:
AASB101.25	**Going concern basis** Where the financial report is prepared on a going concern basis, but material uncertainties exist in relation to events or conditions which cast doubt on the entity's ability to continue as a going concern, those uncertainties shall be disclosed. The events or conditions requiring disclosure may arise after the reporting date.
AASB101.25, AASB110.14	Where the going concern basis has not been used, this shall be disclosed together with a statement of the reasons for not applying this basis and the basis on which the financial report has been prepared. An entity shall not prepare its financial report on a going concern basis if management determines after the reporting date either that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so.

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

Example accounting policies

The following illustrations are quoted by way of example only, and do not necessarily represent the only treatment which may be appropriate for the item concerned and does not cover all items that shall be considered for inclusion in the summary of accounting policies.

For example, an entity may elect:

- AASB139.98, 99 — not to adjust the initial measurement of the cost of a non-financial asset or a non-financial liability arising from a hedged forecast transaction by the amount deferred in equity;
- AASB119.92-93D — for actuarial gains and losses arising in relation to defined benefit plans, to adopt the corridor approach or to recognise actuarial gains and losses directly in retained profits or in full in profit or loss;
- AASB139.38 — to recognise investments on settlement date or on trade date;
- AASB139.92 — in respect of fair value hedges, to amortise the adjustment to a hedged item measured at amortised cost to profit or loss from the date the adjustment is made or to begin the amortisation no later than when hedge accounting is discontinued;
- AASB112.78 — to present exchange differences on deferred foreign tax liabilities or assets recognised in the income statement as deferred tax expense (income);
- AASB138.72 — to measure intangible assets after initial recognition on either the cost or revaluation (fair value) basis, where conditions for doing so are met;
- AASB140.30 — to measure investment property under either the cost model or the fair value model;
- AASB140.6 — to classify and account for property interests held under operating leases as investment properties on a property-by-property basis;
- AASB131.30 — to account for jointly controlled entities using proportionate consolidation or the equity method;
- AASB120.23 — to account for government grants in the form of a non-monetary asset at a nominal amount;
- AASB120.24 — to present government grants related to assets as a deduction from the carrying amount of the asset;
- AASB120.29 — to deduct government grants received and recognised in the income statement in reporting the related expense; or
- AASB107.18 — to prepare the statement of cash flows using either the direct or the indirect method.

Entities may also need to disclose the manner in which they account for:

- AASB3.3(b) — business combinations involving entities under common control;
- AASB141 — biological assets or agricultural produce; or
- AASB6 — exploration and evaluation activities.

3.3 Basis of consolidation

AASB127

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3.4 Business combinations

AASB3

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

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

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

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

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquire is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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

3.5 Goodwill

AASB3

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see 3.4 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

The Group's policy for goodwill arising on the acquisition of an associate is described at 3.6 below.

3.6 Investments in associates

AASB128

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

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with AASB 139. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

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

3.7 Interests in joint ventures

AASB131

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

The Group's interests in assets where the Group does not have joint control are accounted for in accordance with the substance of the Group's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the Group recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

The following wording, amended as appropriate for an entity's circumstances, should be included as required:
Where the joint venture arrangement does not embody an undivided interest in individual assets and liabilities, but gives rise to:
- a right to output, the Group recognises an intangible asset (refer note 3.20).
- a right to a net return in the form of cash or other financial assets, the Group recognises a financial asset (refer note 3.24).

A joint venture characterised as a 'jointly controlled asset' involves the joint control, and often the joint ownership, by the venturers of one or more assets contributed to, or acquired for the purpose of, the joint venture and dedicated to the purposes of the joint venture. The assets are used to obtain benefits for the venturers. Each venturer may take a share of the output from the assets and each bears an agreed share of the expenses incurred. Jointly controlled assets do not involve the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer has control over its share of future economic benefits through its share of the jointly controlled asset.

AASB131.57

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination (see 3.5 above).

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

3.8 Non-current assets held for sale

AASB5

Non-current assets and 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. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

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

AASB118.35(a)

3.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

AASB118.35(a)

The revenue accounting policies that follow are generic and must be adapted to suit the specific circumstances of each entity. The entity should disclose the accounting policies adopted for each significant category of revenue recognised in the period including the methods adopted to determine the stage of completion of transactions involving the rendering of services.

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

3.9.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:
- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of goods that result in award credits for customers, under the Group's Maxi-Points Scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value – the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

AASB118.20 3.9.2 Rendering of services

AASB118.35(a) The accounting policies must disclose the methods adopted to determine the stage of completion of transactions involving the rendering of services.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:
- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

The Group's policy for recognition of revenue from construction contracts is described at 3.10 below.

AASB118.30(c) 3.9.3 Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

3.9.4 Dividend and interest income

AASB118.30(c) Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

AASB118.30(a) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

3.9.5 Rental income

The Group's policy for recognition of revenue from operating leases is described in 3.11.1 below.

AASB111.39(b), (c)

3.10 Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

3.11 Leasing

AASB117

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.11.1 The Group as lessor

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

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

3.11.2 The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see 3.13 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.12 Foreign currencies

AASB121

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

AASB123.5(e)
- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

AASB139.72
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see 3.25 below for hedging accounting policies); and

AASB121.15
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

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

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

3.13 Borrowing costs

AASB123

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

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

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

AASB120.39(a)

3.14 Government grants

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

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

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

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

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Government assistance which does not have conditions attached specifically relating to the operating activities of the entity is recognised in accordance with the accounting policies above.

AASB119.
120A (a)

3.15 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

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

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets as at the end of the prior year are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

3.16 Share-based payments transactions of the Company

AASB2.46,11-12

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 43.

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

AASB2.10, 13

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

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

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

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

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

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

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

3.17 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.17.1 Current tax

AASB112.12, 46

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated [statement of profit or loss and other comprehensive income/statement of profit or loss] because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.17.2 Deferred tax

AASB112.15, 24

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

AASB112.39, 44

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

Source	GAAP Holdings (Australia) Limited
	3. Significant accounting policies (cont'd)
	The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
AASB112.47, 51	Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
AASB112.74	Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.
AASB112.51B	For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to AASB 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on disposal of its investment properties.
	3.17.3 Current and deferred tax for the year
AASB112.58	Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.
	Additional information on accounting policies shall be included where the entity has other material tax balances not covered by the above analysis, such as in relation to tax deductible share-based payment arrangements.
AASB116.73(a), (b)	***3.18 Property, plant and equipment***
	Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.
	Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

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

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Freehold land is not depreciated.

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

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

AASB116.51, 61

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate as illustrated in note 4.2.3. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

AASB140.75(a)

3.19 Investment property

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

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

AASB140.75(c)

When classification is difficult, an entity shall disclose the criteria it uses to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business.

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

3.20 Intangible assets

3.20.1 Intangible assets acquired separately

AASB138.118(b)

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

3.20.2 Internally-generated intangible assets - research and development expenditure

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

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

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

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

AASB138.118(b)

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

Where entities have intangible assets that have been assessed as having an indefinite useful life, an appropriate accounting policy shall be disclosed, for example:

Brand names
Brand names recognised by the company have an indefinite useful life and are not amortised. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy stated in note 3.21.

3.20.3 Intangible assets acquired in a business combination

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

AASB138.118(b)

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

3.20.4 Derecognition of intangible assets

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

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

3.21 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see 3.18 above).

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase (see 3.18 above).

AASB102.36(a)

3.22 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.23 Provisions

AASB137

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

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

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

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

3.23.1 Onerous contracts

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

3.23.2 Restructurings

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

3.23.3 Warranties

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

3.23.4 Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 'Revenue'.

AASB 7.21

3.24 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.24.1 Financial assets

AASB139.9

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

3.24.1.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

AASB7.B5(e)

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3.24.1.2 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

AASB7.B5(e)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 42.

3.24.1.3 Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

3.24.1.4 AFS financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 42. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Source	GAAP Holdings (Australia) Limited
	3. Significant accounting policies (cont'd)
AASB132.35	Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.
	The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.
	3.24.1.5 Loans and receivables
	Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.
	3.24.1.6 Impairment of financial assets
	Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.
AASB139.61	For AFS equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have take place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for unlisted shares classified as available-for-sale.
AASB139.58, 59	For all other financial assets, including redeemable notes classified as available-for-sale and finance lease receivables, objective evidence of impairment could include: • significant financial difficulty of the issuer or counterparty; or • breach of contract, such as a default or delinquency in interest or principal payments; or • it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or • the disappearance of an active market for that financial asset because of financial difficulties..
	For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.
	For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.
	For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3.24.1.7 <u>Derecognition of financial assets</u>

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

AASB7.21

3.24.2 Financial liabilities and equity instruments

3.24.2.1 <u>Classification as debt or equity</u>

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

3.24.2.2 Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.24.2.3 Compound instruments

AASB7.27

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

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

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

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

3.24.2.4 Financial guarantee contract liabilities

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

Financial guarantee contract issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out at 3.9.4 above.

3.24.2.5 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

3.24.2.6 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

AASB7.B5(e)

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 42.

3.24.2.7 Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.24.2.8 Derecognition of financial liabilities

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

AASB7.21

3.25 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 42.

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

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

3.25.1 Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3.25.2 Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 42 sets out details of the fair values of the derivative instruments used for hedging purposes.

3.25.3 Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

3.25.4 Cash flow hedges

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

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

3.25.5 Hedges of net investments in foreign operations

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

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

3.26 Goods and services tax

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Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.
Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

3.27 Comparative amounts

AASB101.41, 42

When an entity changes the presentation or classification of items in its financial statements comparative amounts shall be reclassified unless the reclassification is impracticable.
When comparative amounts are reclassified, an entity shall disclose:
(a) the nature of the reclassification;
(b) the amount of each item or class of items that is reclassified; and
(c) the reason for the reclassification.
When it is impracticable to reclassify comparative amounts, an entity shall disclose:
(a) the reason for not reclassifying the amounts; and
(b) the nature of the adjustments that would have been made if the amounts had been reclassified.

Example accounting policies for mining entities

The following example accounting policies may be relevant for entities operating in the resources industry. Entities will need to edit and adapt the accounting policies below to reflect their entity's policies and circumstances:

(xx) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of *[exploration, development, production, transportation or storage]* activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of *[removing facilities, abandoning sites/wells and restoring the affected areas]*.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, *[based on current legal and other requirements and technology].* Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

Source	GAAP Holdings (Australia) Limited

3. Significant accounting policies (cont'd)

The initial estimate of the restoration and rehabilitation provision relating to *[exploration, development and milling/production facilities]* is capitalised into the cost of the related asset and *[depreciated/amortised]* on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

(xx) Exploration and evaluation

The following example accounting policy assumes that an entity has adopted an 'area of interest' approach towards the capitalisation of exploration and evaluation, as is suggested by paragraph Aus7.2 of AASB 6 'Exploration for and Evaluation of Mineral Resources'. Where other approaches are adopted, the following wording will need to be edited as appropriate:

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- (b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to *[development]*.

(xx) Development

Development expenditure is recognised at cost less accumulated *[amortisation/depletion]* and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs *[together with any forecast future capital expenditure necessary to develop proved and probable reserves]* are amortised over the estimated economic life of the *[mine/field]* on a units-of-production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations are dealt with on a prospective basis.

Source	GAAP Holdings (Australia) Limited

4. Critical accounting judgments and key sources of estimation uncertainty

The following are examples of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual entity, and by the significance of judgements and estimates made to the performance and financial position of the entity.
Instead of disclosing this information in a separate note, it may be more appropriate to include such disclosures in the relevant asset and liability notes, or as part of the relevant accounting policy disclosures.

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

AASB101.122

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see 4.2 below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4.1.1 <u>Revenue recognition</u>

Note 13.6 describes the expenditure required in the year for rectification work carried out on goods supplied to one of the Group's major customers. These goods were delivered to the customer in the months of July 2012 to January 2013, and shortly thereafter the defects were identified by the customer. Following negotiations, a schedule of works was agreed, which will involve expenditure by the Group until 2015. In the light of the problems identified, the directors were required to consider whether it was appropriate to recognise the revenue from these transactions of $19 million in the current year, in line with the Group's general policy of recognising revenue when goods are delivered, or whether it was more appropriate to defer recognition until the rectification work was complete.

In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the sale of goods set out in AASB 118 'Revenue' and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate provision for the rectification costs.

4.1.2 <u>Held-to-maturity financial assets</u>

The directors have reviewed the Group's held-to-maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity. The carrying amount of the held-to-maturity financial assets is $5.905 million (30 June 2012: $4.015 million). Details of these assets are set out in note 17.

Source	GAAP Holdings (Australia) Limited

4. Critical accounting judgments and key sources of estimation uncertainty (cont'd)

4.1.3 Deferred taxation on investment properties

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

AASB101.125, 129

4.2 Key sources of estimation uncertainty

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

4.2.1 Recoverability of internally generated intangible asset

During the year, the directors reconsidered the recoverability of the Group's internally generated intangible asset arising from its e-business development, which is included in the consolidated statement of financial position at 30 June 2013 at $0.5 million (30 June 2012: $0.5 million).

The project continues to progress in a satisfactory manner, and customer reaction has reconfirmed the directors' previous estimates of anticipated revenues from the project. However, increased competitor activity has caused the directors to reconsider their assumptions regarding future market share and anticipated margins on these products. Detailed sensitivity analysis has been carried out and the directors are confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

4.2.2 Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at 30 June 2013 was $20.3 million (30 June 2012: $24.1 million) after an impairment loss of $235,000 was recognised during 2013 (2012: nil). Details of the impairment loss calculation are set out in note 24.

4.2.3 Useful lives of property, plant and equipment

As described at 3.18 above, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the directors determined that the useful lives of certain items of equipment should be shortened, due to developments in technology.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase the consolidated depreciation expense in the current financial year and for the next 3 years, by the following amounts:

	$'000
2013	879
2014	607
2015	144
2016	102

Source	GAAP Holdings (Australia) Limited

4. Critical accounting judgments and key sources of estimation uncertainty (cont'd)

4.2.4 Valuation of financial instruments

As described in note 42, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 42 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

AASB108.36 The effect of a change in an accounting estimate, shall be recognised prospectively by including it in profit or loss in:

(a) the period of the change, if the change affects that period only; or
(b) the period of the change and future periods, if the change affects both.

AASB108.37 To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

AASB108.39 An entity shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect.

AASB108.40 If the amount of the effect in future periods is not disclosed because estimating it is impracticable, an entity shall disclose that fact.

AASB116.76 For property, plant and equipment, such disclosure may arise from changes in estimates with respect to:

(a) residual values;
(b) the estimated costs of dismantling, removing or restoring items of property, plant and equipment;
(c) useful lives; and
(d) depreciation methods.

AASB101.131 When it is impracticable to disclose the extent of the possible effects of a key assumption or another key source of estimation uncertainty at the reporting date, the entity discloses that it is reasonably possible, based on existing knowledge, that outcomes within the next annual reporting period that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. In all cases, the entity discloses the nature and carrying amount of the specific asset or liability (or class of assets or liabilities) affected by the assumption.

5. Revenue

AASB118.35(b) The following is an analysis of the Group's revenue for the year from continuing operations (excluding investment income – see note 7).

Source		Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
AASB118.35(b)	Revenue from the sale of goods	119,232	128,852
AASB118.35(b)	Revenue from the rendering of services	16,388	18,215
AASB111.39(a)	Construction contract revenue	5,298	4,773
		140,918	151,840

AASB118.35(c) **Exchange of goods or services**
The amount of revenue arising from exchanges of goods or services included in each significant category of revenue shall be separately disclosed.

Source	GAAP Holdings (Australia) Limited

6. Segment information

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

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

6.1 Products and services from which reportable segments derive their revenues

AASB8.22
AASB101.138(b)

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided, and in respect of the 'electronic equipment' and the 'leisure goods' operations, the information is further analysed based on the different classes of customers. The directors of the Company have chosen to orgainse the Group around differences in products and services. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments under AASB 8 are as follows:

Electronic equipment	- direct sales
	- wholesalers and retail outlets
	- internet sales
Leisure goods	- wholesalers
	- retail outlets
Other	

The leisure goods segments supply sports shoes and equipment, and outdoor play equipment.

AASB8.16

Other operations include the construction of residential properties; the development, sale and installation of computer software for specialised business applications; and the leasing out of specialised storage equipment.

Two operations (the manufacture and sale of toys and bicycles) were discontinued in the current year. The segment information reported on the next pages does not include any amounts for these discontinued operations, which are described in more detail in note 11.

Source	GAAP Holdings (Australia) Limited

6. Segment information (cont'd)

6.2 Segment revenues and results

AASB8.23, 23(a) The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

		Segment revenue		Segment profit	
		Year ended 30/06/13	Year ended 30/06/12	Year ended 30/06/13	Year ended 30/06/12
		$'000	$'000	$'000	$'000
Electronic equipment	- direct sales	37,509	39,641	6,619	10,336
	- wholesalers and retail outlets	20,194	22,534	7,265	5,954
	- internet sales	27,563	29,699	6,632	5,348
Leisure goods	- wholesalers	13,514	18,332	3,252	4,110
	- retail outlets	20,452	18,646	4,921	4,372
Other		21,686	22,988	3,590	6,760
AASB8.28(a) Total for continuing operations		140,918	151,840	32,279	36,880
Share of profits of associates				1,186	1,589
Gain recognised on disposal of interest in former associate				581	-
Investment income				3,608	2,351
Central administration costs and directors' salaries				(2,933)	(2,666)
Finance costs				(4,418)	(6,023)
AASB8.28(b) Profit before tax (continuing operations)				30,303	32,131

AASB8.23(b) Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2012: Nil).

AASB8.27 The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognised on disposal of interest in former associate, investment income, and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Source	GAAP Holdings (Australia) Limited

6. Segment information (cont'd)

6.3 Segment assets and liabilities

Source			30/06/13	30/06/12
			$'000	$'000
AASB8.23, 28(c)	**Segment assets**			
	Electronic equipment	- direct sales	52,574	47,263
		- wholesalers and retail outlets	48,596	36,061
		- internet sales	42,648	32,817
	Leisure goods	- wholesalers	29,851	33,942
		- retail outlets	33,032	44,432
	Other		11,724	23,408
	Total segment assets		218,425	217,923
	Assets relating to bicycle operations (now discontinued)		21,076	19,272
	Unallocated		27,055	23,934
	Consolidated total assets		266,556	261,129
AASB8.23, 28(d)	**Segment liabilities**			
	Electronic equipment	- direct sales	22,491	20,138
		- wholesalers and retail outlets	10,935	20,079
		- internet sales	12,783	13,784
	Leisure goods	- wholesalers	9,152	10,262
		- retail outlets	4,978	11,146
	Other		5,433	3,832
	Total segment liabilities		65,772	79,241
	Liabilities relating to bicycle operations (now discontinued)		3,684	4,982
	Unallocated		25,303	9,944
	Consolidated total liabilities		94,759	94,167

AASB8.27

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, 'other financial assets' and current and deferred tax assets. Goodwill is allocated to reportable segments as described in note 24.1. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to reportable segments other than borrowings, 'other financial liabilities', current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Source	GAAP Holdings (Australia) Limited

6. Segment information (cont'd)

6.4 Other segment information

AASB8.23(e), 24(b)

		Depreciation and amortisation		Additions to non-current assets	
		Year ended 30/06/13	Year ended 30/06/12	Year ended 30/06/13	Year ended 30/06/12
		$'000	$'000	$'000	$'000
Electronic equipment	- direct sales	3,590	3,775	4,183	2,144
	- wholesalers and retail outlets	2,076	2,466	1,770	1,023
	- internet sales	2,067	2,329	3,205	2,382
Leisure goods	- wholesalers	3,507	3,844	5,880	1,547
	- retail outlets	1,889	3,240	4,234	2,901
Other		1,050	1,696	4,718	2,275
		14,179	17,350	23,990	12,272

AASB8.23(i)

In addition to the depreciation and amortisation reported above, impairment losses of $1.204 million (2012: Nil) and $235,000 (2012: Nil) were recognised in respect of property, plant and equipment and goodwill, respectively. These impairment losses were attributable to the following reportable segments.

		Year ended 30/06/13
		$'000
Impairment losses recognised for the year in respect of property, plant and equipment		
Electronic equipment	- direct sales	529
	- wholesalers and retail outlets	285
	- internet sales	390
		1,204
Impairment losses recognised for the year in respect of goodwill		
Other (construction)		235

AASB8.23(f)

Rectification costs of $4.17 million (2012: nil) disclosed in note 13.6 relate to the 'electronic equipment – direct sales' reportable segment.

6.5 Revenue from major products and services

AASB8.32

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	Year ended 30/06/13	Year ended 30/06/12
	$'000	$'000
Electronic equipment	85,266	91,874
Sports shoes	11,057	11,850
Sports equipment	9,946	11,000
Outdoor play equipment	12,963	14,128
Installation of computer software	16,388	18,215
Construction	5,298	4,773
	140,918	151,840

Source	GAAP Holdings (Australia) Limited

6. Segment information (cont'd)

6.6 Geographical information

The Group operates in three principal geographical areas – Australia (country of domicile), B Land and C Land.

AASB8.33(a), (b) The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets* by location of assets are detailed below.

	Revenue from external customers		Non-current assets*	
	Year ended 30/06/13	Year ended 30/06/12	30/06/13	30/06/12
	$'000	$'000	$'000	$'000
Australia	84,202	73,971	98,421	102,343
B Land	25,898	43,562	21,411	25,745
C Land	25,485	25,687	16,085	19,341
Other	5,333	8,620	5,826	8,809
	140,918	151,840	141,743	156,238

* Non-current assets exclude those relating to bicycle operations and non-current assets classified as held for sale and exclude financial instruments, deferred tax assets, post-employment benefit assets, and assets arising from insurance contracts.

6.7 Information about major customers

AASB8.34 Included in revenues arising from direct sales of electronic equipment of $37.5 million (2012: $39.6 million) (see 6.2 above) are revenues of approximately $25.6 million (2012: $19.8 million) which arose from sales to the Group's largest customer. No other single customer contributed 10% or more to the Group's revenue for both 2013 and 2012.

Source	GAAP Holdings (Australia) Limited

7. Investment income

Source		Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
	Continuing operations		
	Rental income:		
AASB117.47(e)	Finance lease contingent rental income	-	-
	Operating lease rental income:		
AASB140.75(f)	Investment properties	18	14
AASB117.56(b)	Contingent rental income	-	-
	Other [describe]	-	-
		18	14
AASB118.35(b)	Interest income:		
	Bank deposits	1,650	741
	Available-for-sale investments	154	148
	Other loans and receivables	66	5
	Held-to-maturity investments	445	410
AASB7.20(d)	Impaired financial assets	-	-
		2,315	1,304
AASB118.35(b)	Royalties	579	428
AASB118.35(b)	Dividends from equity investments	156	154
	Other (aggregate of immaterial items)	540	451
		3,608	2,351

The following is an analysis of investment income by category of asset.

Source		Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
	Available-for-sale financial assets	154	148
	Loans and receivables (including cash and bank balances)	1,716	746
	Held-to-maturity investments	445	410
AASB7.20(b)	Total interest income earned on financial assets that are not designated as at fair value through profit or loss	2,315	1,304
	Investment income earned on non-financial assets	1,293	1,047
		3,608	2,351

Income relating to financial assets classified as at fair value through profit or loss is included in 'other gains and losses' in note 8.

Source	GAAP Holdings (Australia) Limited		

8. Other gains and losses

Source		Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
	Continuing operations		
AASB101.98(c)	Gain/(loss) on disposal of property, plant and equipment	6	67
AASB101.98(d)	Gain/(loss) on disposal of available-for-sale investments	-	-
AASB7.20(a)	Cumulative gain/(loss) reclassified from equity on disposal of available-for-sale investments	-	-
AASB7.20(a)	Cumulative loss reclassified from equity on impairment of available-for-sale investments	-	-
AASB120.39(b)	Government grants received for staff re-training	731	979
AASB121.52(a)	Net foreign exchange gains/(losses)	101	(117)
	Gain arising on effective settlement of legal claim against Subseven Limited (note 46.2)	40	-
AASB7.20(a)	Net gain/(loss) arising on financial assets designated as at FVTPL	-	-
AASB7.20(a)	Net gain/(loss) arising on financial liabilities designated as at FVTPL (i)	(488)	-
AASB7.20(a)	Net gain/(loss) arising on financial assets classified as held for trading (ii)	(129)	-
AASB7.20(a)	Net gain/(loss) arising on financial liabilities classified as held for trading (iii)	-	-
AASB140.76(d)	Change in fair value of investment property	297	8
AASB7.24(b)	Hedge ineffectiveness on cash flow hedges	89	68
AASB7.24(c)	Hedge ineffectiveness on net investment hedges	-	-
		647	1,005

(i) The net loss on these financial liabilities designated as at FVTPL includes a gain of $125,000 resulting from the decrease in fair value of the liabilities, offset by dividends of $613,000 paid during the year.

(ii) The amount represents a net gain on non-derivative held for trading financial assets (see note 17) and comprises an increase in fair value of $202,000 (2012: $99,000), including interest of $46,000 received during the year (2012: $27,000)

(iii) The amount represents a net loss arising on an interest rate swap that economically hedges the fair value of the redeemable cumulative preference shares, but for which hedge accounting is not applied (see note 31). The net loss on the interest rate swap comprises an increase in fair value of $51,000 of the swap, including interest of $3,000 paid during the year.

No other gains or losses have been recognised in respect of loans and receivables or held-to-maturity investments, other than as disclosed in notes 7 and 9 and impairment losses recognised/reversed in respect of trade receivables (see notes 13 and 15).

Source	GAAP Holdings (Australia) Limited

9. Finance costs

Preparers of financial reports should apply judgment in deciding whether hedging gains and losses form part of finance costs or part of other expenses. In so doing, they should consider among other factors, their accounting policies, the nature of the instrument and their objectives in entering into the hedging instrument.

Source		Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
	Continuing operations		
	Interest on bank overdrafts and loans	4,259	6,052
	Interest on obligations under finance leases	75	54
	Interest on convertible notes	110	-
	Interest on perpetual notes	52	-
	Other interest expense	25	-
AASB7.20(b)	Total interest expense for financial liabilities not classified as at fair value through profit or loss	4,521	6,106
AASB123.26(a)	Less: amounts included in the cost of qualifying assets	(11)	(27)
		4,510	6,079
AASB7.24(a)	Loss/(gain) arising on derivatives as designated hedging instruments in fair value hedges	5	-
AASB7.24(a)	(Gain)/loss arising on adjustment for hedged item attributable to the hedged risk in a designated fair value hedge accounting relationship	(5)	-
		-	-
AASB7.23(d)	(Gain)/loss arising on interest rate swaps as designated hedging instruments in cash flow hedges of floating rate debts reclassified from equity to profit or loss	(120)	(86)
	Unwinding of discounts on provisions	28	30
AASB5.17	Unwinding of discount on costs to sell non-current assets classified as held for sale	-	-
	Other finance costs	-	-
		4,418	6,023

AASB123 26(b) — The weighted average capitalisation rate on funds borrowed generally is 8.0% per annum (2012: 7.8% per annum).

Finance costs relating to financial liabilities classified as at fair value through profit or loss are included in 'other gains and losses' in note 8.

Finance costs

AASB123.4, 5 — Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds and may include:

(a) interest on bank overdrafts and short-term and long-term borrowings;
(b) amortisation of discounts or premiums relating to borrowings;
(c) amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
(d) finance charges in respect of finance leases recognised in accordance with AASB 117 'Leases'; and
(e) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to intersst costs.

In addition to borrowing costs, other costs which may form part of finance costs include costs arising from the unwinding of the discount on liabilities and provisions.

Source	GAAP Holdings (Australia) Limited

9. Finance costs (cont'd)

AASB123.17, 21

Capitalised borrowing costs
To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation shall be determined by applying a capitalisation rate to the expenditures on that asset. The average carrying amount of the asset during a period, including borrowing costs previously capitalised, is normally a reasonable approximation of the expenditures to which the capitalisation rate is applied in that period.

10. Income taxes relating to continuing operations

10.1 Income tax recognised in profit or loss

Source		Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
AASB112.79	***Current tax***		
	In respect of the current year	10,071	11,347
	In respect of prior years	-	-
	Others [describe]	-	-
		10,071	10,071
	Deferred tax		
	In respect of the current year	1,643	538
	Deferred tax reclassified from equity to profit or loss	(150)	(86)
	Adjustments to deferred tax attributable to changes in tax rates and laws	-	-
	Write-downs (reversals of previous write-downs) of deferred tax assets	-	-
	Others [describe]	-	-
		1,493	452
	Total income tax expense recognised in the current year relating to continuing operations	11,564	11,799

AASB112.81

The two possible methods of explaining the relationship between tax expense/(income) and accounting profit are:

- a numerical reconciliation between tax expense/(income) and the product of accounting profit multiplied by the applicable tax rate (this option is illustrated below); and
- a numerical reconciliation between the average effective tax rate and applicable tax rate, disclosing also the basis on which the applicable tax rate is computed.

Source	GAAP Holdings (Australia) Limited

10. Income taxes relating to continuing operations (cont'd)

AASB112.81(c) The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
Profit before tax from continuing operations	30,303	32,131
Income tax expense calculated at 30% (2012: 30%)	9,091	9,639
Effect of income that is exempt from taxation	(30)	-
Effect of expenses that are not deductible in determining taxable profit	2,562	2,221
Effect of concessions (research and development and other allowances)	(75)	(66)
Impairment losses on goodwill that are not deductible	5	-
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	-	-
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	11	5
AASB112.81(d) Effect on deferred tax balances due to the change in income tax rate from xx% to xx% (effective [insert date])	-	-
Other [describe]	-	-
	11,564	11,799
Adjustments recognised in the current year in relation to the current tax of prior years	-	-
Income tax expense recognised in profit or loss (relating to continuing operations)	11,564	11,799

AASB112.81(c) The tax rate used for the 2013 and 2012 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Where the entity is subject to a number of different tax rates in the different jurisdictions in which it operates, the above disclosures may need to be expanded to highlight the various rates applicable to the entity, particularly where the effect on aggregate income tax expense is material.

AASB112.81(d) Where there is a change in the applicable tax rate(s) compared to the previous reporting period, an explanation must be given. The following example can be adapted as necessary:
'The corporate tax rate in Country Z was changed from [x]% to [y]% with effect from [date]. This revised rate has not impacted the current tax liability for the current year but will do so in future periods. However, the impact of the change in tax rate has been taken into account in the measurement of deferred taxes at the end of the reporting period. The effect of this change in tax rate on deferred taxes has been disclosed in the reconciliation of deferred taxes below.'

Source	GAAP Holdings (Australia) Limited

10. Income taxes relating to continuing operations (cont'd)

AASB112.81(a)

10.2 Income tax recognised directly in equity

	Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
Current tax		
Share issue costs	(1)	-
Share buy-back costs	(8)	-
Other [describe]	-	-
	(9)	-
Deferred tax		
Arising on transactions with owners:		
Initial recognition of the equity component of convertible notes	242	-
Share issue and buy-back expenses deductible over 5 years	(75)	-
Excess tax deductions related to share-based payments	-	-
Other [describe]	-	-
	167	-
Total income tax recognised directly in equity	158	-

AASB112.81(ab)

10.3 Income tax recognised in other comprehensive income

	Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
Current tax		
[describe]	-	-
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Translation of foreign operations	22	36
Fair value remeasurement of hedging instruments entered into for a hedge of a net investment in a foreign operation	(4)	-
Fair value remeasurement of available-for-sale financial assets	28	24
Fair value remeasurement of hedging instruments entered into for cash flow hedges	131	95
Property revaluations	-	493
Other [describe]	-	-
	177	648
Arising on income and expenses reclassified from equity to profit or loss:		
Relating to cash flow hedges	(114)	(86)
Relating to available-for-sale financial assets	-	-
On disposal of a foreign operation	(36)	-
	(150)	(86)
Total income tax recognised in other comprehensive income	27	562

Source	GAAP Holdings (Australia) Limited

10. Income taxes relating to continuing operations (cont'd)

10.4 Current tax assets and liabilities

	30/06/13	30/06/12
	$'000	$'000
Current tax assets		
Benefit of tax losses to be carried back to recover taxes paid in prior periods	-	-
Tax refund receivable	125	60
Other [describe]	-	-
	125	60
Current tax liabilities		
Income tax payable	5,270	5,868
Other [describe]	-	-
	5,270	5,868

Deferred tax balances

The following illustrative deferred tax balances disclosure is considered 'best practice'. The only requirements for a breakdown by type of temporary difference, i.e. the first column, are the opening and closing balances, and the amount charged to income (being the aggregate of the second and fifth columns). The other columns could be amalgamated or excluded so long as the other disclosures required by AASB 112 are made elsewhere in the financial statements in aggregate. Best practice would have all the deferred tax assets and deferred tax liabilities disclosed separately, albeit in the same note.

10.5 Deferred tax balances

AASB112.81(a), (g)

2013	Opening balance	Recognised in profit or loss	Recognised in other compreh-ensive income	Recognised directly in equity	Reclassified from equity to profit or loss	Acquisitions /disposals	Other	Closing balance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Temporary differences								
Cash flow hedges	(119)	-	(131)	-	114	-	-	(136)
Net investment hedges	-	-	4	-	-	-	-	4
Associates	(1,268)	(356)	-	-	-	-	-	(1,624)
Property, plant & equipment	(3,255)	(1,544)	-	-	-	458	-	(4,341)
Finance leases	(22)	18	-	-	-	-	-	(4)
Intangible assets	(572)	214	-	-	-	-	-	(358)
FVTPL financial assets	-	-	-	-	-	-	-	-
AFS financial assets	(226)	-	(28)	-	-	-	-	(254)
Deferred revenue	34	12	-	-	-	-	-	46
Convertible notes	-	9	-	(242)	-	-	-	(233)
Exchange difference on foreign operations	(14)	-	(22)	-	36	-	-	-
Provisions	1,672	42	-	-	-	-	-	1,714
Doubtful debts	251	(8)	-	-	-	(4)	-	239
Other financial liabilities	5	2	-	-	-	-	-	7
Unclaimed share issue and buy-back costs	-	-	-	75	-	-	-	75
Other [describe]	(181)	(32)	-	-	-	-	-	(213)
	(3,695)	(1,643)	(177)	(167)	150	454	-	(5,078)
Unused tax losses and credits								
Tax losses	-	-	-	-	-	-	-	-
Foreign tax credits	-	-	-	-	-	-	-	-
Other	2	-	-	-	-	-	-	2
	2	-	-	-	-	-	-	2
	(3,693)	(1,643)	(177)	(167)	150	454	-	(5,076)

Source	GAAP Holdings (Australia) Limited

10. Income taxes relating to continuing operations (cont'd)

AASB112.81(a), (g)

2012	Opening balance $'000	Recognised in profit or loss $'000	Recognised in other compreh-ensive income $'000	Recognised directly in equity $'000	Reclassified from equity to profit or loss $'000	Acquisitions /disposals $'000	Other $'000	Closing balance $'000
Temporary differences								
Cash flow hedges	(110)	-	(95)	-	86	-	-	(119)
Associates	(791)	(477)	-	-	-	-	-	(1,268)
Property, plant & equipment	(2,560)	(202)	(493)	-	-	-	-	(3,255)
Finance leases	(29)	7	-	-	-	-	-	(22)
Intangible assets	(669)	97	-	-	-	-	-	(572)
FVTPL financial assets	-	-	-	-	-	-	-	-
AFS financial assets	(202)	-	(24)	-	-	-	-	(226)
Deferred revenue	20	14	-	-	-	-	-	34
Exchange difference on foreign operations	22	-	(36)	-	-	-	-	(14)
Provisions	1,692	(20)	-	-	-	-	-	1,672
Doubtful debts	122	129	-	-	-	-	-	251
Other financial liabilities	9	(4)	-	-	-	-	-	5
Other [describe]	(97)	(84)	-	-	-	-	-	(181)
	(2,593)	(540)	(648)	-	86	-	-	(3,695)
Unused tax losses and credits								
Tax losses	-	-	-	-	-	-	-	-
Foreign tax credits	-	-	-	-	-	-	-	-
Other	-	2	-	-	-	-	-	2
	-	2	-	-	-	-	-	2
	(2,593)	(538)	(648)	-	86	-	-	(3,693)

Deferred tax balances are presented in the statement of financial position as follows:

	30/06/13 $'000	30/06/12 $'000
Deferred tax assets	-	-
Deferred tax liabilities	4,646	3,693
Directly associated with assets held for sale	430	-
	5,076	3,693

AASB112.82

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

(a) the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and

(b) the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

Source	GAAP Holdings (Australia) Limited

10. Income taxes relating to continuing operations (cont'd)

10.6 Unrecognised deferred tax assets

Source		30/06/13 $'000	30/06/12 $'000
AASB112.81(e)	Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
	- tax losses (revenue in nature)	-	-
	- tax losses (capital in nature)	-	-
	- unused tax credits (expire [date])	11	11
	- deductible temporary differences [describe]	-	-
		11	11

The unrecognised tax credits will expire in [date].

10.7 Unrecognised taxable temporary differences associated with investments and interests

Source		30/06/13 $'000	30/06/12 $'000
AASB112.81(f)	Taxable temporary differences in relation to investments in subsidiaries, branches and associates and interests in joint ventures for which deferred tax liabilities have not been recognised are attributable to the following:		
	- domestic subsidiaries	120	125
	- foreign subsidiaries	-	-
	- associates and jointly controlled entities	-	-
	- other [describe]	-	-
		120	125

Int1052.54

Investments within tax-consolidated groups

The amounts (if any) disclosed in the above table will depend on the view taken by the entity in relation to the deferred tax consequences of investments within tax-consolidated groups and other factors. For a detailed analysis of this issue, refer to the Deloitte 'Accounting for tax consolidation under A-IFRS' publication, which can be obtained from the Deloitte web site, www.deloitte.com.au.

There are three main views as to how deferred taxes should be calculated in relation to investments within tax-consolidated groups. The disclosures below are provided as examples of suggested disclosure under each view and should be adapted as necessary to the entity's circumstances:

'End of time' view

(i) Under the tax law, the taxable profit made by a tax-consolidated group in relation to an entity leaving the group depends on a range of factors, including the tax values and/or carrying values of the assets and liabilities of the leaving entities, which vary in line with the transactions and events recognised in each entity. The above taxable temporary differences include an amount of $[x] that arises in relation to investments within the tax-consolidated group. This temporary difference represents the taxable profit that would be realised if the investments within the tax-consolidated group (or the net assets arising on consolidation in relation to those investments) were disposed of at the reporting date at their carrying amounts.

Because the Group has no current intention to dispose of these investments, a deferred tax liability has not been recognised in relation to these taxable temporary differences. Furthermore, the taxable profit or loss ultimately made on disposal of the investments within the tax-consolidated group may be higher or lower than this amount depending upon when the entity leaves the tax-consolidated group and the assets and liabilities that the leaving entity holds at that time.

Source	GAAP Holdings (Australia) Limited

10. Income taxes relating to continuing operations (cont'd)

'Change in tax status' view

(ii) Under the tax law, the taxable profit made by a tax-consolidated group in relation to an entity leaving the group depends on a range of factors, including the tax values and/or carrying values of the assets and liabilities of the leaving entities, which vary in line with the transactions and events recognised in each entity. The taxable profit or loss ultimately made on any disposal of the investments within the tax-consolidated group will therefore depend upon when each entity leaves the tax-consolidated group and the assets and liabilities that the leaving entity holds at that time.

The Group considers the effects of entities entering or leaving the tax-consolidated group to be a change of tax status that is only recognised when those events occur. As a result, temporary differences and deferred tax liabilities have not been measured or recognised in relation to investments within the tax-consolidated group.

'Foreseeable future' view

(iii) Under the tax law, the taxable profit made by a tax-consolidated group in relation to an entity leaving the group depends on a range of factors, including the tax values and/or carrying values of the assets and liabilities of the leaving entities, which vary in line with the transactions and events recognised in each entity. The taxable profit or loss ultimately made on any disposal of the investments within the tax-consolidated group will therefore depend upon when each entity leaves the tax-consolidated group and the assets and liabilities that the leaving entity holds at that time.

Because the Group has no current intention to dispose of these investments, a deferred tax liability has not been recognised in relation to investments within the tax-consolidated group. Furthermore, temporary differences that might arise on disposal of the entities in the tax-consolidated group cannot be reliably measured because of the inherent uncertainties surrounding the nature of any future disposal that might occur.

However, the directors believe that certain non-taxable transactions could be put in place within the tax-consolidated group before any disposal that could reduce any taxable amount that might arise to nil. Because the directors have no current intention to dispose of these investments and because of the existence of these tax planning opportunities, the directors believe the minimum amount of any temporary difference arising would be nil.

10.8 Tax consolidation

Int1052.16(a), (b)

Relevance of tax consolidation to the Group

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is GAAP Holdings (Australia) Limited. The members of the tax-consolidated group are identified in note 19. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Where the decision to tax consolidate has not been notified to the Australian Taxation Office, the following wording should also be included: 'The decision to consolidate for tax purposes has not yet been formally notified to the Australian Taxation Office.'

Int1052.16(c)

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, GAAP Holdings (Australia) Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

Source	GAAP Holdings (Australia) Limited

10. Income taxes relating to continuing operations (cont'd)

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

Other acceptable allocation methods include:

(a) a 'stand alone taxpayer' approach for each entity, as if it continued to be a taxable entity in its own right; or

(b) a 'group allocation' approach, under which the current and deferred tax amounts for the tax-consolidated group are allocated among each entity in the group (subject to certain limitations).

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

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. GAAP Holdings (Australia) Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'stand alone taxpayer' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

Interpretation 1052 provides little guidance on how the 'group allocation' method should be implemented. However, it does specifically note that the following 'group allocation' methods would not be considered 'acceptable methods' for the calculation of current and deferred taxes by members of the tax-consolidated group:

- a method that allocates only current tax liabilities to an entity in the group that has taxable temporary differences
- a method that allocated deferred taxes to an entity in the group using a method that is fundamentally different from the temporary difference approach required by AASB 112
- a method that allocates no current or deferred tax expense to an entity in the group that has taxable income because the tax-consolidated group has no current or deferred income tax expense
- a method that only allocates current taxes to entities in the group that have accounting profits, with no allocation to entities that have accounting losses
- a method that allocated current taxes to entities in the group on an arbitrary basis, for example on the basis of sales revenue, total assets, net assets or operating profits without adjustment for material items that are not assessable or deductible for tax purposes.

Source	GAAP Holdings (Australia) Limited

10. Income taxes relating to continuing operations (cont'd)

Where the 'group allocation' approach is adopted, the following accounting policy wording may be adapted to reflect the actual mechanics of the method adopted:

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. GAAP Holdings (Australia) Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using a 'group allocation ' approach based on the allocation specified in the tax funding arrangement.

The tax funding arrangement requires a notional current and deferred tax calculation for each entity as if it were a taxpayer in its own right, except that unrealised profits, distributions made and received and capital gains and losses and similar items arising on transactions within the tax-consolidated group are treated as having no tax consequence [amend as applicable]. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

11. Discontinued operations

11.1 Disposal of toy manufacturing operations

AASB5.30
AASB5.41

On 28 March 2013, the Company entered into a sale agreement to dispose of Subzero Limited, which carried out all of the Group's toy manufacturing operations. The proceeds of sale substantially exceeded the carrying amount of the related net assets and, accordingly, no impairment losses were recognised on the reclassification of these operations as held for sale. The disposal of the toy manufacturing operations is consistent with the Group's long-term policy to focus its activities in the electronic equipment and other leisure goods markets. The disposal was completed on 31 May 2013, on which date control of the toy manufacturing operations passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 47.

11.2 Plan to dispose of the bicycle business

AASB5.30
AASB5.41

On 31 May 2013, the directors announced a plan to dispose of the Group's bicycle business. The disposal is consistent with the Group's long-term policy to focus its activities in the electronic equipment and other leisure goods markets. The Group is actively seeking a buyer for its bicycle business and expects to complete the sale by 31 January 2014. The Group has not recognised any impairment losses in respect of the bicycle business, neither when the operation was reclassified as held for sale nor at the end of the reporting period.

Source	GAAP Holdings (Australia) Limited

11. Discontinued operations (cont'd)

11.3 Analysis of profit for the year from discontinued operations

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

Source		Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
AASB5.33(b)	***Profit for the year from discontinued operations***		
	Revenue	64,405	77,843
	Other gains	30	49
		64,435	77,892
	Expenses	(54,905)	(64,899)
	Profit before tax	9,530	12,993
AASB112.81(h)	Attributable income tax expense	(2,524)	(2,998)
		7,006	9,995
	Loss on remeasurement to fair value less costs to sell	-	-
	Gain/(loss) on disposal of operation including a cumulative exchange gain of $120,000 reclassified from foreign currency translation reserve to profit and loss (see note 47)	1,940	-
AASB112.81(h)	Attributable income tax expense	(636)	-
		1,304	-
AASB5.33(d)	Profit for the year from discontinued operations (attributable to owners of the Company)	8,310	9,995
AASB5.33(c)	***Cash flows from discontinued operations***		
	Net cash inflows from operating activities	6,381	7,078
	Net cash inflows from investing activities	2,767	-
	Net cash outflows from financing activities	(5,000)	-
	Net cash inflows	4,148	7,078

The bicycle business has been classified and accounted for at 30 June 2012 as a disposal group held for sale (see note 12).

12. Assets classified as held for sale

		30/06/13 $'000	30/06/12 $'000
Freehold land held for sale (i)		1,260	-
Assets related to bicycle business (ii)		21,076	-
		22,336	-
Liabilities associated with assets held for sale (ii)		3,684	-
Amounts recognised directly in equity associated with assets held for sale		-	-

AASB5.41

(i) The Group intends to dispose of a parcel of freehold land it no longer utilises in the next 10 months. The property located on the freehold land was previously used in the Group's toy operations and has been fully depreciated. A search is underway for a buyer. No impairment loss was recognised on reclassification of the land as held for sale at 30 June 2013.

Source	GAAP Holdings (Australia) Limited

12. Assets classified as held for sale (cont'd)

AASB5.41
AASB5.38

(ii) As described in note 11, the Group is seeking to dispose of its bicycle business and anticipates that the disposal will be completed by 31 January 2014. The major classes of assets and liabilities of the bicycle business at the end of the reporting period are as follows:

Source		30/06/13 $'000
	Goodwill	1,147
	Property, plant and equipment	16,944
AASB102.36(c)	Inventories	830
	Trade receivables	1,980
	Cash and bank balances	175
	Assets of bicycle business classified as held for sale	21,076
	Trade payables	(3,254)
	Current tax liabilities	-
	Deferred tax liabilities	(430)
	Liabilities of bicycle business associated with assets classified as held for sale	(3,684)
	Net assets of bicycle business classified as held for sale	17,392

13. Profit for the year from continuing operations

Disclosure of material items of income and expense
When items of income and expense are material, their nature and amount shall be disclosed separately.

Disclosure of information about the nature of expenses
Entities classifying expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense and employee benefit expense. An explanation of the amounts that are included in each of the cost of sales, distribution, marketing, administration and other lines on the face of the income statement should be given as best practice of the interpretation of AASB 101.93.

Example:
Impairment losses are included in the line item 'Cost of sales' in the income statement.
Where this additional information is disclosed in a separate note, the line item should be included in the disclosure.

AASB5.33(d) Profit for the year from continuing operations is attributable to:

	Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
Owners of the Company	14,739	17,569
Non-controlling interests	4,000	2,763
	18,739	20,332

Source	GAAP Holdings (Australia) Limited		

13. Profit for the year from continuing operations (cont'd)

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

Source		Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
AASB7.20(e)	***13.1 Impairment losses on financial assets***		
	Impairment loss recognised on trade receivables (note 15)	63	430
	Impairment loss on available-for-sale equity investments	-	-
	Impairment loss on available-for-sale debt investments	-	-
	Impairment loss on held-to-maturity financial assets	-	-
	Impairment loss on loans carried at amortised cost	-	-
		63	430
	Reversal of impairment losses on trade receivables	(103)	-
	13.2 Depreciation and amortisation expense		
	Depreciation of property, plant and equipment	12,587	15,794
AASB138.118(d)	Amortisation of intangible assets (included in [cost of sales/depreciation and amortisation expense/administrative expense/other expenses])	1,592	1,556
AASB101.104	Total depreciation and amortisation expense	14,179	17,350
AASB140.75(f)	***13.3 Direct operating expenses arising from investment properties***		
	Direct operating expenses from investment properties that generated rental income during the year	-	-
	Direct operating expenses from investment properties that did not generate rental income during the year	-	-
		-	-
AASB138.126	***13.4 Research and development costs expensed as incurred***	502	440
	13.5 Employee benefits expense		
	Post employment benefits (see note 36)		
AASB119.46	Defined contribution plans	160	148
AASB119. 120A (g)	Defined benefit plans	586	556
		746	704
AASB2.50	Share-based payments (see note 43)		
AASB2.51(a)	Equity-settled share-based payments	206	338
AASB2.51(a)	Cash-settled share-based payments	-	-
		206	338
AASB119.142	Termination benefits	-	-
	Other employee benefits	8,851	10,613
AASB101.104	Total employee benefits expense	9,803	11,655

Source	GAAP Holdings (Australia) Limited

13. Profit for the year from continuing operations (cont'd)

13.6 Exceptional rectification costs

AASB101.97

Costs of $4.17 million have been recognised during the year in respect of rectification work to be carried out on goods supplied to one of the Group's major customers, which have been included in [cost of sales/cost of inventories and employee benefits expense]. The amount represents the estimated cost of work to be carried out in accordance with an agreed schedule of works up to 2015. $1.112 million of the provision has been utilised in the current year, with a provision of $3.058 million carried forward to meet anticipated expenditure in 2014 and 2015 (see note 32).

14. Earnings per share

AASB133.Aus1.1

The disclosure of earnings per share applies to each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act 2001 and that is:
(a) a reporting entity whose ordinary shares or potential ordinary shares are publicly traded; or
(b) a reporting entity that is in the process of issuing ordinary shares or potential ordinary shares in public markets; or
(c) an entity that discloses earnings per share.

Source		Year ended 30/06/13 Cents per share	Year ended 30/06/12 Cents per share
	Basic earnings per share		
	From continuing operations	84.5	87.3
AASB133.68	From discontinued operations	47.7	49.7
	Total basic earnings per share	132.2	137.0
	Diluted earnings per share		
	From continuing operations	74.0	83.2
AASB133.68	From discontinued operations	41.5	47.3
	Total diluted earnings per share	115.5	130.5

AASB133.70(a)

14.1 Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows.

	Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
Profit for the year attributable to owners of the Company	23,049	27,564
Other [describe]	-	-
Earnings used in the calculation of basic earnings per share	23,049	27,564
Profit for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	(8,310)	(9,995)
Other [describe]	-	-
Earnings used in the calculation of basic earnings per share from continuing operations	14,739	17,569

Source		Year ended 30/06/13 '000	Year ended 30/06/12 '000
AASB133.70(b)	Weighted average number of ordinary shares for the purposes of basic earnings per share	17,432	20,130

Source	GAAP Holdings (Australia) Limited

14. Earnings per share (cont'd)

14.2 Diluted earnings per share

AASB133.70(a) The earnings used in the calculation of diluted earnings per share are as follows.

	Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
Earnings used in the calculation of basic earnings per share	23,049	27,564
Interest on convertible notes (after tax at 30%)	77	-
Earnings used in the calculation of diluted earnings per share	23,126	27,564
Profit for the year from discontinued operations used in the calculation of diluted earnings per share from discontinued operations	(8,310)	(9,995)
Other [describe]	-	-
Earnings used in the calculation of diluted earnings per share from continuing operations	14,816	17,569

AASB133.70(b) The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows.

	Year ended 30/06/13 '000	Year ended 30/06/12 '000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	17,432	20,130
Shares deemed to be issued for no consideration in respect of:		
- employee options	161	85
- partly paid ordinary shares	923	900
- convertible notes	1,500	-
- other [describe]	-	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	20,016	21,115

AASB133.70(c) The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share.

	Year ended 30/06/13 '000	Year ended 30/06/12 '000
[Describe]	-	-

14.3 Impact of changes in accounting policies

AASB108.28(f) Changes in the Group's accounting policies during the year are described in detail in note 2.1. To the extent that those changes have had an impact on results reported for 2013 and 2012, they have had an impact on the amounts reported for earnings per share.

Source	GAAP Holdings (Australia) Limited

14. Earnings per share (cont'd)

The following table summarises that effect on both basic and diluted earnings per share.

	Effect on profit for the year from continuing operations		Effect on basic earnings per share		Effect on diluted earnings per share	
	Year ended 30/06/13	Year ended 30/06/12	Year ended 30/06/13	Year ended 30/06/12	Year ended 30/06/13	Year ended 30/06/12
	$'000	$'000	Cents per share	Cents per share	Cents per share	Cents per share
Changes in accounting policies relating to:						
- [describe]	-	-	-	-	-	-
	-	-	-	-	-	-

AASB133.69 An entity shall present basic and diluted earnings per share even if the amounts are negative (a loss per share).

AASB133.68 An entity that reports a discontinued operation shall disclose the basic and diluted amounts per share for the discontinued operation either on the face of the income statement or in the notes to the financial statements.

AASB133.72 Financial instruments and other contracts generating potential ordinary shares may incorporate terms and conditions that affect the measurement of basic and diluted earnings per share. These terms and conditions may determine whether any potential ordinary shares are dilutive and, if so, the effect on the weighted average number of shares outstanding and any consequent adjustments to profit or loss attributable to ordinary equity holders. The disclosure of the terms and conditions of such financial instruments and other contracts is encouraged, if not otherwise already disclosed in accordance with AASB 7 'Financial Instruments: Disclosures'.

Ordinary shares and potential ordinary shares transactions occurring after reporting date

AASB133.70(d) A description of ordinary share transactions or potential ordinary shares transactions, other than those adjusted for retrospectively (refer below), that occur after the reporting date and that would have changed significantly the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period shall be disclosed.

Restatement of earnings per share

AASB133.64 If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting date but before the financial report is authorised for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares. The fact that per share calculations reflect such changes in the number of shares shall be disclosed.

AASB133.64, 65 Basic and diluted earnings per share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies, accounted for retrospectively. Diluted earnings per share of any prior period presented are not restated for changes in the assumptions used in earnings per share calculations or for the conversion of potential ordinary shares into ordinary shares.

Comparative information

AASB133.67 Earnings per share is presented for every period for which an income statement is presented.

Source	GAAP Holdings (Australia) Limited

14. Earnings per share (cont'd)

AASB133.73

Use of alternative earnings figures
If an entity discloses, in addition to basic and diluted earnings per share, amounts per share using a reported component of the income statement other than one required by AASB 133, such amounts shall be calculated using the weighted average number of ordinary shares determined in accordance with AASB 133. Basic and diluted amounts per share relating to such a component shall be disclosed with equal prominence and presented in the notes to the financial statements. An entity shall indicate the basis on which the numerator(s) is (are) determined, including whether amounts per share are before tax or after tax. If a component of the income statement is used that is not reported as a line item in the income statement, a reconciliation shall be provided between the component used and a line item that is reported in the income statement.

15. Trade and other receivables

Source		30/06/13 $'000	30/06/12 $'000
	Trade receivables	18,034	16,880
	Allowance for doubtful debts	(798)	(838)
		17,236	16,042
	Deferred sales proceeds		
	- toy manufacturing operations (note 47)	960	-
	- partial disposal of E Plus Limited (note 20)	1,245	-
	Operating lease receivable	-	-
AASB111.42(a)	Amounts due from customers under construction contracts (note 27)	240	230
Int1031.9	Goods and services tax recoverable	-	-
	Other [describe]	54	20
		19,735	16,292

15.1 Trade receivables

AASB7.36(c), 37

The average credit period on sales of goods is 60 days. No interest is charged on trade receivables for the first 60 days from the date of the invoice. Thereafter, interest is charged at 2% per annum on the outstanding balance. The Group has recognised an allowance for doubtful debts of 100% against all receivables over 120 days because historical experience has been that receivables that are past due beyond 120 days are not recoverable. Allowances for doubtful debts are recognised against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

AASB7.34(c), 36(c)

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. 80% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group. Of the trade receivables balance at the end of the year, $6.9 million (30 June 2012: $5.9 million) is due from Company A, the Group's largest customer (see notes 6.7 and 42.9).There are no other customers who represent more than 5% of the total balance of trade receivables.

Source	GAAP Holdings (Australia) Limited

15. Trade and other receivables (cont'd)

AASB7.37(a)

Age of receivables that are past due but not impaired

	30/06/13 $'000	30/06/12 $'000
60-90 days	1,100	700
90-120 days	462	333
Total	1,562	1,033
Average age (days)	84	85

AASB7.16

Movement in the allowance for doubtful debts

		Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
	Balance at beginning of the year	838	628
	Impairment losses recognised on receivables	63	430
	Amounts written off during the year as uncollectible	-	(196)
	Amounts recovered during the year	-	(24)
	Impairment losses reversed	(103)	-
	Foreign exchange translation gains and losses	-	-
	Unwind of discount	-	-
AASB7.20(e)	Balance at end of the year	798	838

AASB7.33(a), (b) In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

AASB7.37(b), (c) Included in the allowance for doubtful debts are individually impaired trade receivables amounting to $63,000 (30 June 2012: $52,000) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds.

AASB7.37(b)

Age of impaired trade receivables

	30/06/13 $'000	30/06/12 $'000
60-90 days	353	320
90-120 days	191	101
120+ days	654	717
Total	1,198	1,138

15.2 Transfer of financial assets

AASB7.14(a), 42D(a), (b), (c), (f) During the year, the Group discounted trade receivables with an aggregate carrying amount of $1.052 million to a bank for cash proceeds of $1 million. If the trade receivables are not paid at maturity, the bank has the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised cash received on the transfer as a secured borrowing (see note 29).

AASB7.42D(e) At the end of the reporting period, the carrying amount of the trade receivables that have been transferred but have not been derecognised amounted to $0.946 million and the carrying amount of the associated liability is $0.923 million.

Source	GAAP Holdings (Australia) Limited

15. Trade and other receivables (cont'd)

AASB7.42D

Transferred financial assets that are not derecognised in their entirety

An entity may have transferred financial assets in such a way that part or all of the transferred financial assets do not qualify for derecognition. To meet the objectives set out in paragraph 42B(a), the entity must disclose at each reporting date for each class of transferred financial assets that are not derecognised in their entirety:

(a) the nature of the transferred assets;

(b) the nature of the risks and rewards of ownership to which the entity is exposed;

(c) a description of the nature of the relationship between the transferred assets and the associated liabilities, including restrictions arising from the transfer on the reporting entity's use of the transferred assets;

(d) when the counterparty (counterparties) to the associated liabilities has (have) recourse only to the transferred assets, a schedule that sets out the fair value of the transferred assets, the fair value of the associated liabilities and the net position (the difference between the fair value of the transferred assets and the associated liabilities);

(e) when the entity continues to recognise all of the transferred assets, the carrying amounts of the transferred assets and the associated liabilities; and

(f) when the entity continues to recognise the assets to the extent of its continuing involvement (see paragraphs 20(c)(ii) and 30 of AASB 139), the total carrying amount of the original assets before the transfer, the carrying amounts of the assets that the entity continues to recognise, and the carrying amount of the associated liabilities.

16. Finance lease receivables

	30/06/13	30/06/12
	$'000	$'000
Current finance lease receivables	198	188
Non-current finance lease receivables	830	717
	1,028	905

16.1 Leasing arrangements

AASB117.47(f)
AASB7.7

The Group entered into finance lease arrangements for certain of its storage equipment. All leases are denominated in Australian dollars. The average term of finance leases entered into is 4 years.

16.2 Amounts receivable under finance leases

AASB117.47(a)

Source		Minimum lease payments		Present value of minimum lease payments	
		30/06/13	30/06/12	30/06/13	30/06/12
		$'000	$'000	$'000	$'000
	Not later than one year	282	279	198	188
	Later than one year and not later than five years	1,074	909	830	717
		1,356	1,188	1,028	905
AASB117.47(b)	Less unearned finance income	(328)	(283)	n/a	n/a
	Present value of minimum lease payments receivable	1,028	905	1,028	905
AASB117.47(d)	Allowance for uncollectible lease payments	-	-	-	-
		1,028	905	1,028	905

Source	GAAP Holdings (Australia) Limited

16. Finance lease receivables (cont'd)

AASB117.47(c) Unguaranteed residual values of assets leased under finance leases at the end of the reporting period are estimated at $37,000 (30 June 2012: $42,000).

AASB7.7 The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate contracted is approximately 10.5% (30 June 2012: 11%) per annum.

AASB7.36(c) The finance lease receivables at the end of the reporting period are neither past due nor impaired.

17. Other financial assets

Source		30/06/13 $'000	30/06/12 $'000
AASB7.7	***Derivatives designated and effective as hedging instruments carried at fair value***		
	Foreign currency forward contracts	244	220
	Interest rate swaps	284	177
		528	397
AASB7.8(a)	***Financial assets carried at fair value through profit or loss (FVTPL)***		
	Non-derivative financial assets designated as at FVTPL	-	-
	Held for trading derivatives that are not designated in hedge accounting relationships	-	-
	Held for trading non-derivative financial assets	539	1,247
		539	1,247
AASB7.8(b)	***Held-to-maturity investments carried at amortised cost***		
	Bills of exchange (i)	5,405	4,015
	Debentures (ii)	500	-
		5,905	4,015
AASB7.8(d)	***Available-for-sale investments carried at fair value***		
	Redeemable notes (iii)	2,200	2,122
	Unquoted shares (iv)	6,300	5,735
	Other [describe]	419	-
		8,919	7,857
AASB7.8(c)	***Loans and receivables carried at amortised cost***		
	Loans to related parties (v)	3,637	3,088
	Loans to other entities	-	-
		3,637	3,088
		19,528	16,604

Source	GAAP Holdings (Australia) Limited

17. Other financial assets (cont'd)

	30/06/13	30/06/12
	$'000	$'000
Current	8,757	6,949
Non-current	10,771	9,655
	19,528	16,604

AASB7.7, 36

(i) The Group holds bills of exchange that carry interest at variable rate. The weighted average interest rate on these securities is 7.10% per annum (2012: 7.0% per annum). The bills have maturity dates ranging between 3 to 18 months from the end of the reporting period. The counterparties have a minimum A credit rating. None of these assets had been past due or impaired at the end of the reporting period.

(ii) The debentures carry interest at 6% per annum payable monthly, and mature in September 2013. The counterparties have a minimum B credit rating. None of these assets had been past due or impaired at the end of the reporting period.

(iii) The Group holds listed redeemable notes that carry interest at 7% per annum. The notes are redeemable at par value in 2015. The notes are held with a single counterparty with an AA credit rating. The Group holds no collateral over this balance.

AASB128.37(d)

(iv) The Group holds 20% of the ordinary share capital of Rocket Corp Limited, a company involved in the refining and distribution of fuel products. The directors of the Company do not consider that the Group is able to exercise significant influence over Rocket Corp Limited as the other 80% of the ordinary share capital is held by one shareholder, who also manages the day-to-day operations of that company.

At 30 June 2013, the Group also continues to hold a 10% interest in E Plus Limited, a former associate (see note 20).

AASB124.18(b)

(v) The Group has provided several of its key management personnel with short-term loans at rates comparable to the average commercial rate of interest. Further information about these loans is set out in note 45.

AASB7.25

For each class of financial assets, an entity shall disclose the fair value of that class of asset in a way that permits it to be compared with its carrying amount except for:
(a) when the carrying amount is a reasonable approximation of fair value;
(b) an investment in equity instruments that do not have a quoted market price in an active market;
(c) for a contract containing a discretionary participation feature.

AASB102.36(b)

18. Inventories

	30/06/13	30/06/12	01/07/11
	$'000	$'000	$'000
Raw materials	9,972	10,322	8,619
Work in progress	4,490	4,354	4,270
Finished goods	16,751	14,306	16,799
	31,213	28,982	29,688

AASB102.36(d)

The cost of inventories recognised as an expense during the year in respect of continuing operations was $89.9million (2012: $91.9million).

Cost of sales
The financial report shall disclose the amount of inventories recognised as an expense during the period. The amount of inventories recognised as an expense during the period, which is often referred to as cost of sales, consists of those costs previously included in the measurement of inventory that has now been sold and unallocated production overheads and abnormal amounts of production costs of inventories. The circumstances of the entity may also warrant the inclusion of other amounts, such as distribution costs.

Source	GAAP Holdings (Australia) Limited

18. Inventories (cont'd)

AASB102.36(e), (f), (g)

The cost of inventories recognised as an expense includes $2.34 million (2012: $1.86 million) in respect of write-downs of inventory to net realisable value, and has been reduced by $0.5 million (2012: $0.4 million) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of increased sales prices in certain markets.

Inventory
The write-down of inventory to net realisable value would be included in the cost of sales line on the face of the income statement where classification by function is used, and in the changes in inventory line where classification by nature is used.

Reversal of previous write-downs of inventory
The financial report shall disclose the circumstances or events that led to the reversal of a write-down of inventories arising from an increase in net realisable value.

AASB101.61

Inventories of $1.29 million (30 June 2012: $0.86 million) are expected to be recovered after more than twelve months.

AASB102.3(b), 36(c)

Inventories held by commodity broker-traders may be measured at fair value less costs to sell. The financial report shall disclose the carrying amount of inventories carried at fair value less costs to sell.

19. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows.

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			30/06/13	30/06/12
Subzero Limited	Manufacture of toys	Australia	Nil	100%
Subone Limited	Manufacture of electronic equipment	Australia	90%	100%
Subtwo Limited	Manufacture of leisure goods	Australia	45%	45%
Subthree Limited(ii), (iii)	Construction of residential properties	Australia	100%	100%
Subfour Limited	Manufacture of leisure goods	B Land	70%	70%
Subfive Limited	Manufacture of electronic equipment	C Land	100%	100%
Subsix Limited	Manufacture of leisure goods	Australia	80%	Nil
Subseven Limited(ii), (iii)	Manufacture of leisure goods	Australia	100%	Nil

(i) GAAP Holdings (Australia) Limited is the head entity within the tax-consolidated group.
(ii) These companies are members of the tax-consolidated group.
ASIC-C0 98/1418 (iii) These wholly-owned subsidiaries have entered into a deed of cross guarantee with GAAP Holdings (Australia) Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report. Subseven Limited became a party to the deed of cross guarantee on 15 December 2012.

Source	GAAP Holdings (Australia) Limited

19. Subsidiaries (cont'd)

AASB127.41(e)

During the year, the Group disposed of 10% of its interest in Subone Limited, reducing its continuing interest to 90%. The proceeds on disposal of $213,000 were received in cash.

An amount of $179,000 (being the proportionate share of the carrying amount of the net assets of Subone Limited) has been transferred to non-controlling interests (see note 41). The difference of $34,000 between the increase in the non-controlling interests and the consideration received has been credited to retained earnings (see note 39).

AASB127.41(a)

The Group owns 45% equity shares of Subtwo Limited, and consequently does not control more than half of the voting power of those shares. However, based on the contractual arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of Subtwo Limited, and hence the Group has control over the financial and operating policies of Subtwo Limited. Therefore, Subtwo Limited is controlled by the Group and is consolidated in these financial statements.

ASIC-CO 98/1418

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

	Year ended 30/06/13	Year ended 30/06/12
	$'000	$'000
Statement of comprehensive income		
Revenue	90,669	92,440
Other income	1,435	622
Share of profits of associates	1,186	1,589
Changes in inventories of finished goods and work in progress	(4,273)	1,822
Raw materials and consumables used	(42,208)	(51,202)
Employee benefits expense	(5,882)	(6,993)
Depreciation and amortisation expense	(7,316)	(8,544)
Finance costs	(3,299)	(4,037)
Consulting expense	(1,797)	(976)
Other expenses	(5,343)	(2,986)
Profit before tax expense	23,172	21,735
Income tax expense	(7,336)	(8,971)
Profit for the year from continuing operations	15,836	12,764
Profit for the year from discontinued operations	-	-
Profit for the year	15,836	12,764
Other comprehensive Income		
Net Value gain on available-for-sale financial assets	22	25
Net value gain on cash flow hedges	17	18
Gain on revaluation of properties	-	-
Share of other comprehensive income of associates	-	-
Other comprehensive income for the year, net of tax	39	43
Total comprehsive Income for the year	15,875	12,807

Source	GAAP Holdings (Australia) Limited

19. Subsidiaries (cont'd)

	30/06/13	30/06/12
	$'000	$'000
Statement of financial position		
Cash and bank balances	18,179	17,799
Trade and other receivables	10,666	13,791
Other financial assets	8,757	6,949
Inventories	21,641	25,174
Current tax assets	85	60
	59,328	63,773
Non-current assets classified as held for sale	1,260	-
Total current assets	60,588	63,773
Non-current assets		
Investments in associates	7,402	7,270
Other financial assets	10,771	9,655
Property, plant and equipment	73,404	80,083
Goodwill	16,788	16,788
Other intangible assets	9,739	11,325
Total non-current assets	118,104	125,121
Total assets	178,692	188,894
Current liabilities		
Trade and other payables	13,787	14,068
Borrowings	22,446	25,600
Other financial liabilities	104	18
Current tax payables	5,149	5,878
Provisions	1,893	1,501
Other	90	95
	43,523	47,160
Liabilities directly associated with non-current assets classified as held for sale	-	-
Total current liabilities	43,523	47,160
Non-current liabilities		
Borrowings	20,221	20,862
Other financial liabilities	28	-
Deferred tax liabilities	3,955	3,203
Provisions	1,379	1,396
Total non-current liabilities	25,583	25,461
Total liabilities	69,106	72,621
Net assets	109,586	116,273
Equity		
Issued capital	32,777	48,672
Reserves	4,051	3,151
Retained earnings*	73,096	64,450
	109,586	116,273
Amounts recognised directly in equity relating to non-current assets classified as held for sale	-	-
Total equity	109,586	116,273
* Retained earnings		
Retained earnings as at beginning of the financial year	64,450	58,165
Net profit	15,836	12,764
Dividends provided for or paid	(6,635)	(6,479)
Share buy-back	(555)	-
Retained earnings as at end of the financial year	73,096	64,450

Source	GAAP Holdings (Australia) Limited

19. Subsidiaries (cont'd)

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The above proforma consolidated financial statements shall comply with:

- in respect of the statement of comprehensive income income statement – paragraphs 82 to 87 of AASB 101 'Presentation of Financial Statements'; and
- in respect of the statement of financial position – paragraphs 68 to 73 of AASB 101.

In addition, the principles of consolidation as prescribed by AASB 127 'Consolidated and Separate Financial Statements' shall be applied, therefore all transactions between parties to the deed of cross guarantee shall be eliminated.

Other disclosures

AASB127.41 The consolidated financial statements shall disclose the nature of the relationship between the parent and a subsidiary when the parent does not own, directly or indirectly through subsidiaries, more than half of the voting power.

AASB127.41(b) The consolidated financial statements shall disclose the reasons why the ownership, directly or indirectly through subsidiaries, of more than half of the voting or potential voting power of an investee does not constitute control.

AASB127.41(d) The consolidated financial statements shall disclose the nature and extent of any significant restrictions (e.g. resulting from borrowing arrangements or regulatory requirements) on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans or advances.

20. Investments in associates

Details of the Group's associates are as follows.

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			30/06/13	30/06/12
A Plus Limited (i)(ii)	Transport	M Land	35%	35%
B Plus Limited (iii)	Steel manufacturing	Australia	17%	17%
C Plus Limited (iv)	Manufacture of electronic equipment	Australia	45%	45%
D Plus Limited	Transport	R Land	35%	35%

(i) Pursuant to a shareholder agreement, the Company has the right to cast 37% of the votes at shareholder meetings of A Plus Limited.

AASB 128.37(e) (ii) The financial year end date of A Plus Limited is 30 April. This was the reporting date established when that company was incorporated, and a change of reporting date is not permitted in M Land. For the purpose of applying the equity method of accounting, the financial statements of A Plus Limited for the year ended 30 April 2013 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 30 June 2013.

AASB128.37(c) (iii) Although the Group holds less than 20% of the equity shares of B Plus Limited, and it has less than 20% of the voting power in shareholder meetings, the Group exercises significant influence by virtue of its contractual right to appoint two directors to the board of directors of that company.

(iv) C Plus Limited is a listed entity in C Land with its ordinary shares traded on the stock exchange of C Land. As at 30 June 2013, the fair value of the Group's interest in C Plus Limited which is listed on the stock exchange of C land, was $8.0 million (30 June 2012: $7.8million).

Source	GAAP Holdings (Australia) Limited

20. Investments in associates (cont'd)

AASB128.37(b) Summarised financial information in respect of the Group's associates is set out below.

	30/06/13	30/06/12
	$'000	$'000
Total assets	42,932	38,178
Total liabilities	(14,848)	(12,218)
Net assets	28,084	25,960
Group's share of net assets of associates	7,402	7,270

	Year ended 30/06/13	Year ended 30/06/12
	$'000	$'000
Total revenue	12,054	11,904
Total profit for the year	3,953	5,479
Group's share of profits of associates	1,186	1,589

In the prior year, the Group held a 40% interest in E Plus Limited and accounted for the investment as an associate. In June 2013, the Group disposed of a 30% interest in E Plus Limited to a third party for proceeds of $1.245 million (received in July 2013). The Group has retained the remaining 10% interest as an available-for-sale investment whose fair value at the date of disposal was $360,000. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows.

	$'000
Proceeds of disposal	1,245
Plus: fair value of investment retained (10%)	360
Less: carrying amount of investment on the date of loss of significant influence	(1,024)
Gain recognised	581

The gain recognised in the current year comprises a realised profit of $477,000 (being the proceeds of $1.245 million less $768,000 carrying amount of the interest disposed of) and an unrealised profit of $104,000 (being the fair value less the carrying amount of the 10% interest retained). A current tax expense of $143,000 arose on the gain realised in the current year, and a deferred tax expense of $32,000 has been recognised in respect of the portion of the profit recognised that is not taxable until the remaining interest is disposed of.

Disclosure in aggregate or individually

AASB128.37(b) AASB 128 'Investments in Associates' states that disclosure of summarised financial information is to be made in aggregate.

Restrictions on fund transfers

AASB128.37(f) The entity shall disclose the nature and extent of any significant restrictions (for example, resulting from borrowing arrangements or regulatory requirements) on the ability of an associate to transfer funds to the entity in the form of cash dividends, or repayment of loans or advances.

Unrecognised share of losses

AASB128.37(g) The entity shall disclose the unrecognised share of losses of an associate, both for the period and cumulatively, if recognition of the associate's share of losses has been discontinued.

Source	GAAP Holdings (Australia) Limited

20. Investments in associates (cont'd)

Associate not accounted for using equity method

AASB128.13, 37(h)

The entity must disclose the fact that an associate is not accounted for using the equity method in accordance with the exceptions from equity accounting listed in paragraph 13 of AASB 128.

AASB128.37(i)

Summarised financial information of associates not accounted for using the equity method must be disclosed either individually or in groups. This information must include the amounts of total assets, total liabilities, revenues and profit or loss.

Different reporting dates or reporting periods

AASB128.24, 25

The most recent available financial statements of the associate are used by the investor in applying the equity method. When the reporting dates of the investor and the associate are different, the associate prepares, for the use of the investor, financial statements as of the same date as the financial statements of the investor unless it is impracticable to do so.

When the financial statements of an associate used in applying the equity method are prepared as of a different reporting date from that of the investor, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements. In any case, the difference between the reporting date of the associate and that of the investor shall be no more than three months. The length of the reporting periods and any difference in the reporting dates shall be the same from period to period.

21. Joint ventures

AASB131.56

The Group has the following significant interests in joint ventures:

(a) a 25 per cent share in the ownership of a property located in Central District, City A. The Group is entitled to a proportionate share of the rental income received and bears a proportionate share of the outgoings; and

(b) a 33.5 per cent equity shareholding with equivalent voting power in JV Electronics Limited, a jointly controlled entity established in C Land.

There has been no change in the Group's ownership or voting interests in these joint ventures for the reported years.

AASB131.56

The following amounts are included in the Group's consolidated financial statements as a result of the proportionate consolidation of JV Electronics Limited.

	30/06/13 $'000	30/06/12 $'000
Current assets	1,800	1,850
Non-current assets	8,993	9,854
Current liabilities	936	785
Non-current liabilities	5,858	5,521

	Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
Income	2,124	2,005
Expenses	1,787	1,763

Recognition for jointly controlled entities

AASB131.30, 38

A venturer must recognise its interest in a jointly controlled entity using proportionate consolidation or the equity method.

Source	GAAP Holdings (Australia) Limited

21. Joint ventures (cont'd)

AASB131.34

When proportionate consolidation is used, there are two reporting formats available:

(a) combining the share of assets, liabilities, income and expenses of the jointly controlled entity with the similar items, line by line in its financial statements; or

(b) separate line items for the entity's share of the assets, liabilities, income and expenses of the jointly controlled entity in its financial statements.

AASB131.35

Assets or liabilities may not be set-off unless a legal right to set-off exists and the offsetting represents the expectation as to the realisation of the asset or settlement of the liability.

AASB131.46, AASB127.38

An interest in a jointly controlled entity and associates that are not classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' must be accounted for in a venturer's separate financial statements

(a) at cost; or

(b) in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'.

AASB127.40

Investments in jointly controlled entities and associates that are accounted for in accordance with AASB 139 'Financial Instruments: Recognition and Measurement' in the consolidated financial statements must be accounted for in the same way in the investor's separate financial statements.

AASB131.42

Interests in jointly controlled entities that are classified as held for sale in accordance with AASB 5 must be accounted for in accordance with that Standard.

Disclosure in aggregate or individually

AASB131.56

AASB 131 'Interests in Joint Ventures' states that for jointly controlled entities the aggregate amounts of each of current assets, long-term assets, current liabilities, long-term liabilities, income and expenses related to its interests in joint ventures must be disclosed. This disclosure is required irrespective of whether jointly controlled entities are accounting for using the equity method of accounting or proportionate consolidation.

22. Property, plant and equipment

Source		30/06/13	30/06/12	01/07/11
		$'000	$'000	$'000
	Carrying amounts of:			
	Freehold land	13,568	16,358	15,610
	Buildings	8,132	11,204	11,108
	Plant and equipment	88,055	106,487	134,088
AASB117.31(a)	Equipment under finance lease	28	162	252
		109,783	134,211	161,058

Source	GAAP Holdings (Australia) Limited

22. Property, plant and equipment (cont'd)

AASB116.73(a)
AASB116.73(d), (e)

	Freehold land at fair value	Buildings at fair value	Plant and equipment at cost	Equipment under finance lease at cost	Total
	$'000	$'000	$'000	$'000	$'000
Cost or valuation					
Balance at 1 July 2011	15,610	12,659	159,107	630	188,006
Additions	-	1,008	10,854	40	11,902
Disposals	-	-	(27,298)	-	(27,298)
Acquisitions through business combinations	-	-	-	-	-
Construction expenditure capitalised	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-
Revaluation increase	1,608	37	-	-	1,645
Effect of foreign currency exchange differences	(860)	-	(1,498)	-	(2,358)
Other [describe]	-	-	-	-	-
Balance at 30 June 2012	16,358	13,704	141,165	670	171,897
Additions	-	-	22,983	-	22,983
Disposals	(1,439)	(1,200)	(12,401)	(624)	(15,664)
Transferred as consideration for acquisition of subsidiary	(400)				(400)
Derecognised on disposal of a subsidiary	-	-	(8,419)	-	(8,419)
Acquisitions through business combinations	-	-	512	-	512
Reclassified as held for sale	(1,260)	(1,357)	(22,045)	-	(24,662)
Revaluation increase/(decrease)	-	-	-	-	-
Effect of foreign currency exchange differences	309	-	1,673	-	1,982
Other [describe]	-	-	-	-	-
Balance at 30 June 2013	13,568	11,147	123,468	46	148,229

Source	GAAP Holdings (Australia) Limited

22. Property, plant and equipment (cont'd)

AASB116.73(a)
AASB116.73(d), (e)

	Freehold land at fair value $'000	Buildings at fair value $'000	Plant and equipment at cost $'000	Equipment under finance lease at cost $'000	Total $'000
Accumulated depreciation and impairment					
Balance at 1 July 2011	-	(1,551)	(25,019)	(378)	(26,948)
Eliminated on disposals of assets	-	-	4,610	-	4,610
Eliminated on revaluation	-	(2)	-	-	(2)
Eliminated on reclassification as held for sale	-	-	-	-	-
Impairment losses recognised in profit or loss	-	-	-	-	-
Reversals of impairment losses recognised in profit or loss	-	-	-	-	-
Depreciation expense	-	(947)	(14,717)	(130)	(15,794)
Effect of foreign currency exchange differences	-	-	448	-	448
Other [describe]	-	-	-	-	-
Balance at 30 June 2012	-	(2,500)	(34,678)	(508)	(37,686)
Eliminated on disposals of assets	-	106	3,602	500	4,208
Eliminated on disposal of a subsidiary	-	-	2,757	-	2,757
Eliminated on revaluation	-	-	-	-	-
Eliminated on reclassification as held for sale	-	153	6,305	-	6,458
AASB136.126(a) Impairment losses recognised in profit or loss	-	-	(1,204)	-	(1,204)
AASB136.126(b) Reversals of impairment losses recognised in profit or loss	-	-	-	-	-
Depreciation expense	-	(774)	(11,803)	(10)	(12,587)
Effect of foreign currency exchange differences	-	-	(392)	-	(392)
Other [describe]	-	-	-	-	-
Balance at 30 June 2013	-	(3,015)	(35,413)	(18)	(38,446)

22.1 Impairment losses recognised in the year

AASB136.130(a) to (g)

During the year, as the result of the unexpected poor performance of the manufacturing plant, the Group carried out a review of the recoverable amount of that manufacturing plant and the related equipment. These assets are used in the Group's electronic equipment reportable segments. The review led to the recognition of an impairment loss of $1.09 million, which has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 9% per annum. No impairment assessment was performed in 2012 as there was no indication of impairment.

AASB136.131

Additional impairment losses recognised in respect of property, plant and equipment in the year amounted to $0.114 million. These losses are attributable to greater than anticipated wear and tear. These assets are also used in the Group's electronic equipment reportable segment.

AASB136.126(a)

The impairment losses have been included in profit or loss in the [other expenses/cost of sales] line item.

AASB116.73(c)

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

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

Source	GAAP Holdings (Australia) Limited

22. Property, plant and equipment (cont'd)

22.2 Freehold land and buildings carried at fair value

AASB116.77(a) to (d)

The valuation of the Group's land and buildings was performed by Messrs R & P Trent, independent valuers not related to the Group, to determine the fair value of the land and buildings as at 30 June 2013 and 30 June 2012. Messrs R & P Trent are members of the Institute of Valuers of Australia. The valuation was determined by reference to recent market transactions on arm's length term. ,

AASB116.77(e)

Had the Group's land and buildings (other than land and buildings classified as held for sale or included in a disposal group) been measured on a historical cost basis, their carrying amount would have been as follows.

	30/06/13	30/06/12
	$'000	$'000
Freehold land	11,957	14,750
Buildings	9,455	12,460

22.3 Assets pledged as security

AASB116.74(a)

Freehold land and buildings with a carrying amount of $23 million approx (30 June 2012: $28.8 million approx) have been pledged to secure borrowings of the Group (see note 29). The freehold land and buildings have been pledged as security for bank loans under a mortgage. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

In addition, the Group's obligations under finance leases (see note 35) are secured by the lessors' title to the leased assets, which have a carrying amount of $28,000 (30 June 2012: $162,000).

Compensation from third parties

AASB116.74(d)

If not disclosed separately on the face of the income statement, the amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in profit or loss shall be disclosed.

Property, plant and equipment stated at revalued amounts

AASB116.35

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

(a) restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to its depreciated replacement cost; or

(b) eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. This method is often used for buildings.

The amount of the adjustment arising on the restatement or elimination of accumulated depreciation forms part of the increase or decrease in carrying amount that is accounted for in accordance with AASB 116 'Property, Plant and Equipment'.

Impairment of revalued property, plant and equipment

AASB136.5

Property, plant and equipment carried at revalued amounts shall also be tested for impairment. Identifying whether a revalued asset may be impaired depends on the basis used to determine fair value:

(a) if the asset's fair value is its market value, the only difference between the asset's fair value and its fair value less costs to sell is the direct incremental costs to dispose of the asset:

  i. if the disposal costs are negligible, the recoverable amount of the revalued asset is necessarily close to, or greater than, its revalued amount (i.e. fair value). In this case, after the revaluation requirements have been applied, it is unlikely that the revalued asset is impaired and recoverable amount need not be estimated;

Source	GAAP Holdings (Australia) Limited

22. Property, plant and equipment (cont'd)

ii. if the disposal costs are not negligible, the fair value less costs to sell of the revalued asset is necessarily less than its fair value. Therefore, the revalued asset will be impaired if its value in use is less than its revalued amount (i.e. fair value). In this case, after the revaluation requirements have been applied, an entity applies AASB 136 'Impairment of Assets' to determine whether the asset may be impaired; and

(b) if the asset's fair value is determined on a basis other than its market value, its revalued amount (i.e. fair value) may be greater or lower than its recoverable amount. Hence, after the revaluation requirements have been applied, an entity applies AASB 136 to determine whether the asset may be impaired.

Disclosure of impairment of property, plant and equipment
An entity shall disclose the information requirement by AASB 136 'Impairment of Assets' for each material impairment loss recognised or reversed during the period for property, plant and equipment

Additional disclosures

AASB116.79 Entities are encouraged to disclose the following information, as users of the financial report may find the information relevant to their needs:

(a) the carrying amount of temporarily idle property, plant and equipment;
(b) the gross carrying amount of any fully depreciated property, plant and equipment that is still in use;
(c) the carrying amount of property, plant and equipment retired from active use and not classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'; and
(d) when the cost model is used, the fair value of property, plant and equipment when this is materially different from the carrying amount.

23. Investment property

	30/06/13	30/06/12
	$'000	$'000
Fair value		
Completed investment property	1,936	1,642

Source		2013	2012
		$'000	$'000
AASB140.76	Balance at beginning of year	1,642	170
	Additions	10	1522
	Acquisitions through business combinations	-	-
	Other acquisitions	-	-
	Disposals	-	(58)
	Transferred from property, plant and equipment	-	-
	Other transfers	-	-
	Property reclassified as held for sale	-	-
	Gain/(loss) on property revaluation	297	8
	Effect of foreign currency exchange differences	(13)	-
	Other changes	-	-
	Balance at end of year	1,936	1,642

Source	GAAP Holdings (Australia) Limited
	23. Investment property (cont'd)
AASB140.75(d), (e)	The fair value of the Group's investment property at 30 June 2013 and 30 June 2012 has been arrived at on the basis of a valuation carried out on the respectively date by Messrs R & P Trent, independent valuers not related to the Group. Messrs R & P Trent are members of the Institute of Valuers of Australia, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation, was arrived at by reference to market evidence of transaction prices for similar properties.
	All of the Group's investment property is held under freehold interests.
AASB140.75(d)	An entity shall disclose the methods and significant assumptions applied in determining the fair value of investment property, including a statement whether the determination of fair value was supported by market evidence or was more heavily based on other factors (which the entity shall disclose) because of the nature of the property and lack of comparable market data
AASB140.75(e)	The extent to which the fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued shall be disclosed. If there has been no such valuation, that fact shall be disclosed.
	Adjustment for recognised assets and liabilities
AASB140.77	When a valuation obtained for investment property is adjusted significantly for the purpose of the financial statements, for example to avoid double-counting of assets or liabilities that are recognised as separate assets and liabilities, the entity shall disclose a reconciliation between the valuation obtained and the adjusted valuation included in the financial statements, showing separately the aggregate amount of any recognised lease obligations that have been added back, and any other significant adjustments.
	Inability to determine fair value reliably
AASB140.78	In the exceptional cases where an entity is unable to reliably determine the fair value of an investment property, and accordingly measures that investment property using the cost model, the reconciliation illustrated above shall disclose amounts relating to that investment property separately from amounts relating to other investment property. In addition, an entity shall disclose: (a) a description of the investment property; (b) an explanation of why fair value cannot be determined reliably; (c) if possible, the range of estimates within which fair value is highly likely to lie; and (d) on disposal of investment property not carried at fair value: i. the fact that the entity has disposed of investment property not carried at fair value; ii. the carrying amount of that investment property at the time of sale; and iii. the amount of gain or loss recognised.
	Property interests held under operating leases treated as investment property
AASB140.75(b)	An entity shall disclose, if it applies the fair value model, whether, and in what circumstances, property interests held under operating leases are classified and accounted for as investment property.
	Investment properties measured under the cost model
AASB140.79	An entity that applies the cost model shall disclose, in addition to the disclosures illustrated in notes 3.19, 7, 23 and 51 to these model financial statements: (a) the depreciation methods used; (b) the useful lives or the depreciation rates used; (c) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; (d) a reconciliation of the carrying amount of investment property at the beginning and end of the period, showing the following: i. additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognised as an asset; ii. additions resulting from acquisitions through business combinations; iii. assets classified as held for sale or included in a disposal group in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' and other disposals;

Source	GAAP Holdings (Australia) Limited

23. Investment property (cont'd)

iv. depreciation;
v. the amount of impairment losses recognised, and the amount of impairment losses reversed, during the period in accordance with AASB 136 'Impairment of Assets';
vi. the net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity;
vii. transfers to and from inventories and owner-occupied property; and
viii. other changes; and

(e) the fair value of investment property. When an entity cannot determine the fair value of the investment property reliably, it shall disclose:
i. a description of the investment property;
ii. an explanation of why fair value cannot be determined reliably; and
iii. if possible, the range of estimates within which fair value is highly likely to lie.

24. Goodwill

	30/06/13 $'000	30/06/12 $'000
Cost	20,520	24,060
Accumulated impairment losses	(235)	-
	20,285	24,060

Source		2013 $'000	2012 $'000
AASB3.B67(d)	***Cost***		
	Balance at beginning of year	24,060	23,920
	Additional amounts recognised from business combinations occurring during the year (note 46)	478	-
	Derecognised on disposal of a subsidiary (note 47)	(3,080)	-
	Reclassified as held for sale (note 12)	(1,147)	-
	Effect of foreign currency exchange differences	209	140
	Other [describe]	-	-
	Balance at end of year	20,520	24,060
	Accumulated impairment losses		
	Balance at beginning of year	-	-
AASB136.126(a)	Impairment losses recognised in the year	(235)	-
	Derecognised on disposal of a subsidiary	-	-
	Classified as held for sale	-	-
	Effect of foreign currency exchange differences	-	-
	Balance at end of year	(235)	-

Source	GAAP Holdings (Australia) Limited

24. Goodwill (cont'd)

24.1 *Allocation of goodwill to cash-generating units*

AASB136.134, 135

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

- Leisure goods – retail outlets
- Electronic equipment – internet sales
- Construction operations – Murphy Construction
- Construction operations – other.

Before recognition of impairment losses, the carrying amount of goodwill (other than goodwill relating to discontinued operations) was allocated to cash-generating units as follows.

	30/06/13 $'000	30/06/12 $'000
Leisure goods – retail outlets	10,162	9,620
Electronic equipment – internet sales	8,623	8,478
Construction operations – Murphy Construction	235	235
Construction operations – other	1,500	1,500
	20,520	19,833

Leisure goods – retail outlets

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 10% per annum (2012: 9.5% per annum).

Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 5% per annum growth rate which is the projected long-term average growth rate for the international leisure goods market. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Electronic equipment – internet sales

The recoverable amount of the 'electronic equipment – internet sales' segment and cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 10% per annum (2012: 9.5% per annum). Cash flows beyond that five-year period have been extrapolated using a steady 21% per annum growth rate. This growth rate exceeds by 0.5 percentage points the long-term average growth rate for the international electronic equipment market. However, among other factors, the internet sales cash-generating unit benefits from the protection of a 20-year patent on the Series Z electronic equipment, granted in 2009, which is still acknowledged as one of the top models in the market. The steady growth rate of 21% is estimated by the directors based on past performance and their expectations of market deveopment. The directors estimate that a decrease in growth rate by 1 to 5% would result in the aggregate carrying amount of the cash-generating unit exceeding the recoverable amount of the cash-generating unit by approximately $1 to 5 million. The directors believe that any reasonably possible change in other key assumptions on which recoverable amount is based would not cause the 'electronic equipment – internet sales' carrying amount to exceed its recoverable amount.

Source	GAAP Holdings (Australia) Limited

24. Goodwill (cont'd)

Construction operations – Murphy Construction

The goodwill associated with Murphy Construction arose when that business was acquired by the Group in 2008. The business has continued to operate on a satisfactory basis, but without achieving any significant increase in market share. During the year, the government of Australia introduced new regulations requiring registration and certification of builders for government contracts. In the light of the decision to focus the Group's construction activities through the other operating units in Subthree Limited, the directors have decided not to register Murphy Construction for this purpose, which means that it has no prospects of obtaining future contracts. The directors have consequently determined to write off the goodwill directly related to Murphy Construction amounting to $235,000. No other write-down of the assets of Murphy Construction is considered necessary. Contracts in progress at the end of the year will be completed without loss to the Group.

The impairment loss has been included in profit or loss in the 'other expenses' line item.

Construction operations – other

The recoverable amount of the Group's remaining construction operations has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 10% per annum (2012: 9.5% per annum). Cash flows beyond that five-year period have been extrapolated using a steady 8% per annum growth rate. This growth rate does not exceed the long-term average growth rate for the construction market in Australia. The directors believe that any reasonably possible further change in the key assumptions on which recoverable amount is based would not cause the construction operations carrying amount to exceed its recoverable amount.

The key assumptions used in the value in use calculations for the leisure goods and electronic equipment cash-generating units are as follows.

Budgeted market share	Average market share in the period immediately before the budget period, plus a growth of 1-2% of market share per year. The values assigned to the assumption reflect past experience and is, consistent with the directors' plans for focusing operations in these markets. The directors believe that the planned market share growth per year for the next five years is reasonably achievable.
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period, increased for expected efficiency improvements. This reflects past experience, except for efficiency improvements. The directors expect efficiency improvements of 3 - 5% per year to be reasonably achievable.
Raw materials price inflation	Forecast consumer price indices during the budget period for the countries from which raw materials are purchased. The values assigned to the key assumption are consistent with external sources of information.

AASB136.135 Where goodwill allocated to a cash-generating unit (or groups of units) is not significant individually in comparison with the entity's total carrying amount of goodwill, but is significant when aggregated with another unit (or units) based on the same key assumptions, the key assumptions to be disclosed in relation to those aggregate units are only the assumptions that are used in the recoverable amount calculation for both units.

Goodwill not yet allocated to a cash-generating unit

AASB136.133 If any portion of the goodwill acquired in a business combination during the period has not been allocated to a cash-generating unit (or group of units) at the reporting date, the amount of the unallocated goodwill shall be disclosed together with the reasons why that amount remains unallocated.

Source	GAAP Holdings (Australia) Limited

24. Goodwill (cont'd)

Impairment of cash-generating units including goodwill

AASB136.130

An entity shall disclose the following for each material impairment loss recognised or reversed during the period for an individual asset, including goodwill, or a cash-generating unit:

(a) the events and circumstances that led to the recognition or reversal of the impairment loss;
(b) the amount of the impairment loss recognised or reversed;
(c) for an individual asset:
  i. the nature of the asset; and
  ii. if the entity reports segment information in accordance with AASB 8 'Operating Segments', the reportable segment to which the asset belongs;
(d) for a cash-generating unit:
  i. a description of the cash-generating unit (such as whether it is a product line, a plant, a business operation, a geographical area, or a reportable segment as defined in AASB 8);
  ii. the amount of the impairment loss recognised or reversed by class of assets and, if the entity reports segment information in accordance with AASB 8, by reportable segment; and
  iii. if the aggregation of assets for identifying the cash-generating unit has changed since the previous estimate of the cash-generating unit's recoverable amount (if any), a description of the current and former way of aggregating assets and the reasons for changing the way the cash-generating unit is identified;
(e) whether the recoverable amount of the asset (or cash-generating unit) is its fair value less costs to sell or its value in use;
(f) if recoverable amount is fair value less costs to sell, the basis used to determine fair value less costs to sell (such as whether fair value was determined by reference to an active market); and
(g) if recoverable amount is value in use, the discount rate(s) used in the current estimate and previous estimate (if any) of value in use.

AASB136.131

An entity shall disclose the following information for the aggregate impairment losses recognised during the period for which no information is disclosed in accordance with the above requirements:

(a) the main classes of assets affected by impairment losses and the main classes of assets affected by reversals of impairment losses; and
(b) the main events and circumstances that led to the recognition of these impairment losses and reversals of impairment losses.

Estimates used to measure recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives

AASB136.134

An entity shall disclose the following information for each cash-generating unit (or group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (or group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives:

(a) the carrying amount of goodwill allocated to the unit (or group of units);
(b) the carrying amount of intangible assets with indefinite useful lives allocated to the unit (or group of units);
(c) the basis on which the unit's (or group of units') recoverable amount has been determined (i.e. value in use or fair value less costs to sell);

Source	GAAP Holdings (Australia) Limited

24. Goodwill (cont'd)

(d) if the unit's (or group of units') recoverable amount is based on value in use:
  i. a description of each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets/forecasts. Key assumptions are those to which the unit's (or group of units') recoverable amount is most sensitive;
  ii. a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information;
  iii. the period over which management has projected cash flows based on financial budgets/forecasts approved by management and, when a period greater than five years is used for a cash-generating unit (or group of units), an explanation of why that longer period is justified;
  iv. the growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts, and the justification for using any growth rate that exceeds the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market to which the unit (or group of units) is dedicated; and
  v. the discount rate(s) applied to the cash flow projections;

(e) if the unit's (or group of units') recoverable amount is based on fair value less costs to sell, the methodology used to determine fair value less costs to sell. If fair value less costs to sell is not determined using an observable market price for the unit (or group of units), the following information shall also be disclosed:
  i. a description of each key assumption on which management has based its determination of fair value less costs to sell. Key assumptions are those to which the unit's (or group of units') recoverable amount is most sensitive; and
  ii. a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information; and

(f) if a reasonably possible change in a key assumption on which management has based its determination of the unit's (or group of units') recoverable amount would cause the unit's (or group of units') carrying amount to exceed its recoverable amount:
  i. the amount by which the unit's (or group of units') recoverable amount exceeds its carrying amount;
  ii. the value assigned to the key assumption; and
  iii. the amount by which the value assigned to the key assumption must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the unit's (or group of units') recoverable amount to be equal to its carrying amount.

AASB136.135

If some or all of the carrying amount of goodwill or intangible assets with indefinite useful lives is allocated across multiple cash-generating units (or groups of units), and the amount so allocated to each unit (or group of units) is not significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, that fact shall be disclosed, together with the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to those units (or groups of units). In addition, if the recoverable amounts of any of those units (or groups of units) are based on the same key assumption(s) and the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to them is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, an entity shall disclose that fact, together with:

(a) the aggregate carrying amount of goodwill allocated to those units (or groups of units);
(b) the aggregate carrying amount of intangible assets with indefinite useful lives allocated to those units (or groups of units);
(c) a description of the key assumption(s);
(d) a description of management's approach to determining the value(s) assigned to the key assumption(s), whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information; and

Source	GAAP Holdings (Australia) Limited

24. Goodwill (cont'd)

(e) if a reasonably possible change in the key assumption(s) would cause the aggregate of the units' (or groups of units') carrying amounts to exceed the aggregate of their recoverable amounts:

i. the amount by which the aggregate of the units' (or groups of units') recoverable amounts exceeds the aggregate of their carrying amounts;

ii. the value(s) assigned to the key assumption(s); and

iii. the amount by which the value(s) assigned to the key assumption(s) must change, after incorporating any consequential effects of the change on the other variables used to measure recoverable amount, in order for the aggregate of the units' (or groups of units') recoverable amounts to be equal to the aggregate of their carrying amounts.

25. Other intangible assets

	30/06/13	30/06/12
	$'000	$'000
Carrying amounts of:		
Capitalised development	1,194	1,906
Patents	4,369	4,660
Trademarks	706	942
Licences	3,470	3,817
	9,739	11,325

AASB138.118(c), (e)

	Capitalised develop-ment	Patents	Trademarks	Licences	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
Balance at 1 July 2011	3,230	5,825	4,711	6,940	20,706
Additions	-	-	-	-	-
Additions from internal developments	358	-	-	-	358
Acquisitions through business combinations	-	-	-	-	-
Disposals or classified as held for sale	-	-	-	-	-
Effect of foreign currency exchange differences	-	-	-	-	-
Other [describe]	-	-	-	-	-
Balance at 30 June 2012	3,588	5,825	4,711	6,940	21,064
Additions	-	-	-	-	-
Additions from internal developments	6	-	-	-	6
Acquisitions through business combinations	-	-	-	-	-
Disposals or classified as held for sale	-	-	-	-	-
Effect of foreign currency exchange differences	-	-	-	-	-
Other [describe]	-	-	-	-	-
Balance at 30 June 2013	3,594	5,825	4,711	6,940	21,070

Source	GAAP Holdings (Australia) Limited

25. Other intangible assets (cont'd)

Accumulated amortisation and impairment

Source		Capitalised develop-ment $'000	Patents $'000	Trademarks $'000	Licences $'000	Total $'000
	Balance at 1 July 2011	(1,000)	(874)	(3,533)	(2,776)	(8,183)
	Amortisation expense	(682)	(291)	(236)	(347)	(1,556)
	Disposals or classified as held for sale	-	-	-	-	-
AASB136.130(b)	Impairment losses recognised in profit or loss	-	-	-	-	-
AASB136.130(b)	Reversals of impairment losses recognised in profit or loss	-	-	-	-	-
	Effect of foreign currency exchange differences	-	-	-	-	-
	Other [describe]	-	-	-	-	-
	Balance at 30 June 2012	(1,682)	(1,165)	(3,769)	(3,123)	(9,739)
	Amortisation expense	(718)	(291)	(236)	(347)	(1,592)
	Disposals or classified as held for sale	-	-	-	-	-
AASB136.130(b)	Impairment losses recognised in profit or loss	-	-	-	-	-
AASB136.130(b)	Reversals of impairment losses recognised in profit or loss	-	-	-	-	-
	Effect of foreign currency exchange differences	-	-	-	-	-
	Other [describe]	-	-	-	-	-
	Balance at 30 June 2013	(2,400)	(1,456)	(4,005)	(3,470)	(11,331)

AASB138.118(a) The following useful lives are used in the calculation of amortisation.

Capitalised development	5 years
Patents	10 – 20 years
Trademarks	20 years
Licences	20 years

25.1 Significant intangible assets

AASB138.122(b) The Group holds a patent for the manufacture of its Series Z electronic equipment. The carrying amount of the patent of $2.25 million (30 June 2012: $2.4 million) will be fully amortised in 15 years (30 June 2012: 16 years).

Impairment of intangible assets

AASB138.120 An entity discloses information on impaired intangible assets and estimates used to measure the recoverable amounts of cash-generating units containing intangible assets with indefinite useful lives in accordance with AASB 136 'Impairment of Assets' in addition to the information required by AASB 138 'Intangible Assets' (refer pages B129 to B131).

Additional disclosures for indefinite life intangible assets

AASB138. 122(a) An entity shall disclose, for an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life. In giving these reasons, the entity shall describe the factor(s) that played a significant role in determining that the asset has an indefinite useful life.

Source	GAAP Holdings (Australia) Limited

25. Other intangible assets (cont'd)

AASB138.90

Factors that are considered in determining the useful life of an intangible asset include:

(a) the expected usage of the asset by the entity and whether the asset could be managed efficiently by another management team;
(b) typical product life cycles for the asset and public information on estimates of useful lives of similar assets that are used in a similar way;
(c) technical, technological, commercial or other types of obsolescence;
(d) the stability of the industry in which the asset operates and changes in the market demand for the products or services output from the asset;
(e) expected actions by competitors or potential competitors;
(f) the level of maintenance expenditure required to obtain the expected future economic benefits from the asset and the entity's ability and intention to reach such a level;
(g) the period of control over the asset and legal or similar limits on the use of the asset, such as the expiry dates of related leases; and
(h) whether the useful life of the asset is dependent on the useful life of other assets of the entity.

Additional disclosures for intangible assets acquired by way of a government grant and initially recognised at fair value

AASB138.122(c)

For intangible assets acquired by way of a government grant and initially recognised at fair value, an entity shall disclose:

(a) the fair value initially recognised for these assets;
(b) their carrying amount; and
(c) whether they are measured after recognition under the cost model or the revaluation model.

Intangible assets measured after revaluation using the revaluation model

AASB138.124

If intangible assets are accounted for at revalued amounts, an entity shall disclose the following:

(a) by class of intangible assets:
   i. the effective date of the revaluation;
   ii. the carrying amount of revalued intangible assets; and
   iii. the carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model;
(b) the amount of the revaluation reserve that relates to intangible assets at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders; and
(c) the methods and significant assumptions applied in estimating the assets' fair values.

Other information

AASB138.128

An entity is encouraged, but not required, to disclose the following information:

(a) a description of any fully amortised intangible asset that is still in use; and
(b) a brief description of significant intangible assets controlled by the entity but not recognised as assets because they did not meet the recognition criteria in AASB 138 'Intangible Assets'.

AASB101.77

26. Other assets

	30/06/13 $'000	30/06/12 $'000
Prepayments	-	-
Other [describe]	-	-
	-	-
Current	-	-
Non-current	-	-
	-	-

Source	GAAP Holdings (Australia) Limited

27. Amounts due from (to) customers under construction contracts

Source		30/06/13 $'000	30/06/12 $'000
	Contracts in progress		
AASB111.40(a)	Construction costs incurred plus recognised profits less recognised losses to date	1,517	1,386
	Less: progress billings	(1,313)	(1,171)
		204	215
	Recognised and included in the consolidated financial statements as amounts due:		
AASB111.42(a)	- from customers under construction contracts (note 15)	240	230
AASB111.42(b)	- to customers under construction contracts (note 28)	(36)	(15)
		204	215

AASB111.40(b), (c)

At 30 June 2013, retentions held by customers for contract work amounted to $75,000 (30 June 2012: $69,000). Advances received from customers for contract work amounted to $14,000 (30 June 2012: nil).

28. Trade and other payables

Source		30/06/13 $'000	30/06/12 $'000
	Trade payables	16,337	21,205
AASB2.51(b)	Cash-settled share-based payments	-	-
AASB111.42(b)	Amounts due to customers under construction contracts (see note 27)	36	15
	Other [describe]	-	-
		16,373	21,220

AASB7.7

The average credit period on purchases of certain goods from B Land is 4 months. No interest is charged on the trade payables for the first 60 days from the date of the invoice. Thereafter, interest is charged at 2% per annum on the outstanding balance. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

AASB101.61

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

Source	GAAP Holdings (Australia) Limited

AASB7.8(f)

29. Borrowings

	30/06/13 $'000	30/06/12 $'000
Unsecured – at amortised cost		
Bank overdrafts	520	314
Bills of exchange (i)	358	916
Loans from:		
- related parties (ii)	12,917	34,124
- other entities (iii)	3,701	3,518
- government (iv)	2,610	-
Convertible notes (note 30)	4,144	-
Perpetual notes (v)	1,905	-
Other [describe]	-	-
	26,155	38,872
Secured – at amortised cost		
Bank overdrafts	18	64
Bank loans (vi)	14,982	17,404
Loans from other entities	575	649
Transferred receivables (vii)	923	-
Finance lease liabilities (viii) (note 35)	14	89
Other [describe]	-	-
	16,512	18,206
	42,667	57,078
Current	22,446	25,600
Non-current	20,221	31,478
	42,667	57,078

29.1 Summary of borrowing arrangements

AASB7.7

(i) Bills of exchange with a variable interest rate were issued in 2005. The current weighted average effective interest rate on the bills is 6.8% per annum (30 June 2012: 6.8% per annum).

(ii) Amounts repayable to related parties of the Group. Interest of 8.0% - 8.2% per annum is charged on the outstanding loan balances (30 June 2012: 8.0% - 8.2% per annum).

(iii) Fixed rate loans with a finance company with remaining maturity periods not exceeding 3 years (30 June 2012: 4 years). The weighted average effective interest rate on the loans is 8.15% per annum (30 June 2012: 8.10% per annum). The Group hedges a portion of the loans for interest rate risk via an interest rate swap exchanging fixed rate interest for variable rate interest. The outstanding balance is adjusted for fair value movements in the hedged risk, being movements in the inter-bank rate in Australia.

(iv) On 17 June 2013, the Group received an interest-free loan of $3 million from the government of Australia to finance staff training over a two-year period. The loan is repayable in full at the end of that two-year period. Using prevailing market interest rates for an equivalent loan of 7.2%, the fair value of the loan is estimated at $2.61 million. The difference of $390,000 between the gross proceeds and the fair value of the loan is the benefit derived from the interest-free loan and is recognised as deferred revenue (see note 33). Interest expenses will be recognised on this loan in 2014 ($188,000) and 2015 ($202,000).

(v) 2,500 perpetual notes with a coupon rate of 6% per annum were issued on 27 February 2013 at $2.5 million principal value. Issue costs of $0.595 million were incurred.

(vi) Secured by a mortgage over the Group's freehold land and buildings (see note 22). The weighted average effective interest rate on the bank loans is 8.30% per annum (30 June 2012: 8.32% per annum).

(vii) Secured by a charge over certain of the Group's trade receivables (see note 15).

(viii) Secured by the assets leased. The borrowings are a mix of variable and fixed interest rate debt with repayment periods not exceeding 5 years.

Source	GAAP Holdings (Australia) Limited

29. Borrowings (cont'd)

29.2 Breach of loan agreement

AASB7.18

During the current year, the Group was late in paying interest for the first quarter on one of its loans with a carrying amount of $5 million. The delay arose because of a temporary lack of funds on the date interest was payable due to a technical problem on settlement. The interest payment outstanding of $107,500 was repaid in full on the following day, including the additional interest and penalty. The lender did not request accelerated repayment of the loan and the terms of the loan were not changed. Management has reviewed the Group's settlement procedures to ensure that such circumstances do not recur.

AASB7.18

Defaults and breaches

For loans payable recognised at the reporting date, an entity must disclose:

(a) details of any defaults during the period of principal, interest, sinking fund, or redemption terms of those loans payable;

(b) the carrying amount of the loans payable in default at the reporting date; and

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

AASB7.19

If during the period there were breaches of loan agreement terms other than those illustrated in the above note, an entity shall disclose the same information as in the above note if those breaches permitted the lender to demand accelerated repayment (unless the breaches were remedied, or the terms of the loan were renegotiated, on or before the reporting date.)

30. Convertible notes

AASB7.7

4.5 million 5.5% $ denominated convertible notes were issued by the Company on 1 March 2013 at an issue price of $1.10 per note. Each note entitles the holder to convert to one ordinary share at a cost of $3 per share. Conversion may occur at any time between 1 January 2016 and 28 February 2016. If the notes have not been converted, they will be redeemed on 1 March 2016 at $1. Interest of 5.5% will be paid quarterly up until that settlement date.

AASB132.28

The net proceeds received from the issue of the convertible notes have been split between the financial liability element and an equity component, representing the residual attributable to the option to convert the financial liability into equity of the Company, as follows.

	$'000
Proceeds of issue	4,950
Liability component at date of issue	(4,116)
Equity component	834

The equity component of $834,000 has been credited to equity (option premium on convertible notes – see note 38.7).

AASB7.7

The liability component is measured at amortised cost. The interest expense for the year ($110,000) is calculated by applying an effective interest rate of 8% to the liability component for the four-month period since the loan notes were issued. Interest paid in the period since issue is $82,000. The difference between the carrying amount of the liability component at the date of issue ($4.116 million) and the amount reported in the statement of financial position at 30 June 2013 ($4.144 million) represents the effective interest rate less interest paid to that date.

Source	GAAP Holdings (Australia) Limited

31. Other financial liabilities

Source		30/06/13 $'000	30/06/12 $'000
	Financial guarantee contracts	24	18
	Derivatives that are designated and effective as hedging instruments carried at fair value		
	Foreign currency forward contracts	87	-
	Interest rate swaps	5	-
	Currency swaps	-	-
	Other [describe]	-	-
		92	-
AASB7.8(e)	***Financial liabilities carried at fair value through profit or loss (FVTPL)***		
	Non-derivative financial liabilities designated as at FVTPL on initial recognition (i)	14,875	-
	Held for trading derivatives not designated in hedge accounting relationships (ii)	51	-
	Held for trading non-derivative financial liabilities	-	-
		14,926	-
	Other (contingent consideration) (iii)	75	-
		15,117	18
	Current	116	18
	Non-current	15,001	-
		15,117	18

(i) 3,000,000 redeemable cumulative preference shares with a coupon rate of 7% per annum were issued on 1 January 2013 at an issue price of $5 per share. The shares are redeemable on 30 November 2014 at $5 per share. The shares are unsecured borrowings of the Group and are designated as at FVTPL (see below).

These redeemable cumulative preference shares do not contain any equity component and are classified as financial liabilities in their entirely. In addition the Group has designated these preference shares as financial liabilities at fair value through profit or loss (FVTPL) as permitted by AASB 139 'Financial Instruments: Recognition and Measurement'. The preference shares have fixed interest payments and mature on 30 November 2014.

To reduce the fair value risk of changing interest rates, the Group has entered into a pay-floating receive-fixed interest rate swap. The swap's notional principal is $15 million and matches the principal of the cumulative redeemable preference shares. The swap matures on 30 November 2014. The designation of preference shares as at FVTPL eliminates the accounting mismatch arising on measuring the liability at amortised cost and measuring the derivative at FVTPL.

Dividends of $613,000 (2012: nil) were paid on redeemable cumulative preference shares and are included in profit or loss in the "other gains and losses" line item.

(ii) A pay-floating receive-fixed interest rate swap economically hedges fair value interest rate risk of redeemable cumulative preference shares.

(iii) Other financial liabilities include $75,000 representing the estimated fair value of the contingent consideration relating to the acquisition of Subsix Limited (see note 46.2). There has been no change in the fair value of the contingent consideration since the acquisition date.

Source	GAAP Holdings (Australia) Limited

31. Other financial liabilities (cont'd)

AASB7.8(e), (f)

Disclosure

An entity shall disclose on either the face of the statement of financial position or in the notes the carrying amount of:

(a) financial liabilities at fair value through profit or loss, showing separately
  i. those designated as such upon initial recognition; and
  ii. those classified as held for trading in accordance with AASB 139; and
(b) financial liabilities measured at amortised cost

AASB7.10

If an entity has designated a financial liability as at fair value through profit or loss in accordance with paragraph 9 of AASB 139, it shall disclose:

(a) the amount of change during the period, and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability. This is determined either as the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk, or using an alternative method the entity believes more faithfully represents the amount of change in its fair value that is attributable to the changes in credit risk of the liability; and
(b) the difference between the financial liabilities carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation.

Changes in market conditions (as referred to in (a) above) that give rise to market risk include changes in a benchmark interest rate, the price of another entity's financial instrument, a commodity price, a foreign exchange rate or an index of prices or rates. For contracts that include a unit-linking feature, changes in market conditions include changes in the performance of the related internal or external investment fund.

AASB7.11

The entity shall disclose:

(a) the methods used to comply with the requirements of (a) as noted above, and
(b) if the entity believes that the disclosure it has given to comply with (a) above does not faithfully represent the change in fair value of the financial liability attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant.

32. Provisions

	30/06/13 $'000	30/06/12 $'000
Employee benefits (i)	1,334	4,388
Other provisions (see below)	4,316	1,038
	5,650	5,426
Current	3,356	3,195
Non-current	2,294	2,231
	5,650	5,426

Source	Other provisions	Rectification work (ii) $'000	Warranties (iii) $'000	Onerous leases (iv) $'000	Total $'000
AASB137.84(a)	Balance at 1 July 2012	-	295	743	1,038
AASB137.84(b)	Additional provisions recognised	4,170	338	369	4,877
AASB137.84(c)	Reductions arising from payments/other sacrifices of future economic benefits	(1,112)	(90)	(310)	(1,512)
AASB137.84(d)	Reductions resulting from re-measurement or settlement without cost	-	(15)	(100)	(115)
AASB137.84(e)	Unwinding of discount and effect of changes in the discount rate	-	-	28	28
	Other [describe]	-	-	-	-
AASB137.84(a)	Balance at 30 June 2013	3,058	528	730	4,316

Source	GAAP Holdings (Australia) Limited

32. Provisions (cont'd)

AASB3.B64(j)

(i) The provision for employee benefits represents annual leave and vested long service leave entitlements accrued and compensation claims made by employees. On the acquisition of Subsix Limited, the Group recognised an additional contingent liability of $45,000 in respect of employees' compensation claims outstanding against that company, which was settled in August 2013. The decrease in the carrying amount of the provision for the current year results from benefits being paid in the current year.

AASB137.85(a), (b)

(ii) The provision for rectification work relates to the estimated cost of work agreed to be carried out for the rectification of goods supplied to one of the Group's major customers (see note 13.6). Anticipated expenditure for 2014 is $1.94 million, and for 2015 is $1.118 million. These amounts have not been discounted for the purpose of measuring the provision for rectification work, because the effect is not material.

AASB137.85(a), (b)

(iii) The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

AASB137.85(a), (b)

(iv) The provision for onerous lease contracts represents the present value of the future lease payments that the Group is presently obligated to make under non-cancellable onerous operating lease contracts, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired terms of the leases range from 3 to 5 years.

Reimbursements

AASB137.85(c)

In respect of each class of provision the financial report shall disclose the amount of any related reimbursement, stating the amount of any asset recognised for that expected reimbursement.

Exemptions

AASB137.92

In extremely rare cases, disclosure of some or all of the information required by AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.

Regardless of how sensitive certain information about provisions may be, this exemption from disclosure does not affect the requirement to recognise provisions that satisfy the criteria for recognition set out in AASB 137.

Contingent liabilities

AASB137.88

Where a provision and a contingent liability arise from the same set of circumstances, the disclosures in the financial report shall be made in such a way to show the link between the provision and the contingent liability.

Contingent liabilities recognised as part of a business combination

AASB3.B64(j)

For contingent liabilities recognised separately as part of the allocation of the cost of a business combination, the acquirer shall disclose the information required by AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' for each class of provision.

33. Deferred revenue

Source		30/06/13	30/06/12
		$'000	$'000
	Arising from customer loyalty programme (i)	184	147
AASB120.39(b)	Arising from government grant (ii)	390	-
		574	147

Source	GAAP Holdings (Australia) Limited

33. Deferred revenue (cont'd)

	30/06/13	30/06/12
	$'000	$'000
Current	355	52
Non-current	219	95
	574	147

(i) The deferred revenue arises in respect of the Group's Maxi-Points Scheme (see note 3.9.1).
(ii) The deferred revenue arises as a result of the benefit received from an interest-free government loan received in June 2013 (see note 29). The revenue will be offset against training costs to be incurred in 2014 ($250,000) and 2015 ($140,000).

34. Other liabilities

	30/06/13	30/06/12
	$'000	$'000
Lease incentives	270	360
Other [describe]	-	5
	270	365
Current (note 50)	90	95
Non-current (note 50)	180	270
	270	365

35. Obligations under finance leases

35.1 Leasing arrangements

AASB117.31(e) The Group leased certain of its manufacturing equipment under finance leases. The average lease term is 5 years (2012: 5 years). The Group has options to purchase the equipment for a nominal amount at the end of the lease terms. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.5% to 5.5% (2012: 3.75% to 6%) per annum.

35.2 Finance lease liabilities

AASB117.31(b)

	Minimum lease payments		Present value of minimum lease payments	
	30/06/13	30/06/12	30/06/13	30/06/12
	$'000	$'000	$'000	$'000
Not later than one year	10	58	9	54
Later than one year and not later than five years	6	44	5	35
Later than five years	-	-	-	-
	16	102	14	89
Less future finance charges	(2)	(13)	-	-
Present value of minimum lease payments	14	89	14	89

	30/06/13	30/06/12
Included in the consolidated financial statements as (note 29):		
- current borrowings	9	54
- non-current borrowings	5	35
	14	89

Source	GAAP Holdings (Australia) Limited

35. Obligations under finance leases (cont'd)

35.3 Fair value

AASB7.25

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

Disclosures for lessees

AASB117.31(e)

A general description about the lessee's material leasing arrangements shall be disclosed, including:

(a) the basis on which contingent rent payable is determined;
(b) the existence and terms of renewal or purchase options and escalation clauses; and
(c) restrictions imposed by lease arrangements such as those concerning dividends, additional debt and further leasing.

<u>Sub-leases</u>

AASB117.31(d), 35(b)

For non-cancellable sub-leases, the total of future minimum lease payments expected to be received shall be disclosed.

<u>Arrangements containing an operating lease</u>

Int4.15(b)

If an arrangement contains a lease, and the purchaser concludes that it is impracticable to separate lease payments from other payments reliably, it shall treat all payments under the arrangement as lease payments for the purposes of complying with the disclosure requirements of AASB 117 'Leases', but also:

(a) disclose those payments separately from minimum lease payments of other arrangements that do not include payments for non-lease elements; and
(b) state that the disclosed payments also include payments for non-lease elements in the arrangement.

Assets under lease

AASB117.32, 57

The disclosure requirements specified by the relevant standards in relation to property, plant and equipment, intangible assets, impairment of assets, investment property and agriculture apply to:

(a) lessees for assets leased under finance leases
(b) lessors for assets provided under operating leases.

Disclosure of these items would normally be incorporated into other existing notes to the financial statements, for example notes 22, 23 and 25 to these model financial statements.

Arrangements involving the legal form of a lease

Int127.10

All aspects of an arrangement that does not, in substance, involve a lease under AASB 117 shall be considered in determining the appropriate disclosures that are necessary to understand the arrangement and the accounting treatment adopted.

Int127.10

An entity shall disclose the following in each period that an arrangement exists

(a) a description of the arrangement including:
    i. the underlying asset and any restrictions on its use;
    ii. the life and other significant terms of the arrangement;
    iii. the transactions that are linked together, including any options; and
(b) the accounting treatment applied to any fee received, the amount recognised as income in the period, and the line item of the income statement in which it is included.

Int127.11

The disclosures shall be provided individually for each arrangement or in aggregate for each class of arrangement. A class is a grouping of arrangements with underlying assets of a similar nature (e.g., power plants).

Source	GAAP Holdings (Australia) Limited

36. Retirement benefit plans

36.1 Defined contribution plans

The Group operates defined contribution retirement benefit plans for all qualifying employees of its subsidiary in C Land. The assets of the plans are held separately from those of the Group in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

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

AASB119.46

The total expense recognised in profit or loss of $160,000 (2012: $148,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 30 June 2013, contributions of $8,000 (2012: $8,000) due in respect of the 2013 (2012) reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

36.2 Defined benefit plans

AASB119. 120A(b)

The Group operates funded defined benefit plans for qualifying employees of its subsidiaries in Australia. Under the plans, the employees are entitled to retirement benefits varying between 40% and 45% of final salary on attainment of a retirement age of 65. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2013 by Mr. F.G. Ho, Fellow of the Institute of Actuaries of Australia. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

AASB119. 120A(n)

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

	Valuation at 30/06/13	Valuation at 30/06/12
	%	%
Discount rate(s)	5.52	5.20
Expected return on plan assets	12.08	10.97
Expected rate(s) of salary increase	5.00	5.00
Expected return on reimbursement rights	-	-
Other [describe]	-	-

AASB119. 120A(g)

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows.

	Year ended 30/06/13	Year ended 30/06/12
	$'000	$'000
Current service cost	1,068	442
Interest on obligation	164	137
Expected return on plan assets	(276)	(249)
Expected return on reimbursement rights	-	-
Actuarial (gains)/losses recognised in the year	(370)	226
Past service cost	-	-
Losses/(gains) arising from curtailments or settlements	-	-
Adjustments for restrictions on the defined benefit asset	-	-
	586	556

Source	GAAP Holdings (Australia) Limited

36. Retirement benefit plans (cont'd)

AASB119.120A (g)

[The expense for the year is included in the employee benefits expense in profit or loss. Of the expense for the year, $412,000 (2012: $402,000) has been included in profit or loss as cost of sales and the remainder in administration expenses.]

AASB119.120A(f)

The amount included in the consolidated statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows.

Source		30/06/13	30/06/12
		$'000	$'000
AASB119.120A(d)	Present value of funded defined benefit obligation	5,905	5,808
	Fair value of plan assets	(4,202)	(4,326)
		1,703	1,482
AASB119.120A(d)	Present value of unfunded defined benefit obligation	-	-
	Deficit	1,703	1,482
	Net actuarial losses not recognised	(873)	(1,098)
	Past service cost not yet recognised	(322)	(32)
	Restrictions on asset recognised	-	-
	Fair value of reimbursement rights recognised as an asset	-	-
	Other [describe]	-	-
	Net liability arising from defined benefit obligation	508	352

AASB119.120A(c)

Movements in the present value of the defined benefit obligation in the current year were as follows.

	2013	2012
	$'000	$'000
Opening defined benefit obligation	5,808	5,814
Current service cost	1,068	442
Interest cost	164	137
Contributions from plan participants	-	-
Actuarial (gains)/losses	(150)	135
Past service cost	-	-
Losses/(gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in a business combination	-	-
Exchange differences on foreign plans	-	-
Benefits paid	(985)	(720)
Other [describe]	-	-
Closing defined benefit obligation	5,905	5,808

AASB119.120A(e)

Movements in the present value of the plan assets in the current year were as follows.

	2013	2012
	$'000	$'000
Opening fair value of plan assets	4,326	4,788
Expected return on plan assets	276	249
Actuarial gains/(losses)	220	(91)
Exchange differences on foreign plans	-	-
Contributions from the employer	140	100
Contributions from plan participants	-	-
Benefits paid	(760)	(720)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Other [describe]	-	-
Closing fair value of plan assets	4,202	4,326

Source	GAAP Holdings (Australia) Limited

36. Retirement benefit plans (cont'd)

AASB119.120A(j)

The major categories of plan assets, and the expected rate of return at the end of the reporting period for each category, are as follows

	Expected return		Fair value of plan assets	
	30/06/13	30/06/12	30/06/13	30/06/12
	%	%	$'000	$'000
Equity instruments	15.01	12.03	1,026	986
Debt instruments	9.59	7.49	1,980	1,850
Property	12.21	12.76	1,196	1,490
Other [describe]	-	-	-	-
Weighted average expected return	12.08	10.97	4,202	4,326

AASB119.120A(l)

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The directors' assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation.

AASB119.120A(m)

The actual return on plan assets was $0.72 million (2012: $0.354 million).

AASB119.120A(k)

The plan assets include ordinary shares of GAAP Holdings (Australia) Limited with a fair value of $0.38 million (30 June 2012: $0.252 million) and property occupied by a subsidiary of GAAP Holdings (Australia) Limited with a fair value of $0.62 million (30 June 2012: $0.62 million).

AASB119.120A(p)

The history of experience adjustments is as follows.

	30/06/13	30/06/12	30/06/11	30/06/10	30/06/09
	$'000	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	5,905	5,808	5,814	5,321	4,113
Fair value of plan assets	(4,202)	(4,326)	(4,788)	(4,418)	(3,298)
Deficit	1,703	1,482	1,026	903	815
Experience adjustments on plan liabilities	230	135	210	198	193
Experience adjustments on plan assets	220	(91)	156	163	148

AASB119.120A(q)

The Group expects to make a contribution of $0.18 million (2012: $0.14 million) to the defined benefit plans during the next financial year.

General

AASB119.122

When an entity has more than one defined benefit plan, disclosures may be made in total, separately for each plan, or in such groupings as are considered to be the most useful. It may be useful to distinguish groupings by criteria such as the following:

(a) the geographical location of the plans, for example, by distinguishing domestic plans from foreign plans; or

(b) whether plans are subject to materially different risks, for example, by distinguishing flat salary pension plans from final salary pension plans and from post-employment medical plans.

When an entity provides disclosures in total for a grouping of plans, such disclosures are provided in the form of weighted averages or of relatively narrow ranges.

AASB119.52, 121

A general description of the type of plan shall be disclosed. Such a description distinguishes, for example, flat salary pension plans from final salary pension plans and from post-employment medical plans. The description of the plan shall include informal practices that give rise to constructive obligations included in the measurement of the defined benefit obligation. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits.

Source	GAAP Holdings (Australia) Limited
	36. Retirement benefit plans (cont'd)
AASB119.120A(n)	An entity shall disclose each actuarial assumption in absolute terms (for example, as an absolute percentage) and not just as a margin between different percentages or other variables.
	An entity shall disclose the following in relation to plan assets:
AASB119.120A(j)	(a) the percentage or amount that each major category of plan assets constitutes of the fair value of the total plan assets;
AASB119.120A(k)	(b) the amounts included in the fair value of plan assets for each category of the entity's own financial instruments and for any property occupied by, or other assets used by, the entity; and
AASB119.120A(l)	(c) a narrative description of the basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets.
AASB119.120A(p)	A five year history of the present value of the defined benefit obligation, fair value of plan assets, the surplus or deficit in the plan, and experience adjustments arising on plan liabilities and plan assets shall be disclosed. This information may be disclosed as the amounts are determined for each annual reporting period prospectively from the first annual reporting period presented in the financial report in which the revised AASB 119 is first applied.
AASB119.120A(p)(ii)	Experience adjustments may be expressed either as an amount, or as a percentage of the plan assets or plan liabilities, as appropriate, at the reporting date.
	Offsetting defined benefit assets against defined benefit liabilities
AASB119.116	An entity shall offset an asset relating to one plan against a liability relating to another plan when, and only when, the entity:
	(a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and
	(b) intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.
	Post-employment medical benefit plans
	Companies with post-employment medical benefit plans shall also disclose:
AASB119.120A(n)(v)	(a) the assumed medical cost trend rates, together with the other key assumptions used;
AASB119.120A(o)	(b) the effect of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates on: i. the aggregate of the current service cost and interest cost components of net periodic post-employment medical costs; and ii. the accumulated post-employment benefit obligation for medical costs.
	For the purpose of this disclosure, all other assumptions shall be held constant.
	Multi-employer plans
AASB119.30	When sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, an entity shall account for the plan as though it were a defined contribution plan and disclose in addition to the disclosures illustrated in these model financial statements:
	(a) the fact that the plan is a defined benefit plan;
	(b) the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan; and
	(c) to the extent that a surplus or deficit in the plan may affect the amount of future contributions: i. any available information about that surplus or deficit; ii. the basis used to determine that surplus or deficit; and iii. the implications, if any, for the entity.

Source	GAAP Holdings (Australia) Limited
	36. Retirement benefit plans (cont'd)
	Defined benefit plans that share risks between various entities under common control
AASB119.34, 34A	Defined benefit plans that share risks between various entities under common control, for example, a parent and its subsidiaries, are not multi-employer plans. An entity participating in such a plan shall obtain information for the plan as a whole measured in accordance with AASB 119 on the basis of assumptions that apply to the plan as a whole.
AASB119.34B	Participation in such a plan is a related party transaction for each individual group entity. An entity shall therefore, in its separate or individual financial statements, make the following disclosure: (a) the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy; (b) the policy for determining the contribution to be paid by the entity; (c) if the entity accounts for an allocation of the net defined benefit cost in accordance with AASB 119, all the information about the plan as a whole in accordance with paragraphs 120-121 of the Standard; and (d) if the entity accounts for the contribution payable for the period because there is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to individual group entities, the information about the plan as a whole required in accordance with AASB 119 paragraphs 120A(b)-(e), (j), (n), (o), (q) and 121.
	37. Issued capital
	Notes 37-39 and 41 below set out detailed descriptions and reconciliations for each class of share capital and each component of equity, as required by AASB 101.79, AASB 101.106 and AASB 101.106A. AASB 101 permits some flexibility regarding the level of detail presented in the statement of changes in equity and these supporting notes. AASB 101 allows an analysis of other comprehensive income by item for each component of equity to be presented either in the statement of changes in equity or in the notes. For the purposes of the preparation of this model, the Group has applied the amendments to AASB 101 and has elected to present the analysis of other comprehensive income in the notes.
	AASB 101 also allows that some of the details regarding items of other comprehensive income (income tax and reclassification adjustments) may be disclosed in the notes rather than in the statement of profit or loss and other comprehensive income. Entities will determine the most appropriate presentation for their circumstances – electing to present much of the detail in the notes (as we have done in these model financial statements) ensures that the primary financial statements are not cluttered by unnecessary detail, but it does result in very detailed supporting notes.
	Whichever presentation is selected, entities will need to ensure that the following requirements are met: • detailed reconciliations are required for each class of share capital (in the statement of financial position or the statement of changes in equity or in the notes); • detailed reconciliations are required for each component of equity – separately disclosing the impact on each such component of (i) profit or loss, (ii) each component of other comprehensive income, and (iii) transactions with owners in their capacity as owners (in the statement of changes in equity or in the notes); • the amount of income tax relating to each item of other comprehensive income should be disclosed (in the statement of profit or loss and other comprehensive income or in the notes) and • reclassification adjustments should be presented separately from the related item of other comprehensive income (in the statement of profit or loss and other comprehensive income or in the notes).
	An entity that elects to present a statement of changes in equity showing reconciliations between the carrying amount of each class of contributed equity at the beginning and the end of the period on the face of the statement need not repeat these disclosures in the notes to the financial statements. However, such entities shall disclose, either on the face of the statement of financial position or in the notes to the financial statements, for each class of share capital:
AASB101. 79(a)(i)	(a) the number of shares authorised;
AASB101. 79(a)(ii)	(b) the number of shares issued and fully paid, and issued but not fully paid;
AASB101. 79(a)(iii)	(c) par value per share, or that the shares have no par value;

Source	GAAP Holdings (Australia) Limited

37. Issued capital (cont'd)

Source	
AASB101.79(a)(iv)	(d) a reconciliation of the number of shares outstanding at the beginning and at the end of the period;
AASB101.79(a)(v)	(e) the rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital;
AASB101.79(a)(vi)	(f) shares in the entity held by the entity or by its subsidiaries or associates; and
AASB101.79(a)(vii)	(g) shares reserved for issue under options and contracts for sale of shares, including the terms and amounts.
	Disclosures by entities without share capital
AASB101.80	An entity without share capital, such as a partnership or trust, shall disclose information equivalent to that noted above, showing changes during the period in each category of equity interest, and the rights, preferences and restrictions attaching to each category of equity interest.

Source		30/06/13 $'000	30/06/12 $'000
AASB101.79(a)	14,844,000 fully paid ordinary shares (30 June 2012 20,130,000)	29,469	45,797
AASB101.79(a)	2,500,000 partly paid ordinary shares (30 June 2012 2,500,000)	1,775	1,775
AASB101.79(a)	1,200,000 fully paid 10% convertible non-participating preference shares (30 June 2012 1,100,000)	1,195	1,100
		32,439	48,672

AASB101.79(a)(iii)

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

AASB101.79(a)(i)

An entity shall disclose either on the face of the statement of financial position or in the notes to the financial statements, for each class of share capital, the number of shares authorised, if any.

AASB101.79(a)

37.1 Fully paid ordinary shares

	Number of shares '000	Share capital $'000
Balance at 1 July 2011	20,130	45,797
Movements [describe]	-	-
Balance at 30 June 2012	20,130	45,797
Issue of shares under the Company's employee share option plan (note 43)	314	314
Issue of shares for consulting services	3	8
Share buy-back	(5,603)	(16,456)
Share buy-back costs	-	(277)
Income tax relating to share buy-back costs	-	83
Balance at 30 June 2013	14,844	29,469

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

AASB2.48

The fair value of shares issued for consulting services was determined by reference to the market rate for similar consulting services.

The shares bought back in the current year were cancelled immediately.

AASB2.49

If an entity is not able to estimate reliably the fair value of the goods or services received from parties other than employees, it shall disclose this fact, and explain why it was unable to do so.

Source	GAAP Holdings (Australia) Limited

37. Issued capital (cont'd)

AASB101.79(a)

37.2 Partly paid ordinary shares

	Number of shares '000	Share capital $'000
Balance at 1 July 2011	2,500	1,775
Movements [describe]	-	-
Balance at 30 June 2012	2,500	1,775
Movements [describe]	-	-
Balance at 30 June 2013	2,500	1,775

Partly paid ordinary shares carry one vote per share but do not carry a right to dividends.

AASB101.79(a)

37.3 Convertible non-participating preference shares

	Number of shares '000	Share capital $'000
Balance at 1 July 2011	1,100	1,100
Movements [describe]	-	-
Balance at 30 June 2012	1,100	1,100
Issue of shares	100	100
Share issue costs	-	(6)
Income tax relating to share issue costs	-	1
Balance at 30 June 2013	1,200	1,195

Convertible non-participating preference shares are entitled to receive a discretionary 10% preference dividend before any dividends are declared to the ordinary shareholders. The convertible non-participating preference shares can be converted into ordinary shares on a one-for-one basis at the option of the holder from 1 May 2016 to 30 April 2019. Any unconverted preference shares remaining after the end of the conversion period will remain as outstanding non-participating preference shares. Convertible non-participating preference shares have no right to share in any surplus assets or profits and no voting rights.

37.4 Share options granted under the Company's employee share option plan

AASB101.79(a)

At 30 June 2013, executives and senior employees held options over 196,000 ordinary shares of the Company, of which 136,000 will expire on 30 September 2013 and 60,000 will expire on 28 March 2013. At 30 June 2012, executives and senior employees held options over 290,000 ordinary shares of the Company, of which 140,000 were due to expire on 30 September 2012 and 150,000 were due to expire on 28 March 2013.

Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided in note 43.

37.5 Redeemable cumulative preference shares

The redeemable cumulative preference shares issued by the Company have been classified as liabilities (see note 31).

Other share options on issue

AASB101.79(a)(vii)

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

An entity with other share options may wish to use the following illustrative wording as an example: 'As at 30 June 2013, the company has [number] share options on issue (2012: [number]), exercisable on a 1:1 basis for [number] ordinary shares of the company (2012: [number]) at an exercise price of $[amount]. The options expire between [date] and [date] (2012: [date] and [date]), and carry no rights to dividends and no voting rights.'

Source	GAAP Holdings (Australia) Limited

37. Issued capital (cont'd)

Contracts for the sale of shares

AASB101.79(a)(vii)

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

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

'On [date], the company finalised negotiations to purchase 100% of the ordinary share capital of Entity ABC. As part of the purchase consideration for the acquisition, the company will issue [number] of ordinary shares to the acquiree. Further details of the acquisition are disclosed in note [x].'

Shares held by subsidiaries or associates

AASB101.79(vi)

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

38. Reserves (net of income tax)

	30/06/13 $'000	30/06/12 $'000
General	807	807
Properties revaluation	1,198	1,201
Investments revaluation	593	527
Equity-settled employee benefits	544	338
Cash flow hedging	317	278
Foreign currency translation	186	225
Option premium on convertible notes	592	-
Other [describe]	-	-
	4,237	3,376

AASB101.106(d)
AASB101.106A

38.1 General reserve

	2013 $'000	2012 $'000
Balance at beginning of year	807	807
Movements [describe]	-	-
Balance at end of year	807	807

AASB101.79(b)
AASB101.82A

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purpose. There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

AASB101.106(d)
AASB101.106A

38.2 Properties revaluation reserve

Source		2013 $'000	2012 $'000
AASB116.77(f)	Balance at beginning of year	1,201	51
	Increase arising on revaluation of properties	-	1,643
AASB136.126(c)	Impairment losses	-	-
AASB136.126(d)	Reversals of impairment losses	-	-
	Deferred tax liability arising on revaluation	-	(493)
	Reversal of deferred tax liability on revaluation	-	-
	Transferred to retained earnings	(3)	-
	Other [describe]	-	-
	Balance at end of year	1,198	1,201

Source	GAAP Holdings (Australia) Limited

38. Reserves (net of income tax) (cont'd)

AASB101.79(b), AASB 101.82A

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

AASB116.41

The asset revaluation reserve included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of. However, some of the surplus may be transferred as the asset is used by an entity through a transfer directly to retained earnings. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

AASB116.77(f)

The financial report shall disclose any restrictions on the distribution of the balance of the asset revaluation reserve to shareholders.

AASB101.106(d) AASB101.106A

38.3 Investments revaluation reserve

Source		2013 $'000	2012 $'000
	Balance at beginning of year	527	470
AASB7.20(a)	Net gain arising on revaluation of available-for-sale financial assets	94	81
	Income tax relating to gain arising on revaluation of available-for-sale financial assets	(28)	(24)
AASB7.20(a)	Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	-	-
AASB7.20(a)	Cumulative loss reclassified to profit or loss on impairment of available-for-sale financial assets	-	-
	Balance at end of year	593	527

AASB101.79(b) AASB101.82A

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

AASB101.106(d) AASB101.106A

38.4 Equity-settled employee benefits reserve

	2013 $'000	2012 $'000
Balance at beginning of year	338	-
Arising on share-based payments	206	338
Other [describe]	-	-
Balance at end of year	544	338

AASB101.79(b) AASB101.82A

The above equity-settled employee benefits reserve relates to share options granted by the Company to its employees under its employee share option plan. Items included in equity-settled employees benefit reserve will not be reclassified subsequently to profit or loss. Further information about share-based payments to employees is set out in note 43.

Source	GAAP Holdings (Australia) Limited

38. Reserves (net of income tax) (cont'd)

AASB101.106(d)
AASB101.106A

38.5 Cash flow hedging reserve

Source		2013 $'000	2012 $'000
	Balance at beginning of year	278	258
AASB7.23(c)	Gain/(loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges		
	Forward foreign exchange contracts	209	(41)
	Interest rate swaps	227	357
	Currency swaps	-	-
	Income tax related to gains/losses recognised in other comprehensive income	(131)	(95)
AASB7.23(d)	Cumulative (gain)/loss arising on changes in fair value of hedging instruments reclassified to profit or loss		
	Forward foreign exchange contracts	(3)	-
	Interest rate swaps	(120)	(86)
	Currency swaps	-	-
	Income tax related to amounts reclassified to profit or loss	37	26
AASB7.23(e)	Transferred to initial carrying amount of hedged item		
	Forward foreign exchange contracts	(257)	(201)
	Income tax related to amounts transferred to initial carrying amount of hedged item	77	60
	Other [describe]	-	-
	Balance at end of year	317	278

AASB101.79(b)
AASB101.82A

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

AASB7.23(d)

Cumulative (gains)/ losses arising on changes in fair value of hedging instruments reclassified from equity into profit or loss during the year are included in the following line items:

	Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
Revenue	-	-
Other income	-	-
Finance costs	(120)	(86)
Other expenses	(3)	
Income tax expense	37	26
Other [describe]	-	-
	(86)	(60)

Source	GAAP Holdings (Australia) Limited

38. Reserves (net of income tax) (cont'd)

AASB101.106(d)
AASB101.106A

38.6 Foreign currency translation reserve

	2013 $'000	2012 $'000
Balance at beginning of year	225	140
Exchange differences arising on translating the foreign operations	75	121
Income tax relating to gains arising on translating the net assets of foreign operations	(22)	(36)
Loss on hedging instrument designated in hedges of the net assets of foreign operations	(12)	-
Income tax relating to loss on hedge of the net assets of foreign operations	4	-
Gain/loss reclassified to profit or loss on disposal of foreign operations	(166)	-
Income tax related to gain/loss reclassified on disposal of foreign operations	51	-
Gain/loss on hedging instrument reclassified to profit or loss on disposal of foreign operations	46	-
Income tax related to gain/loss on hedging instruments reclassified on disposal of foreign operation	(15)	-
Other [describe]	-	-
Balance at end of year	186	225

AASB101.79(b)
AASB101.82A

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

AASB101.106(d)
AASB101.106A

38.7 Option premium on convertible notes

	2013 $'000	2012 $'000
Balance at beginning of year	-	-
Recognition of option premium on issue of convertible notes	834	-
Related income tax	(242)	-
Balance at end of year	592	-

AASB101.79(b)
AASB101.82A

The option premium on convertible notes represents the equity component (conversion rights) of the 4.5 million 5.5% convertible notes issued during the year (see note 30). Items included in option premium on convertible notes reserve will not be reclassified subsequently to profit or loss.

Source	GAAP Holdings (Australia) Limited

39. Retained earnings

AASB101.106(b),(d)
AASB101.106A

	30/06/13 $'000	30/06/12 $'000
Retained earnings	110,805	94,909

	2013 $'000	2012 $'000
Balance at beginning of year	94,909	73,824
Profit attributable to owners of the Company	23,049	27,564
Difference arising on disposal of interest in Subone Limited (see note 19)	34	-
Payment of dividends	(6,635)	(6,479)
Share buy-back	(555)	-
Related income tax	-	-
Transfer from properties revaluation reserve	3	-
Other [describe]	-	-
Balance at end of year	110,805	94,909

40. Dividends on equity instruments

Source		Year ended 30/06/13		Year ended 30/06/12	
		Cents per share	Total $'000	Cents per share	Total $'000
AASB101.107	**Recognised amounts**				
	Fully paid ordinary shares				
	Interim dividend:	17.85	2,618	12.71	2,559
	Final dividend:	19.36	3,897	18.93	3,810
		37.21	6,515	31.64	6,369
	Converting non-participating preference shares				
AASB101.107	Final dividend:	10.00	120	10.00	110
			6,635		6,479
	Unrecognised amounts				
	Fully paid ordinary shares				
AASB101.137(a)	Final dividend:	26.31	3,905	19.36	3,897

On 31 August 2013, the directors declared a fully franked final dividend of 26.31 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2013, to be paid to shareholders on 3 October 2013. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated financial statements. If approved, the dividend will be paid to all shareholders on the Register of Members on 28 September 2013. The total estimated dividend to be paid is $3,905 thousand.

Source	GAAP Holdings (Australia) Limited		
	40. Dividends on equity instruments (cont'd)		
		Company	
		30/06/13	30/06/12
		$'000	$'000
AASB1054.13	Adjusted franking account balance	13,760	12,767
AASB112.81(i)	Income tax consequences of unrecognised dividends	-	-

AASB101.107 An entity shall disclose, either on the face of the income statement or the statement of changes in equity, or in the notes, the amount of dividends recognised as distributions to equity holders during the period, and the related amount of dividends per share.

AASB1054.12 The term 'imputation credits' is used in paragraphs 13-15 to also mean 'franking credits'. The disclosures required by paragraphs 13 and 15 shall be made separately in respect of any New Zealand imputation credits and any Australian imputation credits.

AASB1054.13 An entity shall disclose the amount of imputation credits available for use in subsequent reporting periods.

AASB1054.14 For the purposes of determining the amount required to be disclosed in accordance with paragraph 13, entities may have:

(a) imputation credits that will arise from the payment of the amount of the provision for income tax;

(b) imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(c) imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

AASB1054.15 Where there are different classes of investors with different entitlements to imputation credits, disclosures shall be made about the nature of those entitlements for each class where this is relevant to an understanding of them.

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

Source	GAAP Holdings (Australia) Limited

40. Dividends on equity instruments (cont'd)

Cumulative preference dividends not recognised

AASB101.137(b) An entity shall disclose in the notes to the financial statements the amount of any cumulative preference dividends not recognised.

Income tax consequences of dividends

AASB112.52A, 82A, 87A In some jurisdictions, income taxes are payable at a higher or lower rate if part or all of the net profit or retained earnings is paid out as a dividend to shareholders of the entity. In some other jurisdictions, income taxes may be refundable or payable if part or all of the net profit or retained earnings is paid out as a dividend to shareholders of the entity. In these circumstances, current and deferred tax assets and liabilities are measured at the tax rate applicable to undistributed profits.

In these circumstances, an entity shall disclose the nature of the potential income tax consequences that would result from the payment of dividends to its shareholders. In addition, the entity shall disclose the amounts of the potential income tax consequences practicably determinable and whether there are any potential income tax consequences not practicably determinable. The disclosure includes the important features of the income tax systems and the factors that will affect the amount of the potential income tax consequences of dividends.

AASB101.106(d)
AASB101.106A

41. Non-controlling interests

	2013 $'000	2012 $'000
Balance at beginning of year	20,005	17,242
Share of profit for the year	4,000	2,763
Non-controlling interests arising on the acquisition of Subsix Limited (see note 46)	132	-
Additional non-controlling interests arising on disposal of interest in Subone Limited (see note 19)	179	-
Balance at end of year	24,316	20,005

42. Financial instruments

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

AASB101.134, 135

42.1 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2012.

The capital structure of the Group consists of net debt (borrowings as detailed in notes 29 and 31 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in notes 37 to 39 and 41).

The Group is not subject to any externally imposed capital requirements.

The Group's risk management committee reviews the capital structure of the Group on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 20% - 25% determined as the proportion of net debt to equity. The gearing ratio at 30 June 2013 of 19.7% (see below) was at the lower end of the target range, and has returned to a more typical level of 23% after the end of the reporting period.

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

42.1.1 Gearing ratio

The gearing ratio at end of the reporting period was as follows.

	30/06/13 $'000	30/06/12 $'000
Debt (i)	57,542	57,078
Cash and bank balances (including cash and balances in a disposal group held for sale)	(23,621)	(19,778)
Net debt	33,921	37,300
Equity (ii)	171,797	166,962
Net debt to equity ratio	19.7%	22.3%

(i) Debt is defined as long-term and short-term borrowings (excluding derivatives and financial guarantee contracts), as described in notes 29 and 31.

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

Externally imposed capital requirements

AASB101.135(d) When an entity is subject to externally imposed capital requirements, it should disclose the nature of those requirements and how those requirements are incorporated into the management of capital.

AASB101.135(e) When the entity has not complied with such externally imposed capital requirements, it shall disclose the consequences of such non-compliance.

42.2 Categories of financial instruments

Source		30/06/13 $'000	30/06/12 $'000
	Financial assets		
	Cash and bank balances (including cash and bank balances in a disposal group held for sale)	23,621	19,778
	Fair value through profit or loss (FVTPL)		
AASB7.8(a)	Held for trading	539	1,247
AASB7.8(a)	Designated as at FVTPL	-	-
	Derivative instruments in designated hedge accounting relationships	528	397
AASB7.8(b)	Held-to-maturity investments	5,905	4,015
AASB7.8(c)	Loans and receivables (including trade receivables balance in a disposal group held for sale)	24,400	20,285
AASB7.8(d)	Available-for-sale financial assets	8,919	7,857

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

Source		30/06/13 $'000	30/06/12 $'000
	Financial liabilities		
	Fair value through profit or loss (FVTPL)		
AASB7.8(e)	Held for trading	51	-
AASB7.8(e)	Designated as at FVTPL (see 42.2.3 below)	14,875	-
	Derivative instruments in designated hedge accounting relationships	92	-
	Other	75	
AASB7.8(f)	Amortised cost	59,040	78,298
	Financial guarantee contracts	24	18

AASB7.8

If the categories of financial instruments are apparent from the face of the statement of financial position, the above table would not be required.

42.2.1 Loans and receivables designated as at FVTPL

Source				
	Carrying amount of loans and receivables designated as at FVTPL	-	-	-
AASB7.9(c)	Cumulative changes in fair value attributable to changes in credit risk	-	-	-
AASB7.9(c)	Changes in fair value attributable to changes in credit risk recognised during the year	-	-	-

AASB7.9(a)

At the end of the reporting period, there are no significant concentrations of credit risk for loans and receivables designated at FVTPL. The carrying amount reflected above represents the Group's maximum exposure to credit risk for such loans and receivables.

AASB7.11(b)

If the entity believes that the disclosure it has given to comply with the requirements in AASB 7 to disclose the amount of change, during the period and cumulatively, in the fair value of the loan or receivable (or group of loans or receivables) that is attributable to changes in the credit risk of the financial asset does not faithfully represent the change in the fair value of the financial asset attributable to changes in its credit risk, it shall disclose the reasons for reaching this conclusion and the factors it believes are relevant.

AASB7.9(b), (d)

42.2.2 Credit derivatives over loans and receivables designated as at FVTPL

	30/06/13 $'000	30/06/12 $'000
Opening fair value	-	-
Additions during the year	-	-
Realised during the year	-	-
Change in fair value	-	-
Closing fair value	-	-

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

42.2.3 Financial liabilities designated as at FVTPL

Source		Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
AASB7.10(a)	Changes in fair value attributable to changes in credit risk recognised during the year (i)	(20)	-
		30/06/13 $'000	**30/06/12 $'000**
AASB7.10(a)	Cumulative changes in fair value attributable to changes in credit risk (i)	(20)	-
AASB7.10(b)	Difference between carrying amount and contractual amount at maturity:		
	- cumulative preference shares at fair value (note 31)	14,875	-
	- amount payable at maturity	15,000	-
		(125)	-

AASB7.11

(i) The change in fair value attributable to change in credit risk is calculated as the difference between total change in fair value of cumulative preference shares ($125,000) and the change in fair value of cumulative redeemable preference shares due to change in market risk factors alone ($105,000). The change in fair value due to market risk factors was calculated using benchmark interest yield curves as at the end of the reporting period holding credit risk margin constant. The fair value of cumulative redeemable preference shares was estimated by discounting future cash flows using quoted benchmark interest yield curves as at the end of the reporting period and by obtaining lender quotes for borrowings of similar maturity to estimate credit risk margin.

AASB7.11(a) An entity shall disclose the methods used to comply with the requirements in AASB 7 to disclose the amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of the financial liability.

AASB7.11(b) If the entity believes that the disclosure it has given to comply with the requirements in AASB 7 to disclose the amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of the financial liability does not faithfully represent the change in the fair value of the financial liability attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant.

AASB7.31

42.3 Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

Financial risk management

AASB7.31 An entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date.

AASB7.32 AASB 7 requires certain disclosures be made about the nature and extent of risks arising from financial instruments. These disclosures focus on the risks that arise from financial instruments and how they have been managed. These risks typically include, but are not limited to, credit risk, liquidity risk and market risk.

AASB7.32A Providing qualitative disclosures in the context of quantitative disclosures enable users to link related disclosures and hence form an overall picture of the nature and extent of risks arising from financial instruments. The interaction between qualitative and quantitative diaclosures contributes to disclosure of information in a way that better enables users to evaluate an entity's exposure to risks.

AASB7.33 For each type of risk arising from financial instruments, an entity shall disclose:

(a) the exposures to risk and how they arise;

(b) its objectives, policies and processes for managing the risk and the methods used to measure the risk; and

(c) any changes in (a) or (b) from the previous period.

AASB7.34 For each type of risk arising from financial instruments, an entity shall disclose:

(a) summary quantitative data about its exposure to that risk at the reporting date. This disclosure shall be based on the information provided internally to key management personnel of the entity, for example the entity's board of directors or chief executive officer;

(b) the disclosures required by paragraphs 36-42, to the extent not provided in accordance with (a); and

(c) concentrations of risk if not apparent from the disclosures made in accordance with (a) and (b).

AASB7.34, B8 Disclosure of concentrations of risk shall include:

(a) a description of how management determines concentrations;

(b) a description of the shared characteristic that identifies each concentration (e.g. counterparty, geographical area, currency or market); and

(c) the amount of the risk exposure associated with all financial instruments sharing that characteristic.

42.4 Market risk

AASB7.33 The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see 42.6 below) and interest rates (see 42.7 below). The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the export of electronic equipment to B Land and C Land;
- interest rate swaps to mitigate the risk of rising interest rates; and
- forward foreign exchange contracts to hedge the exchange rate risk arising on translation of the Group's investment in foreign operation Subfour Limited, which has B Currency as its functional currency.

Market risk exposures are measured using value-at-risk (VaR) supplemented by sensitivity analysis.

AASB7.33(c) There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

Market risk – sensitivity analysis

AASB7.40 An entity shall disclose:

(a) a sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date;

(b) the methods and assumptions used in preparing the sensitivity analysis; and

(c) changes from the previous period in the methods and assumptions used, and the reasons for such changes.

AASB7. B19 In determining what a reasonably possible change in the relevant risk variable is, an entity should consider:

(a) the economic environments in which it operates. A reasonably possible change should not include remote or 'worst case' scenarios or 'stress tests'. Moreover, if the rate of change in the underlying risk variable is stable, the entity need not alter the chosen reasonably possible change in the risk variable; and

(b) the time frame over which it is making the assessment. The sensitivity analysis shall show the effects of changes that are considered to be reasonably possible over the period until the entity will next present these disclosures, which is usually its next annual reporting period;

AASB7.41 If an entity prepares a sensitivity analysis, such as value-at-risk, that reflects interdependencies between risk variables (e.g. interest rates and exchange rates) and uses it to manage financial risks, it may use that sensitivity analysis in place of the analysis specified above. The entity shall also disclose:

(a) an explanation of the method used in preparing such a sensitivity analysis, and of the main parameters and assumptions underlying the data provided; and

(b) an explanation of the objective of the method used and of limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved.

AASB7.42 When the sensitivity analyses disclosed are unrepresentative of a risk inherent in a financial instrument (e.g. because the year-end exposure does not reflect the exposure during the year), the entity shall disclose that fact and the reason it believes the sensitivity analyses are unrepresentative.

AASB7.41 ***42.5 Value at Risk (VaR) analysis***

The VaR measure estimates the potential loss in pre-taxation profit over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day 99% VaR number used by the Group reflects the 99% probability that the daily loss will not exceed the reported VaR.

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

VaR methodologies employed to calculate daily risk numbers include the historical and variance-covariance approaches. In addition to these two methodologies, Monte Carlo simulations are applied to the various portfolios on a monthly basis to determine potential future exposure.

Historical VaR (99%, one-day) by risk type	Average		Minimum		Maximum		Year ended	
	2013	2012	2013	2012	2013	2012	30/06/13	30/06/12
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Foreign exchange	980	1,340	546	943	1,200	1,600	980	1,350
Interest rate	115	60	85	45	150	95	105	55
Diversification	(45)	(40)	-	-	-	-	(55)	(50)
Total VaR exposure	1,050	1,360					1,030	1,355

While VaR captures the Group's daily exposure to currency and interest rate risk, sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. The longer time frame of sensitivity analysis complements VaR and helps the Group to assess its market risk exposures. Details of sensitivity analysis for foreign currency risk are set out in 42.6 below and for interest rate risk in 42.7 below.

42.6 Foreign currency risk management

AASB7.33, 34

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Liabilities		Assets	
	30/06/13	30/06/12	30/06/13	30/06/12
	$'000	$'000	$'000	$'000
Currency of B Land	6,297	7,469	1,574	1,671
Currency of C Land	186	135	-	-
Other	-	-	-	-

42.6.1 Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of B Land and the currency of C Land.

AASB7. 34(a), 40(b)

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

Source		Currency B impact			Currency C impact	
		2013	2012		2013	2012
		$'000	$'000		$'000	$'000
AASB7.40(a)	Profit or loss	834	1,792	(i)	134	257 (iii)
AASB7.40(a)	Equity	962	1,232	(ii)	70	69 (iv)

(i) This is mainly attributable to the exposure outstanding on Currency B receivables and payables in the Group at the end of the reporting period.
(ii) This is as a result of the changes in fair value of derivative instruments designated as hedging instruments in cash flow hedges and net investment hedges.
(iii) This is mainly attributable to the exposure to outstanding Currency C payables at the end of the reporting period.
(iv) This is mainly as a result of the changes in fair value of derivative instruments designated as hedging instruments in cash flow hedges.

AASB7.33(c) The Group's sensitivity to foreign currency has decreased during the current year mainly due to the disposal of Currency B investments and the reduction in Currency B sales and purchases in the last quarter of the financial year which has resulted in lower Currency B denominated trade receivables and trade payables.

AASB7.42 In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year. Currency B denominated sales are seasonal, with lower sales volumes in the last quarter of the financial year, resulting in a reduction in Currency B receivables at the end of the reporting period.
In addition, the change in equity due to a 10% change in the Australian dollar against all exchange rates for the translation of new investment hedging instruments would be a decrease of $13,000 (2012: $9,000). However, there would be no net effect on equity because there would be an offset in the currency translation of the foreign operation.

AASB7.35 If the quantitative data disclosed as at the reporting date are unrepresentative of an entity's exposure to risk during the period, an entity shall provide further information that is representative.

42.6.2 Forward foreign exchange contracts

AASB7.22, 33, 34 It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts within 70% to 80% of the exposure generated. The Group also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out to 6 months within 40% to 50% of the exposure generated. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

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

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

The following table details the forward foreign currency (FC) contracts outstanding at the end of the reporting period:

Outstanding contracts	Average exchange rate		Foreign currency		Notional value		Fair value	
	30/06/13	30/06/12	30/06/13	30/06/12	30/06/13	30/06/12	30/06/13	30/06/12
			FC'000	FC'000	$'000	$'000	$'000	$'000
Cash flow hedges								
Buy Currency B								
Less than 3 months	0.770	0.768	2,493	2,010	3,238	2,617	152	110
3 to 6 months	0.768	0.750	1,974	1,958	2,570	2,611	92	34
Sell Currency B								
Less than 3 months	0.780	0.769	982	1,028	1,259	1,337	(70)	26
Buy Currency C								
Less than 3 months	86.29	85.53	12,850	20,000	149	234	(5)	50
Net investment hedge								
Sell Currency B								
3 to 6 months	0.763	-	1,000	-	1,297	-	(12)	-
							157	220

The table above provides an example of summary quantitative data about exposure to foreign exchange risks at the end of the reporting period that an entity may provide internally to key management personnel.

The Group has entered into contracts to supply electronic equipment to customers in B Land. The Group has entered into forward foreign exchange contracts (for terms not exceeding 3 months) to hedge the exchange rate risk arising from these anticipated future transactions, which are designated as cash flow hedges.

AASB7.23(a) At 30 June 2013, the aggregate amount of losses under forward foreign exchange contracts recognised in other comprehensive income and accumulated in the cash flow hedging reserve relating to the exposure on these anticipated future transactions is $70,000 (2012: gains of $26,000). It is anticipated that the sales will take place during the first 3 months of the next financial year, at which time the amount deferred in equity will be reclassified to profit or loss.

The Group has entered into contracts to purchase raw materials from suppliers in B Land and C Land. The Group has entered into forward foreign exchange contracts (for terms not exceeding 6 months) to hedge the exchange rate risk arising from these anticipated future purchases, which are designated into cash flow hedges.

AASB7.23(a) At 30 June 2013, the aggregate amount of gains under forward foreign exchange contracts recognised in other comprehensive income and accumulated in the cash flow hedging reserve relating to these anticipated future purchase transactions is $239,000 (2012: unrealised gains of $194,000). It is anticipated that the purchases will take place during the first 6 months of the next financial year at which time the amount deferred in equity will be included in the carrying amount of the raw materials. It is anticipated that the raw materials will be converted into inventory and sold within 12 months after purchase, at which time the amount deferred in equity will be reclassified to profit or loss.

AASB7.23(b) At the start of the third quarter, the Group reduced its forecasts on sales of electronic equipment to B Land due to increased local competition and higher shipping costs. The Group had previously hedged $1.079 million of future sales of which $97,000 are no longer expected to occur, and $982,000 remain highly probable. Accordingly, the Group has reclassified $3,000 of gains on foreign currency forward contracts relating to forecast transactions that are no longer expected to occur from the cash flow hedging reserve to profit or loss.

AASB7.24(c) At 30 June 2013, no ineffectiveness has been recognised in profit or loss arising from hedging the net investment in Subfour Limited.

Source	GAAP Holdings (Australia) Limited
	42. Financial instruments (cont'd)
AASB7.33, 34	***42.7 Interest rate risk management***
	The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.
	The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.
	42.7.1 <u>Interest rate sensitivity analysis</u>
AASB7.40(b)	The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.
AASB7.40(a)	If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's: • profit for the year ended 30 June 2013 would decrease/increase by \$43,000 (2012: decrease/increase by \$93,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings; and • other comprehensive income for the year ended 30 June 2012 would decrease/increase by \$19,000 (2012: decrease/increase by \$12,000), mainly as a result of the changes in the fair value of available-for-sale fixed rate instruments.
AASB7.33(c)	The Group's sensitivity to interest rates has decreased during the current year mainly due to the reduction in variable rate debt instruments and the increase in interest rate swaps to swap floating rate debt to fixed.
	42.7.2 <u>Interest rate swap contracts</u>
AASB7.22, 33, 34	Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

AASB7.34(a)

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

Cash flow hedges

Outstanding receive floating pay fixed contracts	Average contracted fixed interest rate		Notional principal value		Fair value	
	30/06/13	30/06/12	30/06/13	30/06/12	30/06/13	30/06/12
	%	%	$'000	$'000	$'000	$'000
Less than 1 year	7.45	6.75	1,000	4,000	72	37
1 to 2 years	7.15	7.05	2,000	1,620	55	47
2 to 5 years	6.75	6.50	3,000	1,359	130	93
5 years +	7.05	-	1,000	-	27	-
			7,000	6,979	284	177

The table above provides an example of summary quantitative data about exposure to interest rate risks at the end of the reporting period that an entity may provide internally to key management personnel.

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the local interbank rate of Australia. The Group will settle the difference between the fixed and floating interest rate on a net basis.

AASB7.22, 23(a)

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

AASB7.34(a)

Fair value hedges

Outstanding receive fixed pay floating contracts	Average contracted fixed interest rate		Notional principal amount		Fair value	
	30/06/13	30/06/12	30/06/13	30/06/12	30/06/13	30/06/12
	%	%	$'000	$'000	$'000	$'000
Less than 1 year	8.15	-	3,701	-	(5)	-
[describe]	-	-	-	-	-	-
			3,701	-	(5)	-
Held for trading interest rate swaps 1 to 2 years	7.5	-	15,000	-	(51)	-
[describe]	-	-	-	-	-	-
			15,000	-	(51)	-

The table above provides an example of summary quantitative data about exposure to interest rate risks at the end of the reporting period that an entity may provide internally to key management personnel.

AASB7.24(a)

Interest rate swap contracts exchanging fixed rate interest for floating rate interest are designated and effective as fair value hedges in respect of interest rates. During the year, the hedge was 100% effective in hedging the fair value exposure to interest rate movements and as a result the carrying amount of the loan was adjusted by $5,000 which was included in profit or loss at the same time that the fair value of the interest rate swap was included in profit or loss.

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

42.8 Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

42.8.1 Equity price sensitivity analysis

AASB7.40(b)

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

AASB7.40(a)

If equity prices had been 5% higher/lower:

- profit for the year ended 30 June 2013 would have been unaffected as the equity investments are classified as available-for-sale and no investments were disposed of or impaired; and
- other comprehensive income for the year ended 30 June 2013 would increase/decrease by $297,000 (2012: increase/decrease by $286,000) as a result of the changes in fair value of available-for-sale shares.

AASB7.40(c)

The Group's sensitivity to equity prices has not changed significantly from the prior year.

AASB7.33, 34, B8

42.9 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

Apart from Company A, the largest customer of the Group (see below and refer to notes 6.7 and 15.1), the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to Company A did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

AASB 7.B10(c)

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks provided by the Group. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on (see note 42.10.1). As at 30 June 2013, an amount of $24,000 (30 June 2012: $18,000) has been recognised in the consolidated financial position as financial liabilities (see note 31).

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

42.9.1 Collateral held as security and other credit exposures

AASB7.36(b)

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with the finance lease receivables is mitigated because the finance lease receivables are secured over the leased storage equipment. The carrying amount of the finance lease receivables amounts to $1.028 million (30 June 2012: $0.905 million) and the fair value of the leased assets is estimated to be approximately CU1.00 million (30 June 2012: $0.9 million). The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

AASB 7.36(b) (amended as part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') specifies that entities should give a description of collateral held as security and of other credit enhancements, and their financial effect (e.g. a quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk.

42.10 Liquidity risk management

AASB7.33, 39(c)

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 42.10.2 below sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

42.10.1 Liquidity and interest risk tables

AASB7.34, 35, 39(a)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

The tables below includes the weighted average effective interest rate and a reconciliation to the carrying amount in the statement of financial position as an example of summary quantitative data about exposure to interest rates at the end of the reporting period that an entity may provide internally to key management personnel.

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2013							
Non-interest bearing	-	3,247	13,126	-	3,000	-	19,373
Finance lease liability	7.00	1	2	7	6	-	16
Variable interest rate instruments	8.18	893	339	3,136	6,890	-	11,258
Fixed interest rate instruments	7.56	1,735	4,825	12,389	30,035	2,898	51,882
Financial guarantee contracts	-	2,000	-	-	-	-	2,000
		7,876	18,292	15,532	39,931	2,898	84,529
30 June 2012							
Non-interest bearing	-	5,038	16,182	-	-	-	21,220
Finance lease liability	7.00	5	10	43	44	-	102
Variable interest rate instruments	8.08	7,701	1,409	7,045	24,921	-	41,076
Fixed interest rate instruments	8.03	1,554	3,129	7,238	15,945	-	27,866
Financial guarantee contracts	-	1,600	-	-	-	-	1,600
		15,898	20,730	14,326	40,910	-	91,864

AASB7.B10(c)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

AASB7.34, 35

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2013							
Non-interest bearing	-	11,216	9,426	941	-	-	21,583
Variable interest rate instruments	5.75	20,979	1,367	3,944	2,448	-	28,738
Fixed interest rate instruments	7.38	42	85	2,815	2,681	-	5,623
		32,237	10,878	7,700	5,129	-	55,944
30 June 2012							
Non-interest bearing	-	8,493	8,516	248	-	-	17,257
Variable interest rate instruments	4.83	20,418	1,125	5,204	1,911	-	28,658
Fixed interest rate instruments	7.00	-	-	-	2,600	-	2,600
		28,911	9,641	5,452	4,511	-	48,515

AASB7.B10A(b)

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

AASB7.39(c)

The Group has access to financing facilities as described in note 42.10.2 below, of which $9.268 million were unused at the end of the reporting period (2012: $12.617million). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

AASB7.39(b)

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
	$'000	$'000	$'000	$'000	$'000
30 June 2013					
Net settled:					
- interest rate swaps	11	50	205	302	121
- foreign exchange forward contracts	(5)	(21)	13	-	-
Gross settled:					
- foreign exchange forward contracts	12	35	-	-	-
- currency swaps	-	-	-	-	-
	18	64	218	302	121

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
	$'000	$'000	$'000	$'000	$'000
30 June 2012					
Net settled:					
- interest rate swaps	7	18	22	160	82
- foreign exchange forward contracts	10	15	9	-	-
Gross settled:					
- foreign exchange forward contracts	65	132	21	-	-
- currency swaps	-	-	-	-	-
	82	165	52	160	82

42.10.2 Financing facilities

AASB107.50(a)

	30/06/13	30/06/12
	$'000	$'000
Unsecured bank overdraft facility, reviewed annually and payable at call:		
- amount used	520	314
- amount unused	1,540	2,686
	2,060	3,000
Unsecured bill acceptance facility, reviewed annually:		
- amount used	358	916
- amount unused	1,142	1,184
	1,500	2,100
Secured bank overdraft facility:		
- amount used	18	64
- amount unused	982	936
	1,000	1,000
Secured bank loan facilities with various maturity dates through to 2013 and which may be extended by mutual agreement:		
- amount used	14,982	17,404
- amount unused	5,604	7,811
	20,586	25,215

Details of credit standby arrangements and a summary of the used and unused loan facilities are not required by AASB 7 'Financial Instruments: Disclosures'. AASB 107 'Statement of Cash Flows' however encourages such disclosure since it may be relevant to users understanding the financial position and liquidity of an entity.

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

42.11 Fair value of financial instruments

42.11.1 Fair value of financial instruments carried at amortised cost

AASB7.25, 29(a) Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	30/06/13		30/06/12	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables:	**24,400**	**24,602**	**20,285**	**20,125**
- loans to related parties	3,637	3,808	3,088	3,032
- financial lease receivables	1,028	1,102	905	898
- trade and other receivables	19,735	19,692	16,292	16,195
Held-to-maturity investments:	**5,905**	**5,922**	**4,015**	**4,016**
- bills of exchange	5,405	5,420	4,015	4,016
- debentures	500	502	-	-
Financial liabilities				
Financial liabilities held at amortised cost:	**53,583**	**52,273**	**71,427**	**70,707**
- bills of exchange	358	360	916	920
- convertible notes	4,144	4,150	-	-
- perpetual notes	1,905	2,500	-	-
- bank loans at fixed interest rate	11,000	10,650	11,000	10,840
- loans from related parties	12,917	11,800	34,124	33,900
- loans from other entities	4,276	3,980	4,167	4,050
- interest-free loan from the government	2,610	2,611	-	-
- trade and other payables	16,373	16,222	21,220	20,997

42.11.2 Valuation techniques and assumptions applied for the purposes of measuring fair value

AASB7.27 The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

AASB7.27

Specifically, significant assumptions used in determining the fair value of the following financial assets and liabilities are set out below.

Finance lease receivables

The fair value of finance lease receivables is estimated to be $1.102 million (30 June 2012: $0.898 million) using an 8.5% (30 June 2012: 8.25%) discount rate based on a quoted five-year swap rate and adding a credit margin that reflects the secured nature of the receivables.

Redeemable cumulative preference shares

The interest rate used to discount cash flows was 7.43% based on the quoted swap rate for a 17 months loan of 7.15% and holding credit risk margin constant.

Convertible notes

The fair value of the liability component of convertible notes is determined assuming redemption on 1 September 2015 and using a 7.95% interest rate based on a quoted swap rate of 6.8% for a 32 months loan and holding the credit risk margin constant.

AASB7.27B(e)

Unlisted shares

The consolidated financial statements include holdings in unlisted shares which are measured at fair value (note 17). Fair value is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates.

In determining the fair value, an earnings growth factor of 5.2% (30 June 2012: 4.9%) and a risk adjusted discount factor of 12.2% (30 June 2012: 11.9%) are used.

If these inputs to the valuation model were 10% higher/lower while all the other variables were held constant, the carrying amount of the shares would decrease/increase by $7,000 (30 June 2012: decrease/increase by $8,000).

Fair value determined using valuation techniques

AASB7.27B(c)

The Group shall disclose whether the fair values recognised or disclosed in the financial report are determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument (i.e. without modification or repackaging) and not based on available observable market data. For fair values that are recognised in the financial report, if changing one or more of those assumptions to reasonably possible alternative assumptions would change fair value significantly, the entity shall state this fact and disclose the effect of those changes. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in equity, total equity.

AASB7.27B(d)

The Group shall disclose the total amount of the change in fair value estimated using a valuation technique that was recognised in profit or loss during the period.

Fair value not reliably determinable

AASB7.29(b), (c), 30

Disclosures of fair value are not required for:

(a) an investment in equity instruments that do not have a quoted market price in an active market; or derivatives linked to such equity instruments that is measured at cost in accordance with AASB 139 because its fair value cannot be measured reliably; or

(b) for a contract containing a discretionary participation feature (as described in AASB 4) if the fair value of that feature cannot be measured reliably.

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

In the cases described above an entity shall disclose information to help users of the financial report make their own judgments about the extent of possible differences between the carrying amount of those financial assets or financial liabilities and their fair value, including:

(a) the fact that fair value information has not been disclosed for these instruments because their fair value cannot be measured reliably;

(b) a description of the financial instruments, their carrying amount, and an explanation of why fair value cannot be measured reliably;

(c) information about the market for the instruments;

(d) information about whether and how the entity intends to dispose of the financial instruments; and

(e) if financial instruments whose fair value previously could not be reliably measured are derecognised, that fact, their carrying amount at the time of derecognition, and the amount of gain or loss recognised.

Accounting for deferred 'day 1' gains

AASB7.28

Where an entity is precluded from recognising a 'day 1' gain or loss on a financial instrument the entity shall disclose, by class of financial instrument:

(a) its accounting policy for recognising that difference in profit or loss to reflect a change in factors (including time) that market participants would consider in setting a price; and

(b) the aggregate difference yet to be recognised in profit or loss at the beginning and end of the period and a reconciliation of changes in the balance of this difference.

Compound financial instruments with multiple embedded derivatives

AASB7.17

If an entity has issued an instrument that contains both a liability and an equity component and the instrument has multiple embedded derivatives whose values are interdependent (such as a callable convertible debt instrument), it shall disclose the existence of those features.

42.11.3 Fair value measurements recognised in the consolidated statement of financial position

AASB7.27B(a)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

	Level 1	Level 2	Level 3	30/06/13 Total
	$'000	$'000	$'000	$'000
Financial assets at FVTPL				
Derivative financial assets	-	528	-	528
Non-derivative financial assets held for trading	-	-	539	539
Available-for-sale financial assets				
Redeemable notes	2,200	-	-	2,200
Unquoted equities	-	-	6,300	6,300
Other [describe]	-	-	419	419
Total	2,200	528	7,258	9,986
Financial liabilities at FVTPL				
Contingent consideration in a business combination	-	-	(75)	(75)
Other derivative financial liabilities	-	(143)	-	(143)
Financial liabilities designated at fair value through profit or loss	-	(14,875)	-	(14,875)
Total	-	(15,018)	(75)	(15,093)

	Level 1	Level 2	Level 3	30/06/12 Total
	$'000	$'000	$'000	$'000
Financial assets at FVTPL				
Derivative financial assets	-	397	-	397
Non-derivative financial assets held for trading	-	-	1,247	1,247
Available-for-sale financial assets				
Redeemable notes	2,122	-	-	2,122
Unquoted equities	-	-	5,735	5,735
Other [describe]	-	-	-	-
Total	2,122	397	6,982	9,501
Financial liabilities at FVTPL				
Contingent consideration in a business combination	-	-	-	-
Other derivative financial liabilities	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-
Total	-	-	-	-

AASB7.27B(b) There were no transfers between Level 1 and 2 in the period.

Source	GAAP Holdings (Australia) Limited

42. Financial instruments (cont'd)

AASB7.27B(c) 42.11.4 Reconciliation of Level 3 fair value measurements of financial assets

	Fair value through profit or loss	Available-for-sale		Total
	Held for trading 2013	Unquoted equities 2013	Other [describe] 2013	2013
	$'000	$'000	$'000	$'000
Opening balance	1,247	5,735	-	6,982
Total gains or losses:				
- in profit or loss	(129)	-	-	(129)
- in other comprehensive income	-	205	(90)	115
Reclassification of remaining interest in E Plus Limited from investment in associate to available-for-sale following partial sale of interest (see note 20)	-	360	-	360
Purchases	-	-	509	-
Issues	-	-	-	-
Settlements	(579)	-	-	(70)
Transfers out of level 3	-	-	-	-
Closing balance	539	6,300	419	7,258

	Fair value through profit or loss	Available-for-sale		Total
	Held for trading 2012	Unquoted equities 2012	Other [describe] 2012	2012
	$'000	$'000	$'000	$'000
Opening balance	874	5,809	-	6,683
Total gains or losses:				
- in profit or loss	-	-	-	-
- in other comprehensive income	-	(74)	-	(74)
Purchases	373	-	-	373
Issues	-	-	-	-
Settlements	-	-	-	-
Transfers out of level 3	-	-	-	-
Closing balance	1,247	5,735	-	6,982

The table above only includes financial assets. The only financial liabilities subsequently measured at fair value on Level 3 fair value measurement represent contingent consideration relating to the acquisition of Subsix Limited (see note 46.2). No gain or loss for the year relating to this contingent consideration has been recognised in profit or loss.

AASB7.27B(d) The total gains or losses for the year included a gain of $102,000 relating to assets held at the end of the reporting period (2012: a gain of $100,000).\ Fair value gains or losses on assets are included in 'Other gain and losses' (see note 8).

All gains and losses included in other comprehensive income relate to assets held at the end of the reporting period and are reported as changes of 'Investments revaluation reserve' (see note 38.3).

Source	GAAP Holdings (Australia) Limited

AASB2.44

43. Share-based payments

43.1 Employee share option plan

AASB2.45(a), AASB124. Aus29.5(d)(iii), Aus29.7.1(b)(ii), (b)(iii)

The Group has an ownership-based compensation scheme for executives and senior employees. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, executives and senior employees with more than five years service with the Group may be granted options to purchase ordinary shares at an exercise price of $1.00 per ordinary share.

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

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

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

AASB2.44, 45(a), AASB124. Aus29.7.1(b)(i), (b)(ii), (b)(iv), (b)(v), (b)(vi)

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
				$	$
(1) Granted 30 September 2011 (*)	140,000	30/09/11	29/09/12	1.00	1.15
(2) Granted 31 March 2012 (*)	150,000	31/03/12	30/03/13	1.00	1.18
(3) Granted 30 September 2012 (*)	160,000	30/09/12	29/09/13	1.00	1.20
(4) Granted 29 March 2013 (**)	60,000	29/03/13	27/03/14	1.00	1.05

(*) In accordance with the terms of the share-based arrangement, options issued during the financial year ended 30 June 2013, and on 30 September 2012, vest at the date of their issue.

(**) In accordance with the terms of the share-based arrangement, options issued on 29 March 2013 will vest when the share price of GAAP Holdings (Australia) Limited, as quoted on the Australian Securities Exchange, exceeds $4.00.

43.2 Fair value of share options granted in the year

AASB2.46, 47(a)

The weighted average fair value of the share options granted during the financial year is $1.16 (2012: $1.17). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years. To allow for the effects of early exercise, it was assumed that executives and senior employees would exercise the options after vesting date when the share price was two and a half times the exercise price.

Inputs into the model				Option series
	Series 1	Series 2	Series 3	Series 4
Grant date share price	2.64	2.67	2.69	2.53
Exercise price	1.00	1.00	1.00	1.00
Expected volatility	15.20%	15.40%	13.10%	13.50%
Option life	1 year	1 year	1 year	1 year
Dividend yield	13.27%	13.12%	13.00%	13.81%
Risk-free interest rate	5.13%	5.14%	5.50%	5.45%
Other [describe]	-	-	-	-

Source	GAAP Holdings (Australia) Limited

43. Share-based payments (cont'd)

43.3 Movements in shares options during the year

AASB2.45(b) — The following reconciles the share options outstanding at the beginning and end of the year:

Source		2013 Number of options	2013 Weighted average exercise price $	2012 Number of options	2012 Weighted average exercise price $
AASB2.45(b)(i)	Balance at beginning of year	290,000	1.00	-	-
AASB2.45(b)(ii)	Granted during the year	220,000	1.00	290,000	1.00
AASB2.45(b)(iii)	Forfeited during the year	-	-	-	-
AASB2.45(b)(iv)	Exercised during the year	(314,000)	1.00	-	-
AASB2.45(b)(v)	Expired during the year	-	-	-	-
AASB2.45(b)(vi)	Balance at end of year	196,000	1.00	290,000	1.00
AASB2.45(b)(vii)	Exercisable at end of year	196,000	1.00	290,000	1.00

43.4 Share options exercised during the year

AASB2.45(c) — The following share options were exercised during year:

2013 Options series	Number exercised	Exercise date	Share price at exercise date $
(1) Granted 30 September 2011	30,000	05/07/12	2.50
(1) Granted 30 September 2011	45,000	31/07/12	2.25
(1) Granted 30 September 2011	65,000	15/09/12	2.75
(2) Granted 31 March 2012	65,000	03/01/13	2.95
(2) Granted 31 March 2012	85,000	28/02/13	3.15
(3) Granted 30 September 2012	24,000	20/06/13	3.50
	314,000		

2012 Options series	Number exercised	Exercise date	Share price at exercise date $
[describe option series]	-	-	-

43.5 Share options outstanding at the end of the year

AASB2.45(d) — The share options outstanding at the end of the year had an exercise price of $1.00 (2012: $1.00), and a weighted average remaining contractual life of 145 days (2012: 184 days).

Executive share appreciation rights plan

AASB2.51(b)(i) — The aggregate cash-settled share-based payment liability recognised and included in the financial statements is disclosed in note 28.

Share-based payments

AASB2.44, 46, 50, 52 — An entity shall disclose information that enables users of the financial report to understand the nature and extent of share-based payment arrangements that existed during the period, how the fair value of the goods and services received or equity instruments granted during the period were determined, and the effect of share-based payment transactions on the entity's profit or loss for the period and on its financial position. Where providing the specific disclosures required by AASB 2 'Share-based Payment' does not satisfy these principles, an entity shall disclose such additional information as is necessary to satisfy them.

AASB2.45(c) — If share options were exercised on a regular basis throughout the period, an entity may disclose, instead of the weighted average share price at the date of exercise, the weighted average share price during the period, for example:

'The weighted average share price of the options exercised during the financial year was $x.xx (2012: $x.xx).'

Source	GAAP Holdings (Australia) Limited

43. Share-based payments (cont'd)

AASB2.45(d)

If the range of exercise prices is wide for share options outstanding at the end of the period, an entity shall divide the outstanding options into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.

Fair value of goods and services determined indirectly by reference to the fair value of equity instruments granted

AASB2.47

Where the fair value of goods and services received as consideration for equity instruments has been measured indirectly by reference to the fair value of the equity instruments granted, an entity shall disclose:

(a) for share options granted during the period, the weighted average fair value of those options at the measurement date and information on how that fair value was measured, including:
  i. the option pricing model used and the inputs to that model, including the weighted average share price, exercise price, expected volatility, option life, expected dividends, the risk-free interest rate and any other inputs to the model, including the method used and the assumptions made to incorporate the effects of expected early exercise;
  ii. how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and
  iii. whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition; and

(b) for equity instruments other than share options granted during the period, the number and weighted average fair value of those equity instruments at the measurement date, and information on how that fair value was measured, including:
  i. if fair value was not measured on the basis of an observable market price, how it was determined;
  ii. whether and how expected dividends were incorporated into the measurement of fair value; and
  iii. whether and how any other features of the equity instruments granted were incorporated into the measurement of fair value.

AASB2.49

If the entity has rebutted the presumption in paragraph 13 of AASB 2 that the fair value of the goods or services received from parties other than employees can be measured reliably (and, consequently, the entity has measured the fair value of goods and services received from such parties by reference to the equity instruments granted), the entity shall disclose:

(a) that fact; and
(b) an explanation of why the presumption was rebutted.

Modified share-based payment arrangements

AASB2.47(c)

Where the entity has measured the fair value of goods or services received as consideration for equity instruments of the entity indirectly, by reference to the fair value of the equity instruments granted, the entity shall disclose for share-based payment arrangements that were modified during the period:

(a) an explanation of those modifications;
(b) the incremental fair value granted (as a result of those modifications); and
(c) information on how the incremental fair value granted was measured, consistently with the requirements set out in (a) and (b) above, where applicable.

<u>Modification of terms of share-based payment transactions granted to key management personnel</u>

AASB124.Aus29.6

Where the terms of share-based payment transactions (including options or rights) granted as compensation to a key management person have been altered or modified by the issuing entity during the reporting period, the following details shall be disclosed for each such person:

(a) the date of each alteration of the terms;
(b) the market price of the underlying equity instrument at the date of alteration;
(c) the terms of the grant immediately prior to alteration, including the number and class of the underlying equity instruments, exercise price, time remaining until expiry and each other condition in the terms affecting the exercise of the option or other right;
(d) the new terms; and
(e) the difference between the total of the fair value of the options or other rights affected by the alteration immediately before the alteration and the total of the fair value of those options or other rights immediately after the alteration.

Source	GAAP Holdings (Australia) Limited

43. Share-based payments (cont'd)

Share-based payment determined directly by reference to the fair value of goods and services received

AASB2.48

If share-based payment transactions were measured directly, using the fair value of goods or services received during the period, the entity shall disclose how the fair value of the goods or services received was determined (for example, whether fair value was measured at a market price for those goods and services).

44. Key management personnel compensation

ASIC-CO 98/100

An entity shall consider the extent to which ASIC Class Order 98/0100 permits information about key management personnel compensation to be rounded.

[non-disclosing entities]

AASB124.17

The aggregate compensation made to directors and other members of key management personnel of the company and the Group is set out below:

	Year ended 30/06/13	Year ended 30/06/12
	$	$
Short-term employee benefits	1,368,000	1,027,000
Post-employment benefits	160,000	139,000
Other long-term benefits	115,000	176,000
Termination benefits	-	-
Share-based payment	94,000	86,000
	1,737,000	1,428,000

[disclosing entities]

AASB 2008-4 Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities

AASB 2008-4 amended AASB 124 to exclude disclosing entities that are companies from the application of AASB 124 paragraphs Aus25.2 to Aus25.6, and Aus25.7.1 and Aus25.7.2 with regards to disclosure required in the notes to their financial reports. Disclosing entities that are companies are now required to disclose such information as part of the s.300A remuneration report.

The illustrative disclosures presented below still include these disclosures because AASB 2008-4 does not amend the requirements in respect of managed investment schemes and other disclosing entities that are not companies.

Details of key management personnel

AASB124. Aus29.2, Aus29.3

The directors and other members of key management personnel of the Group during the year were:

- C.J. Chambers (Chairman, non-executive director)
- F.R. Ridley (Non-executive director)
- B.M. Stavrinidis (Non-executive director)
- W.K. Flinders (Non-executive director), resigned 20 July 2012
- S.M. Saunders (Non-executive director), appointed 1 August 2011, resigned 30 July 2013
- P.H. Taylor (Director, Chief Executive Officer)
- W.L. Lee (Chief Financial Officer – Subthree Limited)
- L.J. Jackson (Chief Marketing Officer – Subfour Limited)
- C.P. Daniels (Chief Operations Officer), resigned 3 July 2013
- N.W. Wright (General Manager – Electronic equipment division), resigned 27 June 2013
- T.L. Smith (General Manager – Leisure goods division), appointed 3 July 2012

AASB124. Aus29.3(a)

Further, A.K. Black was appointed as a non-executive director on 21 July 2013.

Source	GAAP Holdings (Australia) Limited

44. Key management personnel compensation (cont'd)

Key management personnel compensation policy

The notes to the financial statements shall include:

AASB124.Aus29.5(a) (a) discussion of board policy for determining the nature and amount of compensation of key management personnel of the entity; and

AASB124.Aus29.5(b) (b) discussion of the relationship between such policy and the entity's performance.

The following details concerning the compensation of each key management person shall also be disclosed:

AASB124.Aus29.5(g) (a) an explanation of the relative proportion of those elements of the person's compensation that are related to performance and those elements of the person's compensation that are not;

AASB124.Aus29.5(c) (b) if an element of the compensation of a key management person is dependent on the satisfaction of a performance condition:

i. a detailed summary of the performance condition;

ii. an explanation of why the performance condition was chosen;

iii. a summary of the methods used in assessing whether the performance condition is satisfied and an explanation of why those methods were chosen;

iv. if the performance condition involves a comparison with factors external to the entity:

(A) a summary of the factors to be used in making the comparison; and

(B) if any of the factors relates to the performance of another entity, of two or more other entities or an index in which the securities of an entity or entities are included – the identity of that entity, of each of those entities or of that index; and

AASB124.Aus29.5(f) (c) if an element of the compensation consists of securities of a body and that element is not dependent on the satisfaction of a performance condition – an explanation of why that elemen of the compensation is not dependent on the satisfaction of a performance condition.

Key management personnel compensation

AASB124.17 The aggregate compensation made to key management personnel of the Group is set out below:

	Year ended 30/06/13	Year ended 30/06/12
	$'000	$'000
Short-term employee benefits	1,690,415	1,635,345
Post-employment benefits	122,361	130,070
Other long-term benefits	19,760	34,915
Termination benefits	-	-
Share-based payment	139,263	57,500
	1,971,799	1,857,830

The compensation of each member of the key management personnel of the Group is set out on the following page:

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Source	GAAP Holdings (Australia) Limited

44. Key management personnel compensation (cont'd)

AASB124.Aus29.4

The compensation of each member of the key management personnel of the Group for the current year is set out below:

2013	Short-term employee benefits				Post-employment benefits		Other long-term employee benefits	Termination benefits	Share-based payment				Total
									Equity-settled				
	Salary & fees $	Bonus $	Non-monetary $	Other $	Super-annuation $	Other $	$	$	Shares & units $	Options & rights $	Cash-settled $	Other $	$
Non-executive directors													
C.J. Chambers	76,000	-	28,050	1,250	-	-	-	-	-	-	-	-	105,300
F.R. Ridley	65,000	-	25,091	854	-	-	-	-	-	-	-	-	90,945
B.M. Stavrinidis	65,000	-	26,800	685	-	-	-	-	-	-	-	-	92,485
W.K. Flinders	4,000	-	800	200	-	-	-	-	-	-	-	-	5,000
S.M. Saunders	65,000	-	15,159	689	-	-	-	-	-	-	-	-	80,848
Executive officers													
P.H. Taylor (i)	261,600	-	66,280	1,240	30,000	-	5,400	-	-	105,600	-	-	470,120
W.L. Lee (ii)	183,712	10,000	6,796	-	17,937	-	8,788	-	-	7,500	-	-	234,733
L.J. Jackson (i)	187,928	-	16,481	-	20,000	-	4,572	-	-	7,500	-	-	236,481
C.P. Daniels (i)	185,500	-	14,805	-	20,000	-	-	-	-	5,000	-	-	225,305
N.W. Wright (i)	184,000	-	12,761	-	17,708	-	-	-	-	5,000	-	-	219,469
T.L. Smith (i)	180,000	-	4,734	-	16,716	-	1,000	-	-	8,663	-	-	211,113
Total	1,457,740	10,000	217,757	4,918	122,361	-	19,760	-	-	139,263	-	-	1,971,799

Source	GAAP Holdings (Australia) Limited

44. Key management personnel compensation (cont'd)

The compensation of each member of the key management personnel of the Group for the prior year is set out below:

	Short-term employee benefits				Post-employment benefits		Other long-term employee benefits	Termination benefits	Share-based payment				Total
									Equity-settled				
2012	**Salary & fees $**	**Bonus $**	**Non-monetary $**	**Other $**	**Super-annuation $**	**Other $**	**$**	**$**	**Shares & units $**	**Options & rights $**	**Cash-settled $**	**Other $**	**$**
Non-executive directors													
C.J. Chambers	65,125	-	25,400	1,125	-	-	-	-	-	-	-	-	91,650
F.R. Ridley	62,000	-	23,162	850	-	-	-	-	-	-	-	-	86,012
B.M. Stavrinidis	62,000	-	24,350	670	-	-	-	-	-	-	-	-	87,020
W.K. Flinders	62,000	-	24,350	680	-	-	-	-	-	-	-	-	87,030
O.H. O'Brien	36,750	-	20,120	312	-	-	-	-	-	-	-	-	57,182
Executive officers													
P.H. Taylor (iii)	229,860	-	53,800	1,125	38,000	-	10,140	-	-	57,500	-	-	390,425
W.L. Lee	179,372	-	5,980	-	17,300	-	6,878	-	-	-	-	-	209,530
L.J. Jackson	180,690	-	14,503	-	20,000	-	5,560	-	-	-	-	-	220,753
C.P. Daniels	171,250	-	13,028	-	20,000	-	7,750	-	-	-	-	-	212,028
N.W. Wright	173,738	-	11,230	-	17,500	-	4,587	-	-	-	-	-	207,055
E.P. Hart	179,375	-	12,500	-	17,270	-	-	-	-	-	-	-	209,145
Total	1,402,160	-	228,423	4,762	130,070	-	34,915	-	-	57,500	-	-	1,857,830

AASB124.Aus29.4(c)

Disclosure of the aggregate of each component identified is not specifically required by AASB 124 'Related Party Disclosures'. Amounts attributable to long-term incentive plans shall be separately identified from other long-term employee benefits.

Source	GAAP Holdings (Australia) Limited

44. Key management personnel compensation (cont'd)

AASB124.Aus29.5(d)
(i) Mr T. L. Smith was granted share options under the employee share option plan on 29 March 2013. Mr P.H. Taylor and other executives were granted share options on 30 September 2012. Further details of the options granted are contained in notes 43 and 45 to the financial statements.

AASB124.Aus29.5(d)
(ii) Mr W.L. Lee was granted a cash bonus of $10,000 on 12 June 2013. The bonus was given, on successful acquisition by the Group, for his identification of the distribution business of Subseven Limited as an advantageous investment opportunity earlier in the reporting period.

AASB124.Aus29.5(d)
(iii) Mr P.H. Taylor was granted share options under the employee share option plan on 30 September 2012. Further details of the options granted are contained in notes 43 and 45 to the financial statements.

Grants of cash bonuses, performance-related bonuses and share-based payment compensation benefits

AASB124.Aus29.5(d)
An entity shall disclose, for each grant of a cash bonus, performance-related bonus or share-based payment compensation benefit, whether part of a specific contract for services or not, the terms and conditions of each grant affecting the compensation of a key management person in this or future reporting periods, including:

(a) the grant date;
(b) the nature of the compensation granted;
(c) the service and performance criteria used to determine the amount of compensation; and
(d) if there has been any alteration of the terms or conditions of the grant since the grant date, the date, details and effect of each alteration.

Modification of share-based payment transactions

AASB124.Aus29.6
Where the terms of share-based payment transactions (including options or rights) granted as compensation to a key management person have been altered or modified by the issuing entity during the reporting period, the following details shall be disclosed for each such person:

(a) the date of each alteration of the terms;
(b) the market price of the underlying equity instrument at the date of alteration;
(c) the terms of the grant immediately prior to alteration, including the number and class of the underlying equity instruments, exercise price, time remaining until expiry and each other condition in the terms affecting the vesting or exercise of the option or other right;
(d) the new terms; and
(e) the difference between the total of the fair value of the options or other rights affected by the alteration immediately before the alteration and the total of the fair value of those options or other rights immediately after the alteration.

Contracts for services of key management personnel

AASB124.Aus29.5(e)
For each contract for services between the key management person and the disclosing entity (or any of its subsidiaries), the financial report shall include such explanations as are necessary, in addition to disclosures regarding bonuses and share-based compensation benefits as specified by AASB124.Aus25.5(c) and (d), to provide an understanding of how the amount of compensation in the current reporting period was determined and how the terms of the contract affect compensation in future periods.

AASB124.Aus29.5(h)
If the person is employed by the entity under a contract, the financial report shall disclose the duration of the contract, the periods of notice required to terminate the contract and the termination payments provided for under the contract.

Source	GAAP Holdings (Australia) Limited

45. Related party transactions

AASB124.13, Aus13.1(a), AASB101.138(c)

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

AASB124.13

If neither the entity's parent nor the ultimate controlling party produces financial reports available for public use, the name of the next most senior parent that does so shall also be disclosed.

AASB124. Aus13.1

When any of the parent entities and/or ultimate controlling parties named above is incorporated or otherwise constituted outside Australia, an entity shall:

(a) identify which of those entities is incorporated overseas and where; and

(b) disclose the name of the ultimate controlling entity incorporated within Australia.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

45.1 Trading transactions

AASB124.18,19

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

	Sales of goods		Purchases of goods	
	Year ended 30/06/13	Year ended 30/06/12	Year ended 30/06/13	Year ended 30/06/12
	$	$	$	$
X Holdings Limited	693,000	582,000	439,000	427,000
Subsidiaries of Y Holdings Limited	1,289,000	981,000	897,000	883,000
Associates of Y Holdings Limited	398,000	291,000	-	-

AASB124.18,19

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties			Amounts owed to related parties		
	30/06/13	30/06/12	01/07/11	30/06/13	30/06/12	01/07/11
	$	$	$	$	$	$
X Holdings Limited	209,000	197,000	255,000	231,000	139,000	179,000
Subsidiaries of Y Holdings Limited	398,000	293,000	184,000	149,000	78,000	115,000
Associates of Y Holdings Limited	29,000	142,000	-	-	-	-

AASB124.23

Sales of goods to related parties were made at the Group's usual list prices, less average discounts of 5%. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

AASB124.18

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

45.2 Loans to related parties

	30/06/13	30/06/12	01/07/11
	$	$	$
Loans to key management personnel	2,420,000	-	-
Loans to a joint venture entity	2,981,000	2,981,000	-
	5,401,000	2,981,000	-

Source	GAAP Holdings (Australia) Limited

45. Related party transactions (cont'd)

The Group has provided several of its key management personnel and a joint venture entity with short-term loans at rates comparable to the average commercial rate of interest.

AASB7.7,14, 34(c), 36(b), (c)

The loan to the joint venture entity is secured over the property, plant and equipment of the joint venture. The fair value of the collateral exceeds the carrying amount of the loan. The Group is not able to resell or repledge the collateral in the absence of default by the joint venture.

AASB124. Aus29.8 (a), Aus29.8.1, Aus29.8.2

45.2.1 Loans to key management personnel [disclosing entities only]

The following loan balances are in respect of loans made to key management personnel of the Group or to their related entities. These balances do not include loans that are in-substance options and are non-recourse to the Group.

Loans to key management personnel	Balance at beginning $	Interest charged $	Interest not charged $	Write-off $	Balance at end $	Number in group
2013	-	33,167	-	-	2,420,000	3
2012	-	-	-	-	-	-

AASB124. Aus29.8 (b), Aus29.8.1

Key management personnel with loans above $100,000 in the reporting period:

	Balance at beginning $	Interest charged $	Interest not charged $	Write-off $	Balance at end $	Highest in period $
2013						
F.R. Ridley	-	8,977	-	-	1,345,000	1,345,000
B.M. Stavrinidis	-	8,070	-	-	269,000	269,000
C.P. Daniels	-	16,120	-	-	806,000	806,000
2012						
[describe]						

AASB124. Aus29.8.1 (h)

Key management personnel are charged interest on loans provided by the Group at 8%p.a., which is comparable to the average commercial rate of interest. Loans are provided for a maximum period of 12 months. Interest on the outstanding loan balance is payable monthly. The loans to key management personnel are unsecured.

45.3 Other related party transactions

AASB124.17,18

In addition to the above, X Holdings Limited performed certain administrative services for the Company, for which a management fee of $0.18 million (2012: $0.16 million) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments.

45.3.1 Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 19 to the financial statements.

In addition, Subone Limited holds 100% of the share options of Subone International Limited, giving the company the right to purchase an additional 500,000 ordinary shares of Subone International Limited at $1.20 each. The share options may be exercised during the period from 1 January 2014 to 30 June 2015.

Equity interests in associates and joint ventures

Details of interests in associates and joint ventures are disclosed in notes 20 and 21 to the financial statements.

Source	GAAP Holdings (Australia) Limited

45. Related party transactions (cont'd)

Equity interests in other related parties
GAAP Holdings (Australia) Limited holds 3% of the ordinary share capital of Subone Related plc, a subsidiary of one of the Group's associates.

45.3.2 Transactions with key management personnel

AASB124.17, Aus29.4

i. Key management personnel compensation
Details of key management personnel compensation are disclosed in note 44 to the financial statements.

ii. Key management personnel equity holdings [disclosing entities only]

AASB124. Aus29.7(a), (b), Aus29.7.2(a), Aus29.7.4

Fully paid ordinary shares of GAAP Holdings (Australia) Limited

	Balance at 1 July No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.	Balance held nominally No.
2013						
C.J. Chambers	5,000	-	-	-	5,000	-
P.H. Taylor	1,500	-	50,000	(1,500)	50,000	-
A.K. Black	9,000	-	-	-	1,000	-
W.L. Lee	2,520	-	6,250	3,500	12,270	3,500
L.J. Jackson	1,250	-	6,250	(1,500)	6,000	800
C.P. Daniels	4,584	-	4,167	-	8,751	-
N.W. Wright	-	-	4,167	-	4,167	-
2012						
C.J. Chambers	5,000	-	-	-	5,000	-
P.H. Taylor	1,500	-	-	-	1,500	-
W.L. Lee	2,500	-	-	-	2,500	-
L.J. Jackson	-	-	-	1,250	1,250	800
C.P. Daniels	6,000	-	-	(1,416)	4,584	-

AASB124. Aus29.7(a), (b), Aus29.7.4

Convertible notes of GAAP Holdings (Australia) Limited

	Balance at 1 July No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.	Balance held nominally No.
2013						
C.J. Chambers	-	-	-	3,000	3,000	-
P.H. Taylor	-	-	-	15,000	15,000	-
2012						
[describe]						

Source	GAAP Holdings (Australia) Limited

45. Related party transactions (cont'd)

AASB124.Aus29.7, Aus29.7.1(a), Aus29.7.3

Share options of GAAP Holdings (Australia) Limited

	Balance at 1 July No.	Granted as compen -sation No.	Exercised No.	Net other change No.	Bal at 30 June No.	Bal vested at 30 June No.	Vested but not exerci-sable No.	Vested and exerci-sable No.	Options vested during year No.
2013									
P.H. Taylor	50,000	88,000	(50,000)	-	88,000	88,000	-	88,000	88,000
W.L. Lee	-	6,250	(6,250)	-	-	-	-	-	6,250
L.J. Jackson	-	6,250	(6,250)	-	-	-	-	-	6,250
C.P. Daniels	-	4,167	(4,167)	-	-	-	-	-	4,167
N.W. Wright	-	4,167	(4,167)	-	-	-	-	-	4,167
T.L. Smith	-	32,036	-	-	32,036	-	-	-	-
2012									
P.H. Taylor	-	50,000	-	-	50,000	50,000	-	50,000	50,000

AASB124.Aus29.7.1(b), Aus29.7.2(a), (c), (d)

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

During the financial year, 70,834 options (2012: nil) were exercised by key management personnel at an exercise price of $1 per option for 70,834 ordinary shares in GAAP Holdings (Australia) Limited (2012: nil). No amounts remain unpaid on the options exercised during the financial year at year end.

Further details of the employee share option plan and of share options granted during the 2012 and 2011 financial years are contained in notes 43 and 44 to the financial statements.

Disclosures of equity holdings

An equity holding shall be included in these disclosures only once in respect of the same equity instrument. That is, an indirect holding in the disclosing entity (or a subsidiary of that disclosing entity) through a related party of the key management person is not again considered as a direct holding of that related party when considering the equity holdings of that key management person (including their related parties).

Equity holdings held 'nominally'

Nominally means 'in name only'. Disclosure of equity holdings held nominally means disclosure of the equity instruments held by the key management person (or their related entity) in his or her name for the benefit of someone outside their related entity group.

AASB124.Aus29.7.5

Disclosure of non-arm's length transactions involving share-based payment compensation

Where transactions involving equity instruments other than those granted as share-based payment compensation have occurred between a key management person, including their related parties (as referred to in (e) and (f) of the related party definition) and the issuing entity during the financial year on terms or conditions that were more favourable than those in an arm's length transaction, the financial report shall disclose the nature of the transaction and details of the terms and conditions.

iii. Other transactions with key management personnel of the Group [disclosing entities only]

Profit for the year includes the following items of revenue and expense that resulted from transactions, other than compensation, loans or equity holdings, with key management personnel or their related entities:

AASB124.Aus29.9.1(a)

	30/06/13 $	30/06/12 $
Consolidated revenue includes the following amounts arising from transactions with key management personnel of the Group or their related parties:		
Interest revenue	20,833	-
Dividend revenue	-	-
Other	-	-
	20,833	-

Source	GAAP Holdings (Australia) Limited

45. Related party transactions (cont'd)

Source		30/06/13	30/06/12
		$	$
AASB124.Aus29.9.1(b)	Consolidated profit includes the following expenses arising from transactions with key management personnel of the Group or their related parties:		
	Interest expense	-	-
	Net amounts written-off and allowances for doubtful receivables	-	-
	Other	-	-
		-	-
AASB124.Aus29.9.2(a)	Total assets arising from transactions other than loans and amounts receivable in relation to equity instruments with key management personnel or their related parties:		
	Current	500,000	-
	Allowance for doubtful receivables	-	-
	Non-current	-	-
		500,000	-
AASB124.Aus29.9.2(b)	Total liabilities arising from transactions other than compensation with key management personnel or their related parties:		
	Current	-	-
	Non-current	-	-
		-	-

AASB124.Aus29.9

During the financial year, the Group recognised interest revenue of $20,833 in relation to debentures with a carrying value of $500,000 offered by a company related to Mr B.M. Stavrinidis and held by Subone Finance Pty Ltd. The debentures return interest of 6% p.a., payable monthly. The debentures mature on 3 September 2013.

AASB124.Aus29.9

Disclosures of other transactions and balances

In respect of transactions during the reporting period between the disclosing entity (and any of its subsidiaries) and key management personnel including their related parties (as referred to in (e) and (f) of the related party definition), other than transactions that affect compensation or equity instruments held by the key management personnel or loans to the key management personnel, the following details shall be disclosed:

(a) each type of transaction of different nature;

(b) the terms and conditions of each type of transaction or, where there are different categories of terms and conditions within each type, the terms and conditions of each category of transaction; and

(c) for each type of transaction or, where there are different categories within each type, each category of transaction:

 i. the names of the persons involved; and

 ii. the aggregate amount recognised.

AASB124.Aus29.9.3

Exemptions from disclosure

Transactions with and amounts receivable from or payable to a key management personnel (including their related parties) do not have to be disclosed when:

(a) they occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those it is reasonable to expect the entity would have adopted if dealing at arm's length with an unrelated person;

(b) information about them does not have the potential to affect adversely decisions about the allocation of scarce resources made by users of the financial report, or the discharge of accountability by the key management person; and

(c) they are trivial or domestic in nature.

Source	GAAP Holdings (Australia) Limited

45. Related party transactions (cont'd)

iv. Transactions with key management personnel of GAAP Holdings (Australia) Limited and Y Holdings Limited

AASB124.17

During the financial year:

- GAAP Holdings (Australia) Limited advanced $2,420,000 in loans to its key management personnel (2012: nil)
- GAAP Holdings (Australia) Limited repaid loans owing to key management personnel of its ultimate parent entity, Y Holdings Limited of $948,012 (2012: nil)

No amounts were provided for doubtful debts relating to receivables owing to the Group from key management personnel of GAAP Holdings (Australia) Limited or its parent at reporting date (2012: $nil).

At reporting date 30 June 2013, the following balances arising from transactions with key management personnel of the Group and key management personnel of the Group's parent entity remain outstanding to the Group:

- loans receivable of $2,420,000
- other [describe]

At reporting date 30 June 2012, the following balances arising from transactions with key management personnel of the Group and key management personnel of the Group's parent entity remain outstanding to the Group:

- loans payable of $948,000
- other [describe]

All loans advanced to and payable to key management personnel of the company and its parent are unsecured and subordinate to other liabilities. Interest is charged monthly on the outstanding loan balances at commercial interest rates, which range between 7.90%p.a. and 8.20%p.a.

Transactions with other related parties

AASB124.19

Other related parties include:

- the parent entity
- entities with joint control or significant influence over the Group
- associates
- joint ventures in which the entity is a venturer
- subsidiaries
- other related parties.

Transactions between GAAP Holdings (Australia) Limited and its related parties

AASB124.18

During the financial year, the following transactions occurred between the company and its other related parties:

- GAAP Holdings (Australia) Limited made dividend payments totalling $4,000,050 to its parent entity (2012: $3,415,200). The parent entity, X Holdings Limited, holds 70.74% of the fully paid ordinary share capital of GAAP Holdings (Australia) Limited (2012: 52.16%), 56.67% of the partly-paid ordinary shares on issue (2012: 56.67%), and 77.5% of the converting non-participating preference shares on issue (2012: 84.55%)

The following balances arising from transactions between the company and its other related parties are outstanding at reporting date:

- Current loans totalling $74,098 are repayable to X Holdings Limited (2012: $6,302,246)

All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year for bad or doubtful debts in respect of the amounts owed by related parties.

Transactions and balances between the company and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group.

Source	GAAP Holdings (Australia) Limited

45. Related party transactions (cont'd)

Transactions between the Group and its related parties

AASB124.18

During the financial year ended 30 June 2013, the following transactions occurred between the Group and its other related parties:

- subsidiaries of GAAP Holdings (Australia) Limited contributed cash totalling $440,000 to the Group's defined benefit superannuation plans (2012: $400,000). Cash contributions of $135,000 (2012: $118,000) were made to the defined contribution plan
- associates of GAAP Holdings (Australia) Limited sold goods totalling $3,991,456 (2012: $3,494,000) to the Group at market price discounted to reflect the quantity of goods purchased and the relationships between the parties
- a subsidiary rented premises from an associate of the Group at commercial rates totalling $20,180 (2012: $18,000)
- GAAP Holdings (Australia) Limited received management services from its parent entity, X Holdings Limited, for no charge. The total value of the services received was $522,000 (2012: $495,000)
- GAAP Holdings (Australia) Limited made interest payments of $25,000 (2012: $315,000) to its parent entity. The weighted average interest rate on the loans is 8.10% (2012: 8.06%). Interest is payable on the last business day of each month.
- interest payments of $1,855,562 (2012: $2,651,000) were made by group entities to Y Holdings Limited on intercompany loan payables. The weighted average interest rate on the loans is 8.10% (2012: 8.06%). Interest is payable on the last business day of each month.

The following balances arising from transactions between the Group and its other related parties are outstanding at reporting date:

- current loans totalling $1,217,430 are receivable from a jointly controlled entity of the Group (2012: $3,088,120)
- loans totalling $11,969,000 are repayable to Y Holdings Limited (2012: $34,124,000).

All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities. Interest is charged monthly on the outstanding loan balance at 8% - 8.15%p.a.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Transactions between the Group and its associates were eliminated in the preparation of the consolidated financial statements of the Group to the extent of the Group's share in profits and losses of the associate resulting from these transactions.

AASB124.19

Disclosures about transactions (other than key management personnel compensation) with related parties shall be made separately for each of the following categories:

(a) the parent;

(b) entities with joint control or significant influence over the entity;

(c) subsidiaries;

(d) associates;

(e) joint ventures in which the entity is a venturer;

(f) key management personnel of the entity or its parent; and

(g) other related parties.

Terms and conditions of related party transactions

AASB124.23

Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

Separate disclosure of individual transactions

AASB124.24

Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.

Source	GAAP Holdings (Australia) Limited

46. Business combinations

AASB3. B64(a) to (d)

46.1 Subsidiaries acquired

	Principal activity	Date of acquisition	Proportion of shares acquired	Consideration transferred
			(%)	$'000
2013				
Subsix Limited	Financial	15/01/13	80	505
Subseven Limited	Distribution	30/05/13	100	687
				1,192

Subsix Limited was acquired so as to continue the expansion of the Group's leasing activities, and the acquisition of Subseven Limited has significantly improved the Group's distribution logistics.

2012	
[describe]	-
	-

For clarity of presentation in these model financial statements, it has been assumed that there were no business combinations in the comparative period. If there had been a business combination in 2012, all of the disclosures illustrated would also be required for that prior year business combination.

AASB3.B66

The disclosures illustrated are also required for business combinations after the end of the reporting period but before the financial statements are authorised for issue unless the initial accounting for the acquisition is incomplete at the time the financial statements are authorised for issue. In such circumstances, the entity is required to describe which disclosures could not be made and the reasons why they could not be made.

AASB3.B64(f)

46.2 Consideration transferred

		Subsix Limited	Subseven Limited
		$'000	$'000
	Cash	430	247
	Transfer of land and buildings at fair value at date of acquisition	-	400
	Contingent consideration arrangement (i)	75	-
	Plus: effect of settlement of legal claim against Subseven Limited (ii)	-	40
AASB107.40(a)	Total	505	687

AASB3.B64(g)

(i) Under the contingent consideration arrangement, the Group is required to pay the vendors an additional $300,000 if Subsix Limited's profit before interest and tax (PBIT) in each of the years 2014 and 2015 exceeds $500,000. Subsix's PBIT for the past three years has been $350,000 on average and the directors do not consider it probable that this payment will be required. $75,000 represents the estimated fair value of this obligation at the acquisition date.

AASB3.B64(l)

(ii) Prior to the acquisition of Subseven Limited, the Group was pursuing a legal claim against that company in respect of damage to goods in transit to a customer. Although the Group was confident of recovery, this amount has not previously been recognised as an asset. In line with the requirements of AASB 3, the Group has recognised the effective settlement of this legal claim on the acquisition of Subseven Limited by recognising $40,000 (being the estimated fair value of the claim) as a gain in profit or loss within the 'other gains and losses' line item. This has resulted in a corresponding increase in the consideration transferred.

Source	GAAP Holdings (Australia) Limited

46. Business combinations (cont'd)

AASB3.B64(m)

Acquisition-related costs amounting to $145,000 (Subsix Limited: $65,000; Subseven Limited: $80,000) have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the current year, within the 'other expenses' line item.

AASB3.B64(i)

46.3 Assets acquired and liabilities assumed at the date of acquisition

AASB107.40(d)

	Subsix Limited $'000	Subseven Limited $'000	Total $'000
Current assets			
Cash and & cash equivalents	200	-	200
Trade and other receivables	87	105	192
Inventories	-	57	57
Non-current assets			
Plant and equipment	143	369	512
Current liabilities			
Trade and other payables	(18)	(35)	(53)
Non-current liabilities			
Deferred tax liabilities	(17)	-	(17)
Contingent liabilities	(45)	-	(45)
	350	496	846

AASB3.B67(a)

The initial accounting for the acquisition of Subseven Limited has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of Subseven's assets are required to be reset based on market values of the assets. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely tax values.

AASB3.B64(h)

The receivables acquired (which principally comprised trade receivables) in these transactions with a fair value of $87,000 (Subsix Limited) and $105,000 (Subseven Limited) had gross contractual amounts of $104,000 and $120,000 respectively. The best estimate at acquisition date of the contractual cash flows not expected to be collected are $10,000 (Subsix Limited) and $8,000 (Subseven Limited).

46.4 Non-controlling interests

AASB3.B64(o)

The non-controlling interest (20% ownership interest in Subsix Limited) recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to $132,000. This fair value was estimated by applying an income approach. The following were the key model inputs used in determining the fair value:

- assumed discount rate of 18%;
- assumed long-term sustainable growth rates of 3% to 5%; and
- assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interests in Subsix Limited.

Source	GAAP Holdings (Australia) Limited

46. Business combinations (cont'd)

46.5 Goodwill arising on acquisition

	Subsix Limited	Subseven Limited	Total
	$'000	$'000	$'000
Consideration transferred	505	687	1,192
Plus: non-controlling interests	132	-	132
Less: fair value of identifiable net assets acquired	(350)	(496)	(846)
Goodwill arising on acquisition	287	191	478

AASB3.B64(e) Goodwill arose in the acquisition of Subsix Limited and Subseven Limited because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Subsix Limited and Subseven Limited. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

AASB3.B64(k) None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

46.6 Net cash outflow on acquisition of subsidiaries

Source		Year ended 30/06/13	Year ended 30/06/12
		$'000	$'000
AASB107.40(b)	Consideration paid in cash	677	-
AASB107.40(c)	Less: cash and cash equivalent balances acquired	(200)	-
		477	-

46.7 Impact of acquisitions on the results of the Group

AASB3.B64(q) Included in the profit for the year is $35,000 attributable to the additional business generated by Subsix Limited, and $13,000 attributable to Subseven Limited. Revenue for the year includes $2.3 million in respect of Subsix Limited and $2.8million in respect of Subseven Limited.

AASB3.61 Had these business combinations been effected at 1 July 2012, the revenue of the Group from continuing operations would have been $145 million, and the profit for the year from continuing operations would have been $19.7 million. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and profit of the Group had Subsix Limited and Subseven Limited been acquired at the beginning of the current year, the directors have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements;
- calculated borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination; and
- excluded takeover defence costs of the acquiree as a one-off pre-acquisition transaction.

Source	GAAP Holdings (Australia) Limited

46. Business combinations (cont'd)

AASB 3 requires full disclosures in respect of both

(a) business combinations occurring during the period; and
(b) business combinations occurring after the end of the reporting period but before the financial statements are authorised for issue.

Accordingly, entities that have entered into a business combination after the end of the reporting period must comply with all of the disclosure requirements in respect of that business combination.

47. Disposal of subsidiary

On 30 May 2013, the Group disposed of Subzero Limited which carried out all of its toy manufacturing operations.

47.1 Consideration received

Source		Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
AASB107.40(b)	Consideration received in cash and cash equivalents	7,854	-
	Deferred sales proceeds (note 15)	960	-
AASB107.40(a)	Total consideration received	8,814	-

47.2 Analysis of assets and liabilities over which control was lost

Source		Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
AASB107.40(d)			
	Current assets		
	Cash and cash equivalents	288	-
	Trade receivables	1,034	-
	Inventories	2,716	-
	Non-current assets		
	Property, plant and equipment	5,662	-
	Goodwill	3,080	-
	Current liabilities		
	Payables	(973)	-
	Non-current liabilities		
	Borrowings	(4,342)	-
	Deferred tax liabilities	(471)	-
	Net assets disposed of	6,994	-

Source	GAAP Holdings (Australia) Limited

47. Disposal of a subsidiary (cont'd)

47.3 Gain on disposal of subsidiary

Source		Year ended 30/06/13	Year ended 30/06/12
		$'000	$'000
	Consideration received	8,814	-
	Net assets disposed of	(6,994)	
	Non-controlling interests	-	-
	Cumulative gain/loss on available-for-sale financial assets reclassified from equity on loss of control of subsidiary	-	-
	Cumulative exchange gain in respect of the net assets of the subsidiary and related hedging instruments reclassified from equity to profit and loss on loss of control of subsidiary	120	-
AASB127.41(f)	Gain on disposal (note 11)	1,940	-

AASB127.41(f) — The gain on disposal is included in the profit for the year from discontinued operations (see note 11).

47.4 Net cash inflow on disposal of subsidiary

Source		Year ended 30/06/13	Year ended 30/06/12
		$'000	$'000
	Consideration received in cash and cash equivalents	7,854	-
AASB107.40(c)	Less: cash and cash equivalent balances disposed of	(288)	-
		7,566	-

48. Cash and cash equivalents

AASB107.45 — For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	30/06/13	30/06/12
	$'000	$'000
Cash and bank balances	23,446	19,778
Bank overdraft	(538)	(378)
	22,908	19,400
Cash and bank balances included in a disposal group held for sale	175	-
	23,083	19,400

48.1 Cash balances not available for use

AASB107.48 — An entity shall disclose, together with commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the Group.

Source	GAAP Holdings (Australia) Limited

48. Cash and cash equivalents (cont'd)

AASB1054.16

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

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

	Notes	Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
Cash flows from operating activities			
Profit for the year		27,049	30,327
Income tax expense recognised in profit or loss		14,088	14,797
Share of profits of associates		(1,186)	(1,589)
Finance costs recognised in profit or loss		4,418	6,023
Investment revenue recognised in profit or loss		(3,608)	(2,351)
Gain on disposal of property, plant and equipment		(6)	(67)
Gain on revaluation of investment property		(297)	(8)
Gain on disposal of subsidiary		(1,940)	-
Gain on disposal of interest in former associate		(581)	-
Net loss arising on financial liabilities designated as at fair value through profit or loss		488	-
Net loss arising on financial assets classified as held for trading		129	-
Hedge ineffectiveness on cash flow hedges		(89)	(68)
(Gain)/loss transferred from equity on sale of available-for-sale financial assets		-	-
(Gain)/loss transferred from equity on impairment of available-for-sale financial assets		-	-
Impairment loss recognised on trade receivables		63	430
Reversal of impairment loss on trade receivables		(103)	-
Depreciation and amortisation of non-current assets		14,179	17,350
Impairment of non-current assets		1,325	-
Net foreign exchange (gain)/loss		(101)	117
Expense recognised in respect of equity-settled share-based payments		206	338
Expense recognised in respect of shares issued in exchange for consulting services		8	-
Amortisation of financial guarantee contracts		6	18
Gain arising on effective settlement of claim against Subseven Limited		(40)	-
		54,008	65,317
Movements in working capital			
Increase in trade and other receivables		(2,262)	(1,880)
(Increase)/decrease in inventories		(5,900)	204
Increase in other assets		(34)	(20)
Decrease in trade and other payables		(929)	(29,979)
Increase/(decrease) in provisions		151	(941)
Increase in deferred revenue		427	43
(Decrease)/increase in other liabilities		(95)	365
Cash generated from operations		45,366	33,109
Interest paid		(4,493)	(6,106)
Income taxes paid		(13,848)	(13,340)
Net cash generated by operating activities		27,025	13,663

Source	GAAP Holdings (Australia) Limited

48. Cash and cash equivalents (cont'd)

Other disclosures

AASB107.50

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

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

(b) the aggregate amounts of the cash flows from each of operating, investing and financing activities related to interests in joint ventures reported using proportionate consolidation;

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

(d) the amount of the cash flows arising from the operating, investing and financing activities of each reportable segment (refer also note 6).

AASB107.51

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

AASB107.52

The disclosure of segmental cash flows enables users to obtain a better understanding of the relationship between the cash flows of the business as a whole and those of its component parts and the availability and variability of segmental cash flows.

AASB107.43

49. Non-cash transactions

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

- the Group disposed of property, plant and equipment with an aggregate fair value of $0.4 million to acquire Subseven Limited as indicated in note 46;
- proceeds in respect of the Group's disposal of part of its interest in E Plus Limited and its entire interest in Subzero Limited ($1.245 million and $960,000 respectively – see notes 20 and 47) had not been received in cash at the end of the reporting period;
- share issue proceeds of $8,000 were received in the form of consulting services, as described in note 37.1; and
- the Group acquired $40,000 of equipment under a finance lease (2012: nil).

50. Operating lease arrangements

50.1 The Group as lessee

50.1.1 Leasing arrangements

AASB117.35(d)
AASB7.7

Operating leases relate to leases of land with lease terms of between 5 and 10 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Group does not have an option to purchase the leased land at the expiry of the lease periods.

50.1.2 Payments recognised as an expense

Source		Year ended 30/06/13	Year ended 30/06/12
		$'000	$'000
AASB117.35(c)	Minimum lease payments	2,008	2,092
AASB117.35(c)	Contingent rentals	-	-
AASB117.35(c)	Sub-lease payments received	-	-
		2,008	2,092

AASB117.35(a)

50.1.3 Non-cancellable operating lease commitments

	30/06/13	30/06/12
	$'000	$'000
Not later than 1 year	1,734	1,908
Later than 1 year and not later than 5 years	3,568	4,336
Later than 5 years	11,618	12,526
	16,920	18,770

Source	GAAP Holdings (Australia) Limited

50. Operating lease arrangements (cont'd)

50.1.4 Liabilities recognised in respect of non-cancellable operating leases

	30/06/13	30/06/12
	$'000	$'000
Onerous lease contracts (note 32)		
Current	305	408
Non-current	425	335
Lease incentives (note 34)		
Current	90	90
Non-current	180	270
	1,000	1,103

Disclosures for lessees

AASB117.31(e), 35(d), AASB7.7, 31

A general description about the lessee's material leasing arrangements shall be disclosed, including:

(a) the basis on which contingent rent payable is determined;

(b) the existence and terms of renewal or purchase options and escalation clauses; and

(c) restrictions imposed by lease arrangements such as those concerning dividends, additional debt and further leasing.

Sub-leases

AASB117.31(d), 35(b)

For non-cancellable sub-leases, the total of future minimum lease payments expected to be received shall be disclosed.

Arrangements containing an operating lease

Int4.15(b)

If an arrangement contains a lease, and the purchaser concludes that it is impracticable to separate lease payments from other payments reliably, it shall treat all payments under the arrangement as lease payments for the purposes of complying with the disclosure requirements of AASB 117 'Leases', but also:

(a) disclose those payments separately from minimum lease payments of other arrangements that do not include payments for non-lease elements; and

(b) state that the disclosed payments also include payments for non-lease elements in the arrangement.

Assets under lease

AASB117.32, 57

The disclosure requirements specified by the relevant standards in relation to property, plant and equipment, intangible assets, impairment of assets, investment property and agriculture apply to:

(a) lessees for assets leased under finance leases

(b) lessors for assets provided under operating leases.

Disclosure of these items would normally be incorporated into other existing notes to the financial statements, for example notes 22, 23 and 25 to these model financial statements.

Arrangements involving the legal form of a lease

Int127.10

All aspects of an arrangement that does not, in substance, involve a lease under AASB 117 shall be considered in determining the appropriate disclosures that are necessary to understand the arrangement and the accounting treatment adopted.

Int127.10

An entity shall disclose the following in each period that an arrangement exists

(a) a description of the arrangement including:

i. the underlying asset and any restrictions on its use;

ii. the life and other significant terms of the arrangement;

iii. the transactions that are linked together, including any options; and

(b) the accounting treatment applied to any fee received, the amount recognised as income in the period, and the line item of the income statement in which it is included.

Source	GAAP Holdings (Australia) Limited

50. Operating lease arrangements (cont'd)

Int127.11

The disclosures shall be provided individually for each arrangement or in aggregate for each class of arrangement. A class is a grouping of arrangements with underlying assets of a similar nature (e.g., power plants).

50.2 The Group as lessor

50.2.1 Leasing arrangements

AASB117.56(c)

Operating leases relate to the investment property owned by the Group with lease terms of between 5 to 10 years, with an option to extend for a further 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Rental income earned by the Group from its investment properties and direct operating expenses arising on the investment properties for the year are set out in notes 7 and 13 respectively.

AASB117.56(a)

50.2.2 Non-cancellable operating lease receivables

	30/06/13	30/06/12
	$'000	$'000
Not later than 1 year	18	18
Later than 1 year and not longer than 5 years	54	72
Later than 5 years	-	-
	72	90

51. Commitments for expenditure

Source	*51.1 Capital expenditure commitments*	30/06/13	30/06/12
		$'000	$'000
AASB116.74(c)	Plant and equipment	4,856	6,010
AASB140.75(h)	Investment property	860	-
AASB138.122(e)	Intangible assets	-	-
AASB128.40(a)	Group's share of associates and equity accounted jointly controlled entities' capital commitments	28	22
AASB131.55	Group's share of jointly controlled entities' capital commitments	110	20

AASB117.47, 56

51.2 Lease commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in notes 35 and 50 to the financial statements.

51.3 Other expenditure commitments

Source			
AASB140.75(h)	Investment property	-	-
AASB138.122(e)	Intangible assets	-	-

Source	GAAP Holdings (Australia) Limited		
	52. Contingent liabilities and contingent assets		
		30/06/13 $'000	30/06/12 $'000
	52.1 Contingent liabilities		
AASB137.86(a)	Court proceedings (i)	-	-
AASB131.54(a)	Contingent liabilities incurred by the Group arising from interests in joint ventures (ii)	110	116
AASB128.40(a)	Group's share of associates' contingent liabilities (iii)	150	14

AASB137.86(b)

(i) An entity in the Group is a defendant in a legal action involving the alleged failure of the entity to supply goods in accordance with the terms of contract. The directors believe, based on legal advice, that the action can be successfully defended and therefore no losses (including for costs) will be incurred. The legal claim is expected to be settled in the course of the next eighteen months.

(ii) A number of contingent liabilities have arisen as a result of the Group's interests in joint ventures. The amount disclosed represents the aggregate amount of such contingent liabilities for which the Group as an investor is liable. The extent to which an outflow of funds will be required is dependent on the future operations of the joint ventures being more or less favourable than currently expected. The Group is not contingently liable for the liabilities of other venturers in its joint ventures.

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

52.2 Contingent assets

Source		30/06/13 $'000	30/06/12 $'000
AASB137.89	Faulty goods claim (iv)	140	-

(iv) A company in the Group has a claim outstanding against a supplier for the supply of faulty products. Based on negotiations to date, the directors believe that it is probable that their claim will be successful and that compensation of $0.14 million will be recovered.

Entities should carefully consider whether circumstances that may have formerly been disclosed as a contingent liability meet the definition of a financial guarantee contract and should be accounted for in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'.
Examples of more common arrangements that would qualify as financial guarantee contracts and which are no longer be disclosed as contingent liabilities include:

- deeds of cross guarantees between members of the wholly-owned group
- letters of support provided to subsidiaries whereby the parent undertakes to pay the debts of the subsidiary if it is unable to repay the debt
- guarantees provided by the parent to financiers providing borrowings to subsidiaries.

AASB137.86 Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and, where practicable:

(a) an estimate of its financial effect, measured in the same manner as a provision;
(b) an indication of the uncertainties relating to the amount or timing of any outflow; and
(c) the possibility of any reimbursement.

AASB137.87 In determining which contingent liabilities may be aggregated to form a class, it is necessary to consider whether the nature of the items is sufficiently similar for a single statement about them to fulfill the requirements of paragraphs (a) and (b) above.

AASB137.91 Where any of the information above is not disclosed because it is not practicable to do so, that fact shall be stated.

Source	GAAP Holdings (Australia) Limited

52. Contingent liabilities and contingent assets (cont'd)

Interests in associates

AASB128.40(b) An entity shall disclose those contingent liabilities that arise because the investor is severally liable for all or part of the liabilities of the associate.

Interests in joint ventures

AASB131.54 A venturer shall disclose the aggregate amount of the following contingent liabilities, unless the probability of loss is remote, separately from the amount of other contingent liabilities

(a) any contingent liabilities that the venturer has incurred in relation to its interests in joint ventures and its share in each of the contingent liabilities that have been incurred jointly with other venturers; and

(b) its share of the contingent liabilities of the joint ventures themselves for which it is contingently liable.

AASB131.54(c) Disclosure is also required of those contingent liabilities that arise because the venturer is contingently liable for the liabilities of the other venturers of a joint venture as part of the aggregate amount above. Such circumstances would generally qualify as a financial guarantee contract, and should be recognised in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'.

Contingent assets

AASB137.89, 91 Where an inflow of economic benefits is probable, an entity shall disclose a brief description of the nature of the contingent assets at the reporting date, and, where practicable, an estimate of their financial effect. Where any of this information is not disclosed because it is not practicable to do so, that fact shall be stated.

AASB137.90 It is important that disclosures for contingent assets avoid giving misleading indications of the likelihood of income arising.

Exemptions

AASB137.92 In extremely rare cases, disclosure of some or all of the information illustrated above would be expected to seriously prejudice the position of the entity in a dispute with other parties on the subject matter of the contingent liability or contingent asset. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.

Provisions

AASB137.88 Where a provision and a contingent liability arise from the same set of circumstances, an entity makes the required disclosures in a way that shows the link between the provision and the contingent liability.

Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds

Int5.11 A contributor to a decommissioning, restoration and environmental rehabilitation fund shall disclose the nature of its interest in the fund and any restrictions on access to the assets in the fund.

Int5.12 Where a contributor has an obligation to make potential additional contributions to a decommissioning, restoration and environmental rehabilitation fund that is not recognised as a liability, the contributor shall disclose the information required by AASB 137 in respect of contingent liabilities.

Int5.13 Where a contributor accounts for its interest in a decommissioning, restoration and environmental rehabilitation fund by recognising its right to receive reimbursement from the fund in accordance with AASB 137, measured in accordance with Interpretation 5, the contributor shall disclose the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

Source	GAAP Holdings (Australia) Limited

53. Remuneration of auditors

ASIC-CO 98/100

An entity shall consider the extent to which ASIC Class Order 98/100 permits information about the remuneration of auditors to be rounded.

53.1 Auditor of the parent entity

Source		30/06/13	30/06/12
		$	$
AASB1054.10,11	Audit or review of the financial statements	442,627	406,239
s.300(11B)(a)	Preparation of the tax return	300,000	352,000
	All other services [describe]	-	-
		742,627	758,239

AASB1054.10,11

53.2 Network firm of the parent entity auditor

Source		30/06/13	30/06/12
	All other services [describe]	-	-
s.300(11B)(a)		-	-

s.300(11B)(a), (11C)(a)

The auditor of GAAP Holdings (Australia) Limited is Deloitte Touche Tohmatsu.

AASB1054.11

Remuneration of international associates of Deloitte Touche Tohmatsu Australia shall be disclosed under 'Network firm of the parent entity auditor'.
The nature and amount of each category of non-audit services provided by a network firm of the auditor of a parent entity shall be disclosed in the notes to the financial statements.

'Network firm' is defined in APES 110 'Code of Ethics for Professional Accountants' (February 2008) as 'a Firm or entity that belongs to a Network'.
'Firm' is defined in APES 110 (February 2008) as:
'(a) A sole practitioner, partnership, corporation or other entity of professional accountants;
(b) An entity that controls such parties through ownership, management or other means;
(c) An entity controlled by such parties through ownership, management or other means; or
(d) An Auditor-General's office or department'.
'Network' is defined in APES 110 as:
'A larger structure:
(a) That is aimed at co-operation, and
(b) That is clearly aimed at profit or cost sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand-name, or a significant part of professional resources.'
The definition of 'Network' is to be read in the context of the guidance provided in paragraphs 290.14-26 of APES 110 (February 2008).

s.300(11B)(a), (11C)

Listed companies
Note: This disclosure may be made in either the directors' report or in the financial report.
Listed companies must disclose details of the amounts paid or payable to each auditor for non-audit services provided during the year by the auditor (or by another person or firm on the auditor's behalf). For the purposes of this requirement, the details required are the name of the auditor, and the dollar amount that the listed company or any entity that is part of the consolidated entity paid, or is liable to pay, for each of those non-audit services.

Source	GAAP Holdings (Australia) Limited

54. Supplementary information

AASB121.55, 57

When an entity presents its financial statements in a currency that is different from its functional currency, it shall describe the financial statements as complying with A-IFRS only if they comply with all the requirements of each applicable Accounting Standard and each applicable Interpretation of those Accounting Standards. When an entity displays its financial statements or other financial information in a currency that is different from either its functional currency or its presentation currency and these requirements are not met, it shall:

(a) clearly identify the information as supplementary information to distinguish it from the information that complies with A-IFRS;

(b) disclose the currency in which the supplementary information is displayed; and

(c) disclose the entity's functional currency and the method of translation used to determine the supplementary information.

55. Events after the reporting period

AASB110.21

On 18 July 2013, the premises of Subfive Limited were seriously damaged by fire. Insurance claims are in process, but the cost of refurbishment is currently expected to exceed the amount that will be reimbursed by $8.3 million.

AASB110.21

The financial report shall disclose for each material category of subsequent events (other than those events whose financial effects have already been brought to account):

(a) the nature of the event; and

(b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

AASB110.22

Examples of events occurring after the end of the reporting period that do not provide evidence about conditions existing at the reporting date include:

- a major business combination after the end of the reporting period or disposing of a major subsidiary;
- announcing a plan to discontinue an operation;
- major purchases of assets, classifications of assets as held for sale, other disposals of assets, or expropriation of major assets by government;
- the destruction of a major production plant by a fire after the end of the reporting period;
- announcing, or commencing the implementation of, a major restructuring;
- major ordinary share transactions and potential ordinary share transactions after the end of the reporting period;
- abnormally large changes after the reporting period in asset prices or foreign exchange rates
- changes in tax rates or tax laws enacted or announced after the end of the reporting period that have a significant effect on current and deferred tax assets and liabilities;
- entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees; and
- commencing major litigation arising solely out of events that occurred after the end of the reporting period.

AASB110.8, 19

The effects of events after the end of the reporting period providing evidence of conditions that existed at the end of the reporting period shall be brought to account rather than disclosed by way of note to the financial statements. If an entity receives information after the end of the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to these conditions, in the light of the new information.

Source	GAAP Holdings (Australia) Limited

56. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 3 for a summary of the significant accounting policies relating to the Group.

Financial position

Source		30/06/13 $'000	30/06/12 $'000
	Assets		
Reg2M.3.01(a),(k)	Current assets	27,653	21,878
	Non-current assets	94,260	99,637
Reg2M.3.01(b),(k)	Total assets	121,913	121,515
	Liabilities		
Reg2M.3.01(c), (k)	Current liabilities	29,811	40,895
	Non-current liabilities	27,242	7,048
Reg2M.3.01(d),(k)	Total liabilities	57,053	47,943
Reg2M.3.01(e),(k)	**Equity**		
	Issued capital	32,777	48,672
	Retained earnings	30,420	23,719
	Reserves		
	General reserve	807	807
	Asset revaluation	1	1
	Investments revaluation	57	35
	Equity settled employee benefits	206	338
	Option premium on convertible notes	592	-
	Other [describe]	-	-
	Total equity	64,860	73,572

Financial performance

Source		Year ended 30/06/13 $'000	Year ended 30/06/12 $'000
Reg2M.3.01(f),(k)	Profit for the year	13,891	12,426
	Other comprehensive income	22	(38)
Reg2M.3.01(g),(k)	Total comprehensive income	13,913	12,388

Reg2M.3.01(h),(k) ***Guarantees entered into by the parent entity in relation to the debts of its subsidiaries***

	30/06/13 $'000	30/06/12 $'000
Guarantee provided under the deed of cross guarantee (i)	11,980	24,624

(i) GAAP Holdings (Australia) Limited has entered into a deed of cross guarantee with two of its wholly-owned subsidiaries, Subthree Limited and Subseven Limited.

Source	GAAP Holdings (Australia) Limited

56. Parent entity information (cont'd)

Reg2M.3.01(i), (k)

Contingent liabilities of the parent entity

	30/06/13	30/06/12
	$'000	$'000
[describe]	-	-

Reg2M.3.01(j), (k)

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

	30/06/13	30/06/12
	$'000	$'000
Plant and equipment		
Not longer than 1 year	26	70
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	26	70

Financial statements

s.295(2)

The financial statements for the year are:

(a) unless paragraph (b) applies—the financial statements in relation to the company, registered scheme or disclosing entity required by the accounting standards; or

(b) if the accounting standards require the company, registered scheme or disclosing entity to prepare financial statements in relation to the consolidated entity—the financial statements in relation to the consolidated entity required by the accounting standards.

Notes to financial statements

s.295(3)

The notes to the financial statements are:

(a) disclosures required by the regulations; and

(b) notes required by the accounting standards; and

(c) any other information necessary to give a true and fair view (see section 297).

Disclosures required in the notes to the consolidated financial statements

Reg2M.3.01

(1) For paragraph 295(3)(a) of the Act, if paragraph 295(2)(b) of the Act applies to a parent entity, the following disclosures are required in the notes to the financial statements of the consolidated entity:

- (a) current assets of the parent entity;
- (b) total assets of the parent entity;
- (c) current liabilities of the parent entity;
- (d) total liabilities of the parent entity;
- (e) shareholders' equity in the parent entity separately showing issued capital and each reserve;
- (f) profit or loss of the parent entity;
- (g) total comprehensive income of the parent company;
- (h) details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries;
- (i) details of any contingent liabilities of the parent entity;
- (j) details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment;
- (k) comparative information for the previous period for each of paragraphs (a) to (j).

(2) The disclosures in subregulation (1) must be calculated in accordance with accounting standards in force in the financial year to which the disclosure relates.

(3) In this regulation:

parent entity means a company, registered scheme or disclosing entity that is required by the accounting standards to prepare financial statements in relation to a consolidated entity.

57. Approval of financial statements

AASB110.17

The financial statements were approved by the board of directors and authorised for issue on 15 September 2013.

Source	GAAP Holdings (Australia) Limited

Additional securities exchange information as at 11 September 2013

ASX-LR 4.10 — Additional securities exchange information must be current as at a date not earlier than 6 weeks before the annual report is sent to security holders.

Number of holders of equity securities

ASX-LR19.12 — Equity securities include shares, units, options over issued or unissued securities, rights to any one of the former securities and convertible securities.

ASX-LR 4.10.5 — Ordinary share capital

14,844,000 fully paid ordinary shares are held by 709 individual shareholders.

2,500,000 partly paid ordinary shares, paid to 71 cents, are held by 709 individual shareholders. 29 cents per share may be called up in the event of winding up the company.

ASX-LR 4.10.6 — All issued ordinary shares carry one vote per share, however, partly paid shares do not carry the rights to dividends.

ASX-LR 4.10.5 — Preference share capital

ASX-LR 4.10.16 — 1,200,000 10% converting non-participating preference shares are held by 6 individual shareholders.

3,000,000 7% redeemable cumulative preference shares are held by 8 individual shareholders.

ASX-LR 4.10.6 — All issued converting non-participating preference shares and redeemable cumulative preference shares carry one vote per share, however, the right to vote is restricted to meetings convened for the purpose of reducing the capital or winding-up or sanctioning the sale of the undertaking of the Company or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the dividend on their particular class of preference shares is in arrears for more than six months.

ASX-LR 4.10.5 — Convertible notes

4,500,000 5.5% fully paid convertible notes are held by 354 individual noteholders.

ASX-LR 4.10.6 — Convertible notes do not carry a right to vote.

ASX-LR 4.10.5 — Options

ASX-LR 4.10.16 — 196,000 options are held by 30 individual optionholders.

ASX-LR 4.10.6 — Options do not carry a right to vote.

ASX-LR 4.10.7 — **Distribution of holders of equity securities**

	Fully paid ordinary shares	Partly paid ordinary shares	Redeemable preference shares	Converting non-participating preference shares	Convertible notes	Options
1 – 1,000	672	692	-	-	326	18
1,001 – 5,000	18	7	-	-	13	10
5,001 – 10,000	5	3	-	-	5	-
10,001 – 100,000	8	4	3	5	6	2
100,001 and over	6	3	5	1	4	-
	709	709	8	6	354	30

ASX4-LR.10.8

	Fully paid ordinary shares	Partly paid ordinary shares
Holding less than a marketable parcel	87	337

ASX-LR 4.10.4 — **Substantial shareholders**

Ordinary shareholders	Fully paid ordinary shares Number	Partly paid ordinary shares Number
X Holdings Limited	8,500,000	1,416,667
XYZ Nominees Limited	1,000,000	166,667
Walker Pty Ltd	1,000,000	166,667
	10,500,000	1,750,001

Source	GAAP Holdings (Australia) Limited

A substantial holder, in relation to a company and a trust which is a registered managed investment scheme, a substantial holder under s.671B of the Corporations Act.

s.9

A person has a substantial shareholding in a body corporate, or listed registered managed investment scheme, if:

(a) the total votes attached to voting shares in the body, or voting interests in the scheme, in which they or their associates:
  i. have relevant interests; and
  ii. would have a relevant interest but for subsection 609(6) (market traded options) or 609(7) (conditional agreements);

  is 5% or more of the total number of votes attached to voting shares in the body, or interests in the scheme; or

(b) the person has made a takeover bid for voting shares in the body, or voting interests in the scheme, and the bid period has started and not yet ended.

s.9

A voting share means an issued share in the body that carries any voting rights beyond the following:

(a) a right to vote while a dividend (or part of a dividend) in respect of the share is unpaid;
(b) a right to vote on a proposal to reduce the body's share capital;
(c) a right to vote on a resolution to approve the terms of a buy-back agreement;
(d) a right to vote on a proposal that affects the rights attached to the share;
(e) a right to vote on a proposal to wind the body up;
(f) a right to vote on a proposal for the disposal of the whole of the body's property, business and undertaking; and
(g) a right to vote during the body's winding up.

ASX-LR 4.10.9

Twenty largest holders of quoted equity securities

	Fully paid ordinary shares		Partly paid ordinary shares	
Ordinary shareholders	**Number**	**Percentage**	**Number**	**Percentage**
X Holdings Limited	10,500,000	70.74	1,416,667	56.67
XYZ Nominees Limited	1,000,000	6.74	166,667	6.67
Walker Pty Ltd	1,000,000	6.74	166,667	6.67
The Perri Family Trust	500,000	3.37	83,333	3.33
Hays Nominees Limited	200,000	1.35	33,333	1.33
P.T. Young	200,000	1.35	33,333	1.33
ELC Superannuation Trust	100,000	0.67	16,667	0.67
Inkerman Pty Limited	50,000	0.34	8,333	0.33
Watson Nominees Limited	50,000	0.34	8,333	0.33
P.H. Taylor	50,000	0.34	8,167	0.33
C.W. Gouday	20,000	0.13	3,333	0.13
K.B. Cai	20,000	0.13	3,333	0.13
T.P. Kowood	20,000	0.13	3,333	0.13
W.L. Yeo Family Trust	12,270	0.08	1,000	0.04
Stock Pty Limited	10,000	0.07	1,667	0.07
D.E. Portier	10,000	0.07	1,667	0.07
A.L. Lauff	10,000	0.07	1,667	0.07
P.D. Kimm	10,000	0.07	1,667	0.07
C.P. Daniels	8,751	0.06	-	-
C.J. Chambers	5,000	0.03	833	0.03
Hill Nominees Limited	-	-	833	0.03
	13,776,021	92.82	1,960,833	78.43

Source	GAAP Holdings (Australia) Limited

Convertible noteholders	Convertible notes Number	Convertible notes Percentage
Woodstock Nominees Limited	2,500,000	55.56
Kowski Nominees Limited	400,000	8.89
Walker Pty Ltd	400,000	8.89
Smith Trust	200,000	4.44
Giles Nominees Limited	75,000	1.67
P.T. Young	75,000	1.67
Insurance Company Limited	30,000	0.67
P.H Taylor Family Trust	15,000	0.33
Watson Nominees Limited	15,000	0.33
C.W. Gouday	15,000	0.33
K.B. Cai	10,000	0.22
T.P. Saw	10,000	0.22
Stock Pty Limited	10,000	0.22
Hill Nominees Limited	10,000	0.22
A.L. Lauff	10,000	0.22
P.C. Ford	5,000	0.11
Hanky Pty Limited	5,000	0.11
D.E. Randall	5,000	0.11
Lamon Trust	5,000	0.11
Sang Nominees Limited	5,000	0.11
	3,800,000	84.43

ASX-LR 4.10.16

Unquoted equity security holdings greater than 20%

	Number
Converting non-participating preference shares	
Y Holdings Limited	930,000
	930,000

Disclosure of the name of the holder and the number of equity securities held, where a person holds more than 20% of the equity securities in an unquoted class, is not required where the securities were issued or acquired under an employee incentive scheme.

ASX-LR 4.10.10

Company secretary
Mr A.B. Grey

ASX-LR 4.10.11

Registered office
10th Floor
ALD Centre
255 Deloitte Street
SYDNEY NSW 2000
Tel: (02) 9208 7000

Principal administration office
1st Floor
167 Admin Ave
SYDNEY NSW 2000
Tel: (02) 9208 5000

ASX-LR 4.10.12

Share registry
ELC Share Registry Services
Level 1
225 George St
SYDNEY NSW 2000
Tel: (02) 9322 7000

Source	GAAP Holdings (Australia) Limited

Other ASX information

All listed entities

ASX-LR 4.10.14 The number and class of restricted securities or securities subject to voluntary escrow that are on issue, and the date that the escrow period ends, must be disclosed.

ASX-LR 4.10.18 An entity shall disclose whether there is a current on-market buy-back. That is, if an Appendix 3C has been given to the ASX for an on-market buy-back and no Appendix 3F has been given to the ASX for that buy-back.

ASX-LR 4.10.21 A summary of any issues of securities approved for the purposes of Item 7 of s.611 of the Corporations Act which have not yet been completed must be disclosed.

Securities exchange listings

ASX-LR 4.10.13 Where the entity is listed on a securities exchange other than the Australian Securities Exchange, the name of that exchange must be disclosed.

For listed mining companies

ASX-LR 5.6 Statements in the annual report must comply with Appendix 5A of the Listing Rules.

For listed mining exploration companies

ASX-LR 4.10.15 A list of interests in mining tenements held, where they are situated, and the percentage interest therein must be disclosed.

For listed investment entities

ASX-LR 4.10.20 Listed investment entities must disclose:

(a) a list of all investments held by it and its child entities;

(b) the total number of transactions in securities during the reporting period, together with the total brokerage paid or accrued during the period; and

(c) the total management fees paid or accrued during the reporting period, together with a summary of any management agreement.

ASX-LR 19.12 An investment entity is an entity which, in ASX's opinion, is an entity to which both of the following apply:

- its activities or the principal part of its activities consist of investing (directly or through a child entity) in listed or unlisted securities or futures contracts; and
- its objectives do not include exercising control over or managing any entity, or the business of any entity, in which it invests.

In deciding whether an entity is an investment entity ASX will normally have regard to factors including the extent of board representation, the size of the holdings, the investment period and the amount of cash held by the entity.

For recently listed entities

ASX-LR 4.10.19 In the first two annual financial reports after admission to the ASX, where an entity is admitted under ASX Listing Rule 1.3.2(b) or is required to comply with ASX Listing Rule 1.3.2(b) because of the application of ASX Listing Rule 11.1.3, the entity must state whether the entity used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. If the use was not consistent, an explanation of how the cash and assets were used must be disclosed.

Disclosure of circumstances affecting preliminary final report with full year documents

ASX-LR 4.5A If the entity is or becomes aware of any circumstances which are likely to materially affect the results or other information contained in the preliminary final report (the Appendix 4E) given to ASX, the entity must also give ASX an explanation of the circumstances and the effects the circumstances are expected to have on the entity's current or future financial performance or financial position.

This rule does not apply if the entity has already given ASX the information under ASX Listing Rule 4.3D.