Value Accounts Holdings Limited

Annual financial reporting

2024

Updated March 2025 to reflect:

- *Amendments to CEDS requirements*
- *IFRIC Agenda Decision on 'Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8 Operating Segments)'*

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This publication presents the sample annual financial report of a fictitious public company, VALUE ACCOUNTS Holdings Limited. It illustrates the financial reporting requirements that would apply to such a company under Australian Accounting Standards on issue at 30 September 2024. Supporting commentary for the reporting requirements is also provided. For the purposes of this publication, VALUE ACCOUNTS Holdings Limited is listed on the Australian Securities Exchange and is the parent entity in a consolidated entity.

Reporting requirements that apply to VALUE ACCOUNTS Holdings Limited include:

- Australian Accounting Standards
- Interpretations issued by the Australian Accounting Standards Board (AASB) and the Urgent Issues Group (UIG)
- *Corporations Act 2001*
- Australian Securities & Investments Commission releases
- Listing Rules of the Australian Securities Exchange.

Value Accounts Holdings Limited 2024 is for illustrative purposes only and should be used in conjunction with the relevant legislation, standards and other reporting pronouncements.

Disclaimer

Introduction

This publication presents an illustrative annual financial report for a fictitious listed company, VALUE ACCOUNTS Holdings Limited. The report complies with the Australian *Corporations Act 2001* and authoritative pronouncements as issued at 30 September 2024 and that apply to financial years commencing on or after 1 January 2024.

We have attempted to create a realistic set of general purpose financial statements for VALUE ACCOUNTS Holdings Limited, a corporate entity that manufactures goods, provides services and holds investment property. However, since this publication is a reference tool, we have not removed disclosures based on materiality. Instead, we have included illustrative disclosures for as many common scenarios as possible that could be relevant to our reporting entity. Please note that the amounts disclosed in this publication are purely for illustrative purposes and might not be consistent throughout the publication.

New disclosure requirements and changes in accounting policies

There are several amendments to Australian Accounting Standards (AAS) that became applicable from 1 January 2024:

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current [AASB 101];*
- AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants [AASB 101];*
- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback [AASB 16]*; and
- AASB 2023-1 *Amendments to Australian Accounting Standards – Supplier Finance Arrangements [AASB 7 & AASB 107].*

Refer to Appendix G(a) for more details. Entities will need to consider the impacts of these amendments in the preparation of their financial reports for periods commencing after 1 January 2024. For purposes of these illustrative financial statements, we have assumed that only the amendments to AASB 101 and the supplier finance amendments impact VALUE ACCOUNTS Holdings Limited's disclosures.

In May 2024, the International Accounting Standards Board (IASB®) and the AASB published an Exposure Draft *Contracts for Renewable Electricity* proposing narrow-scope amendments to ensure that financial statements more faithfully reflect the effects that renewable electricity contracts have on an entity. The proposals amend AASB 9 *Financial Instruments* and AASB 7 *Financial Instruments: Disclosures*. These amendments have not been finalised as at the time of this publication, although the IASB intends to do so by the end of 2024, with an option for entities to apply the final amendments from the date when they are published, provided that they have been locally endorsed by the AASB. We have assumed that VALUE ACCOUNTS Holdings Limited has not applied such amendments in its 2024 financial statements. For more information, see our In brief INT2024-12 *The IASB proposes accounting changes for renewable electricity contracts*.

Entities will also need to consider whether there were any recent IFRS® Interpretations Committee (IFRIC®) agenda decisions that might require changes to their accounting policies. We have included guidance on how to account for those changes and how to develop appropriate disclosures in the commentary to note 26. A list of agenda decisions for the 12-month period ended 30 September 2024 is included in Appendix G(b).

In its July 2024 Board meeting, the IASB discussed and did not object an IFRIC agenda decision on *Disclosure of Revenues and Expenses for Reportable Segments* (IFRS 8 *Operating Segments*). IFRS 8 *Operating Segments* requires an entity to disclose specific information about assets, liabilities and profit or loss by segments. Specifically, IFRS 8 paragraph 23 requires an entity to disclose certain specified items of profit or loss if these are included in the measure of segment profit or loss reviewed by the chief operating decision maker, or are otherwise regularly provided to the chief operating decision maker, even if not included in that measure of segment profit or loss. Some of the requirements in paragraph 23 are very straightforward – for example, 'revenues from external customers' and 'interest expense'. Others, such as the requirement to disclose 'material items of income and expense disclosed in accordance with paragraph 97 of IAS 1' are much more judgmental. The decision clarifies how an entity applies those requirements. The key takeaways are that

(i) material items of income and expense that need to be disclosed as specified items are not limited to only unusual or non-recurring items.
(ii) determining how much detail needs to be included in the segment reporting will be a matter of judgement considering the entity's specific facts and circumstances, the core principle of IFRS 8, and the principles of materiality.
(iii) an entity is not required to disclose by reportable segment each item of income and expense presented in its statement of profit or loss or disclosed in the notes.

Refer to our In brief INT2024-18 *Understanding the impact of the recent July 2024 IFRIC agenda decision on segment reporting* for more details. Management of VALUE ACCOUNTS Holding Limited has implemented the agenda decision in these December 2024 annual financial statements (refer to note 2(c)).

Impacts of the geopolitical, macroeconomic and regulatory environment

Many entities might find that their operations are experiencing specific effects of the broader geopolitical, macroeconomic and/or regulatory environment. An entity should carefully consider how events such as geopolitical conflicts, high interest rates or inflation (including hyper-inflation) impacted its business during the reporting period, and it should make any resulting updates to the financial statements.

Geopolitical considerations

Geopolitical conflicts have continued not only to create significant shifts in the global risk landscape but also to have a pervasive economic impact both within those regions directly affected and globally where businesses engage in cross-border economic activities. Entities should carefully consider their direct and indirect exposures to geopolitical conflicts and provide required disclosures in a manner that is appropriately tailored to their individual circumstances. We have not updated the illustrative disclosures to reflect potential implications, because every entity will be impacted differently.

Publications such as the statement issued by the European Securities and Markets Authority (ESMA) *Implications of Russia's invasion of Ukraine on half-yearly financial reports*, and our In depth INT 2024-04 *Accounting implications of geopolitical conflicts* on Viewpoint include considerations that might be relevant to geopolitical conflicts in general.

Macroeconomic considerations

Inflation and high interest rates can be a significant source of estimation uncertainty and can have a material impact on the carrying amount of assets and liabilities. For a number of jurisdictions recent spikes in inflation and interest rates might now be stabilising or even decreasing, which might require updates to disclosure for a decrease in volatility. Some entities might still need to update judgements and estimates, as well as related disclosures, for the impacts of the ongoing economic uncertainty. Entities might also need to update sensitivity analysis to reflect a widening reasonable possible range for interest rate changes, and continue to consider the impact that inflation and high interest rates have had on their performance and financial position.

Rising inflation and interest rates will affect fair value measurements, expected future cash flow estimates, discount rates used to determine present value of cash flows, impairment indicators and impairment tests. Rising inflation and interest rates may also cause significant estimation uncertainty in relation to the measurement of both short- and long-duration assets and liabilities. Entities might therefore also need to consider new or expanded disclosures in this area.

We have added commentary to selected notes or areas that are likely to be most affected, and we have added references to this commentary as part of the disclosures. We have also adapted some disclosures to reflect the impact of rising inflation and interest rates.

For guidance, see our In depth INT2022-12 *Navigating IFRS Accounting Standards in periods of rising inflation and interest rates*.

Based on the current global economic environment, countries might or might no longer be considered hyper-inflationary when entities are preparing their annual financial statements. In brief INT2024-10 *Hyper-inflationary economies as at June 2024* provides guidance on hyper-inflationary economies, including a country tracker. For illustrative purposes, we have assumed that VALUE ACCOUNTS Holding Limited does not operate in any countries considered to be hyper-inflationary.

Disclosing the effects of climate change

The current and potential future effect of, and exposure to, climate-related impacts, risks and opportunities continues to be a focus for preparers, investors and regulators. Users of financial statements increasingly expect entities to discuss the climate risks and opportunities effecting their operations as a fundamental aspect of their business activities. An entity that does not have direct exposure to items such as carbon credits or emissions taxes will nevertheless need to watch for ways in which the transition to a low-carbon or carbon-neutral world could affect its financial statements.

Investors and regulators are increasingly looking for evidence that the entity has incorporated sustainability matters and, in particular, climate-related risk factors when making estimates and judgements in the preparation of the financial statements. Climate change is having significant effects on companies. There are physical risks – for example, those resulting from extreme weather events such as damage to assets as a result of fires or flooding and there are transitional risks and opportunities resulting from regulations, such as additional costs incurred by the entity as a result of transitioning to a low-carbon economy, or costs or benefits from changes in the market or technological innovations.

Accounting standards have an overarching requirement to disclose information that users need for them to understand the impact of particular transactions, other events and conditions on the entity's financial position and performance. Therefore, in light of the current focus on climate change, entities should ensure that they have assessed the effect of climate change, and that they provide adequate disclosures to comply with AAS.

An entity should also consider consistency between climate-related uncertainties and mitigation activities discussed in the management commentary, in sustainability reports or in published press releases and the estimates, judgements and disclosures in the financial statements, where such consistency is required for compliance with AAS.

The AASB has an ongoing project to improve application of the requirements in AAS related to reporting on the effects of climate-related and other uncertainties in the financial statements, and entities should continue to monitor the discussions as they evolve.

To help preparers and auditors identify where additional disclosures might be required, we have included Appendix H which discusses how climate change could affect certain measurements and the related disclosures in the financial statements. The appendix further illustrates what entities could consider when making estimates and judgements and drafting the relevant disclosures to satisfy the current AAS requirements.

ASIC focus areas

In addition to new standards and amendments issued by the AASB, an entity should consider ASIC's financial reporting and audit focus areas which are updated twice a year and can be found on ASIC's web site. Aside from the recurring themes of asset values, adequacy of provisions, subsequent events and disclosures, the 30 June 2024 focus areas also highlighted the expansion of its surveillance coverage to include previously grandfathered proprietary companies (to follow up instances of non-lodgement and non-compliance), and superannuation funds.

Global implementation of OECD Pillar Two model rules

In December 2021, the Organisation for Economic Co-operation and Development ('OECD') published *Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework* on BEPS, hereafter referred to as the 'OECD Pillar Two model rules' or 'the rules'. The rules are designed to ensure that large multinational enterprises within the scope of the rules pay a minimum level of tax on the income arising in a specific period in each jurisdiction where they operate. In general, the rules apply a system of top-up taxes that brings the total amount of taxes paid on an entity's excess profit in a jurisdiction up to the minimum rate of 15%.

The rules need to be passed into national legislation based on each country's approach. Based on the OECD's recommendation, a number of territories have already enacted the legislation, and we expect that further territories will continue to follow during the latter part of 2024. For further information, please refer to our *Pillar Two Country tracker.* The rules will impact current income tax when the legislation comes into effect. For the status of the adoption of the rules in Australia, please refer to the commentary to note 6.

Applying the OECD Pillar Two model rules and determining their impact on the financial statements is complex and poses a number of practical challenges. In June 2023, the AASB made narrow-scope amendments to AASB 112 *Income Taxes* to (a) provide a temporary exception from accounting for deferred taxes arising from legislation enacted to implement the OECD's Pillar Two model rules, and (b) introduce additional disclosure requirements.

The amendments related to deferred tax must be applied immediately and retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Entities must further disclose the fact that they have applied the exception. If the OECD Pillar Two model rules have been enacted or substantively enacted but are not yet effective for the current financial year, entities should provide disclosures about the known or reasonably estimable exposure to Pillar Two income taxes. If the rules are already effective, entities should separately disclose any current tax expense related to Pillar Two income taxes.

For more details, see our In depth INT2023-10 *Global implementation of Pillar Two: Impact on deferred taxes and financial statement disclosures*.

For illustrative purposes, we have assumed that:

- VALUE ACCOUNTS Holdings Limited is within the scope for the OECD Pillar Two model rules
- Pillar Two legislation and supporting regulations have been substantively enacted by 31 December 2024, and
- the legislation is effective for financial years beginning on or after 1 January 2024.

We have included new disclosures in note 6(g) to show what an entity might disclose in these circumstances.

Early adoption of standards

VALUE ACCOUNTS Holdings Limited generally only adopts standards early if they clarify existing practice, such as the amendments made by the AASB as part of the improvements programme, but do not introduce substantive changes. This year, we have decided not to early adopt any accounting standards or amendments.

As required under Australian Accounting Standards (AAS), the impacts of standards and interpretations that have not been early adopted and that are expected to have a material effect on the entity are disclosed in accounting policy note 25(a). A summary of all pronouncements relevant for annual reporting periods beginning on or after 1 January 2024 is included in Appendix G. For updates after the cut-off date for our publication, see www.viewpoint.pwc.com.

Using this publication

The purpose of this publication is to provide a broad selection of illustrative disclosures which cover most common scenarios encountered in practice by reporters under AAS. The industry and business environment of the fictitious company provides the framework for these disclosures, and the amounts disclosed are for illustration purposes only. Some of the disclosures in this publication would likely be immaterial if VALUE ACCOUNTS Holdings Limited was a 'real life' company. Disclosures should not be included where they are not relevant or not material in specific circumstances. Guidance on assessing materiality is provided in AASB 101 *Presentation of Financial Statements* and the non-mandatory AASB Practice Statement 2 *Making Materiality Judgements.*

The source for each disclosure requirement is given in the reference column. Shading in this column indicates changes made as a result of new or revised requirements that become applicable for periods beginning 1 January 2024, and improvements are identified as 'new illustration' or 'revised illustration' in the reference column, but are not shaded. We have also included commentary throughout the financial statements that (i) explains some of the more challenging areas, (ii) lists disclosures that have not been included because they are not relevant to VALUE ACCOUNTS Holdings Limited, and (iii) provides additional disclosure examples.

The appendices provide further information on Australia's financial reporting regime (Appendices A-C); the operating and financial review (management commentary, Appendix D); alternative formats for the statement of profit or loss and other comprehensive income, and the statement of cash flows (Appendix E); and industry-specific disclosures (Appendix F). A summary of all standards that apply for the first time to annual reports beginning on or after 1 January 2024 is included in Appendix G, while abbreviations used in this publication are listed in Appendix I.

The example disclosures are not the only acceptable form of presenting financial statements. Alternative presentations may be acceptable if they comply with the specific disclosure requirements prescribed in AAS.

Format

To demonstrate what companies could do to improve the readability of their financial statements and make it easier for users to find the information that they need, we have prepared VALUE ACCOUNTS Holdings Limited's financial statements as follows:

- Information is organised to clearly tell the story of financial performance and to make critical information more prominent and easier to find.
- Additional information is included where it is important for an understanding of the performance of the company. For example, we have included a summary of significant transactions and events as the first note to the financial statements, even though this is not a required disclosure.

Accounting policy information that is material and specific to VALUE ACCOUNTS Holdings Limited is disclosed, along with other relevant information, generally in the section 'How the numbers are calculated'. Other potentially material accounting policies are listed in note 25 for completeness. Entities should consider their own individual circumstances, and they should only include policies that are relevant and material to their financial statements.

The structure of financial statements should reflect the particular circumstances of the company and the likely priorities of users. There is no 'one size fits all' approach, and companies should engage with their investors and other primary users of their financial statements, such as lenders and creditors, to determine what would be most relevant to them. The structure used in this publication is not meant to be used as a template, but to provide companies with possible ideas. It will not necessarily be suitable for all companies.

Specialised companies and industry-specific requirements

VALUE ACCOUNTS Holdings Limited does not illustrate specific disclosures that are relevant to specialised industries. However, Appendix F provides an illustration and explanation of the disclosure requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources* and AASB 141 *Agriculture*.

The reporting obligations of entities operating in the investment funds industry and of superannuation entities are contained in other publications in the Value Accounts series which are available from www.pwc.com.au/ifrs. Examples of reporting requirements for insurers and entities in the investment property industry can be found in the Global Illustrative IFRS Accounting Standards consolidated financial statements series. These publications can be accessed from www.viewpoint.pwc.com.

The disclosure requirements included in Value Accounts Holdings Limited are relevant to corporate reporting entities, non-corporate reporting entities in the private sector and business undertakings in the public sector. Exceptions relating to certain non-corporate reporting entities and not-for-profit entities are highlighted in relevant commentary sections.

Finally, this publication does not discuss the impact of the simplified disclosures on the financial report of eligible entities. This is illustrated and explained in our Value Accounts Simplified Disclosure - June 2024 publication, which is available from www.pwc.com.au/ifrs.

VALUE ACCOUNTS Holdings Limited

Annual financial reporting
December 2024

VALUE ACCOUNTS Holdings Limited

ABN XY XYZ XYZ XYZ [1,2]

Annual report – 31 December 2024

Annual report

Quotation of Australian Business Number or Australian Company Number

CA153(1),(2)

1. Under the Corporations Act 2001, a company is required to show its name and Australian Company Number (ACN) or its Australian Business Number (ABN) on all public documents. It may only show the ABN if the last nine digits of its ABN are identical to the last nine digits of its ACN.

ASIC-RG13

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

Review of operations and activities

3. See Appendix D for requirements governing the review of operations and activities of an entity.

Corporate directory [1,2]

	Directors	M K Hollingworth BEc, FAIM, FAus IMM *Chair* N T Toddington CEng, FAIM *Chief executive officer* J C Campbell BEng A L Cunningham R J Hunter BSc, FTS C A Maxwell BCom, FCA, MBA H G Wells BS, FCPA *Chief financial officer* B C Bristol LLB
ASX(4.10.10) **Listed entities only**	**Secretary**	S M Smith BA, LLB
	Divisional general managers	**Furniture manufacturing and wholesale** P M Elliott **IT consulting** S J McInnes **Furniture retail** D M Green **Electronic equipment** B D Faraday **Land development and resale** J F Travewski
	Notice of annual general meeting	The annual general meeting of VALUE ACCOUNTS Holdings Limited **will be held at** 350 Harbour Street Sydney **time** 11am **date** Thursday 8 April 2025 A formal notice of meeting is enclosed.
AASB101(138)(a) ASX(4.10.11)	**Principal registered office in Australia**	350 Harbour Street Sydney NSW 2000 (02) 9285 XYXY
ASX(4.10.12) **Listed entities only**	**Share and debenture register**	Independent Registry Firm 250 Western Terrace Park Orchards VIC 3114 1300 XYZ XYZ
	Auditor	PricewaterhouseCoopers One International Towers Watermans Quay, Barangaroo Sydney NSW 2001

Corporate directory

Solicitors	Bristol & Partners 2 Patrick Place Lysterfield VIC 3156
Bankers	Finance Corporation Limited Tower Square Strathfield NSW 2135
Trustee for debenture holders	The Australian Trustee Company Limited 50 Waterside Road Surrey Hills VIC 3127
ASX(4.10.13) **Listed entities only** **Stock exchange listings**	VALUE ACCOUNTS Holdings Limited shares are listed on the Australian Securities Exchange (ASX) and the New Zealand Stock Market (NZSX). The debentures are listed on the ASX.
Website address	www.valueaccounts.com.au

Corporate directory

Entities listed under ASX Listing Rule 1.3.2(b)

1. An entity may be admitted to the ASX under Listing Rule 1.3.2(b) where half or more of its total tangible assets (after raising any funds) are cash or in a form readily convertible to cash and the entity has commitments consistent with its business objectives to spend at least half of its cash and assets readily convertible to cash.

ASX(4.10.19)

2. An entity admitted to the ASX under Listing Rule 1.3.2(b) or required to comply with Listing Rule 1.3.2(b) because of the application of Listing Rule 11.1.3 must state in its first two annual reports after admission (or reinstatement) whether the entity used the cash and assets readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. If the use of the cash and other assets was inconsistent with the business objectives, an explanation of how they were used is required.

Directors' report [1,2,39]

CA299(2)(b)

Your directors present their report on the consolidated entity consisting of VALUE ACCOUNTS Holdings Limited and the entities it controlled at the end of, or during, the year ended 31 December 2024. Throughout the report, the consolidated entity is referred to as the group.

Directors and company secretary

CA300(1)(c)

The following persons were directors of VALUE ACCOUNTS Holdings Limited during the whole of the financial year and up to the date of this report:

J C Campbell

A L Cunningham

M K Hollingworth

R J Hunter

C A Maxwell

N T Toddington

CA300(1)(c)

H G Wells and B C Bristol were appointed as directors on 31 July 2024 and 1 September 2024 respectively and continue in office at the date of this report.

CA300(1)(c)

R T Brown was a director from the beginning of the financial year until his resignation on 31 July 2024.

CA300(1)(c)

B A Wilson was a director from the beginning of the financial year until his resignation on 29 January 2025.

CA300(10)(d)

The company secretary is Ms S M Smith BA, LLB. Ms Smith was appointed to the position of company secretary in 2019. Before joining VALUE ACCOUNTS Holdings Limited she held a similar position with another listed public company for six years and prior to that worked as a solicitor with a major legal practice.

Principal activities

CA299(1)(c)

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

(a) manufacture and sale of high quality household and commercial office furniture, and

(b) IT consulting including IT management, design, implementation and support.

In addition, the group is also involved in the development and resale of land and the management of investment properties.

CA299(1)(c)

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

(a) Through the acquisition of VALUE Electronics Group the group is now also involved in the manufacture and sale of electronic equipment.

(b) The group entered into the retail market with the opening of a chain of retail furniture stores.

(c) The machinery hire division was sold in February 2024, ending the group's involvement in this industry.

Dividends – VALUE ACCOUNTS Holdings Limited

CA300(1)(a)

Dividends paid to members during the financial year were as follows:

Comparatives not mandatory

	2024 **$'000**	2023 [3] $'000
Final ordinary dividend for the year ended 31 December 2023 of 21 cents (2022 – 10 cents) per fully paid share paid on 10 April 2024	**11,506**	5,455
Interim ordinary dividend for the year ended 31 December 2024 of 20 cents (2023 – 10 cents) per fully paid share paid on 10 September 2024	**11,310**	5,476
Preference dividend of 7 cents (2023 – 7 cents) per share paid on 20 August 2024	**107**	107
	22,923	11,038

Dividends – VALUE ACCOUNTS Holdings Limited

CA300(1)(b)

Since the end of the financial year the directors have recommended the payment of a final ordinary dividend of $12,782,000 (22 cents per fully paid share) to be paid on 10 April 2025 out of retained earnings at 31 December 2024.

CA300(1)(a)

Preference dividends for both 2024 and 2023 exclude $660,000 paid on redeemable preference shares classified as debt and charged to profit or loss as interest and finance charges.

Review of operations [4,5]

CA299(1)(a),CA299A
ASIC2016/188

Information on the operations and financial position of the group and its business strategies and prospects is set out in the review of operations and activities on pages [x] – [y] of this annual report.

Significant changes in the state of affairs

CA299(1)(b)

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

Share capital increased by $19,078,000 (from $63,976,000 to $83,054,000) as a result of the acquisition of VALUE Electronics Group (see note 14), a rights issue, the final call on partly paid ordinary shares, the issue of shares under the dividend reinvestment plan and on the exercise of options granted under the VALUE Employee Option Plan. Details of the changes in shares capital are disclosed in note 9(a) to the financial statements.

The company also issued 1,500,000 7% convertible notes for $20 million during the year which are convertible into ordinary shares at the option of the holder or repayable on 23 July 2028 (see note 7(g)).

The net cash received from the increase in share capital and the issue of the convertible notes was used principally to repay borrowings that were undertaken to finance the establishment of the furniture retail division, reconstruct and expand the Maitland manufacturing facilities and as part of the consideration to acquire shares in VALUE Electronics Group (see note 14).

VALUE ACCOUNTS Holdings Limited also decided to buy back all 500,000 7% non-redeemable participating preference shares on-market to simplify the company's capital structure. The total cost of the buy-back amounted to $1,380,000, including after-tax transaction cost of $30,000 (see note 9(a)).

The sale of the machinery hire division that was announced in October 2023 was completed on 28 February 2024. For details of the sale see note 15. In addition, VALUE Manufacturing Limited closed its Queensland factory and transferred the manufacturing of all furniture to the Maitland factory. Ongoing economic advantages are expected to flow from this rationalisation. A parcel of land that has become vacant as result of the move is currently in the process of being sold (see note 15).

Events since the end of the financial year

CA299(1)(d)

Since 31 December 2024 VALUE ACCOUNTS Holdings Limited has acquired 87.5% of the issued shares in Better Office Furnishings Limited, a manufacturer of office furniture and equipment, for cash consideration of $11,750,000 and contingent consideration of $280,000. The fair value of the net identifiable assets of the company at the date of acquisition has been provisionally determined to be $12,390,000 and the purchased goodwill is estimated at $1,360,000.

The group also renegotiated its existing loan facility to finance the construction of a new production plant for the electronic equipment division. Note 19 provides further information about both of these transactions.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations [6]

CA299(1)(e)

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

(a) the proposed formation of a company to be equally owned by VALUE ACCOUNTS Holdings Limited and Bold Eagle Enterprises Inc. of the USA. This company will be called Bold VALUE Pty Ltd and will utilise the skills of Bold Eagle in network management to expand the group's involvement in IT consulting activities

(b) the proposed acquisition of the 65% of the issued share capital of Cuddly Bear Limited that is not already beneficially owned by the group. If successfully completed, this acquisition should generate a significant increase in sales and profits of the land development and resale division in future years.

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

Environmental regulation [7-8]

CA299(1)(f) The group is subject to significant environmental regulation in respect of its land development and manufacturing activities and has put in place processes to ensure compliance with these regulations. Each affected site must report quarterly on their environmental performance to an environmental committee that is in turn reporting to the board.

Land development approvals

Planning approvals are required for the clearing of land for development under state-based legislation and local council regulations. The relevant authorities are provided with regular updates, and to the best of the directors' knowledge, all activities have been undertaken in compliance with the requirements of the planning approvals.

Manufacturing

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

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

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

Greenhouse gas and energy data reporting requirements

The *National Greenhouse and Energy Reporting Act 2007* requires the group to report its annual greenhouse gas emissions and energy use. The group has implemented systems and processes for the collection and calculation of the data required and submitted its 2023/24 report to the Greenhouse and Energy Data Officer on 24 October 2024.

Information on directors [9-12]

The following information is current as at the date of this report. [12]

CA300(10)(a)	**M K Hollingworth BEc, FAIM, FAus IMM.** *Chair – non-executive*.		
CA300(10)(a)	Experience and expertise	Independent non-executive director for eight years and Chair for six years. Extensive experience in property development including five years as CEO of Property Holdings Limited	
CA300(11)(e)	Other current directorships	Non-executive director of three other public companies: BAX Limited (director since 2020), DEF Limited (director since 2021) and GHI Limited (director since 2018). Also a member of the Property and Construction Institute Advisory Council since 2021	
CA300(11)(e)	Former directorships in last 3 years	Non-executive director of JKL Limited from 2017 to 2023	
CA300(10)(a)	Special responsibilities	Chair of the board Chair of nomination committee Member of remuneration committee	
CA300(11)(a)	Interests in shares and options	Ordinary shares – VALUE ACCOUNTS Holdings Limited	82,000
		Ordinary shares – Lion plc (parent entity)	5,000

CA300(10)(a)	**N T Toddington CEng, FAIM.** *Chief executive officer.*		
CA300(10)(a)	Experience and expertise	Chief executive officer for four years. Former managing director of public companies involved in furniture manufacturing and the finance industry. Member of BCA Strategy Council	
CA300(11)(e)	Other current directorships	None	
CA300(11)(e)	Former directorships in last 3 years	None	
CA300(10)(a)	Special responsibilities	Chief executive officer	
CA300(11)(a),(c)	Interests in shares and options	Ordinary shares – VALUE ACCOUNTS Holdings Limited (VAHL)	100,740
		Options over ordinary shares – VAHL	661,000
		Rights over ordinary shares – VAHL	16,096
		Ordinary shares – Lion plc (parent entity)	4,000

CA300(10)(a)	**H G Wells BA, FCPA.** *Chief financial officer.*		
CA300(10)(a)	Experience and expertise	With VALUE ACCOUNTS Holdings Limited since July 2024 as chief financial officer and as financial controller for seven years	
CA300(11)(e)	Other current directorships	None	
CA300(11)(e)	Former directorships in last 3 years	None	
CA300(10)(a)	Special responsibilities	Chief financial officer	
CA300(11)(a),(c)	Interests in shares and options	Ordinary shares – VALUE ACCOUNTS Holdings Limited (VAHL)	67,473
		Options over ordinary shares – VAHL	203,000
		Rights over ordinary shares – VAHL	5,387

CA300(10)(a)	**J C Campbell BEng.** *Non-executive director.*		
CA300(10)(a)	Experience and expertise	Non-executive director for eleven years. Former managing director of STU Limited, a major consulting firm	
CA300(11)(e)	Other current directorships	Non-executive director of two other public companies: MNO Limited (director since 2021), PQR Limited (director since 2019)	
CA300(11)(e)	Former directorships in last 3 years	Non-executive director of VWX Limited from 2015 to 2022	
CA300(10)(a)	Special responsibilities	Member of nomination committee and remuneration committee	
CA300(11)(a)	Interests in shares and options	Ordinary shares – VALUE ACCOUNTS Holdings Limited	71,716

	A L Cunningham. *Independent non-executive director.*		
CA300(10)(a)	Experience and expertise	Independent non-executive director for two years. Director of a number of real estate agencies over the last twenty years	
CA300(11)(e)	Other current directorships	Non-executive director of Combined Construction Company Pty Ltd (director since 2022)	
CA300(11)(e)	Former directorships in last 3 years	Managing director of XYZ Real Estate Pty Ltd from 2017 to 2022	
CA300(10)(a)	Special responsibilities	Member of audit committee and nomination committee	
CA300(11)(a),(c)	Interests in shares and options	Ordinary shares – VALUE ACCOUNTS Holdings Limited	71,000
		Ordinary shares – Lion plc (parent entity)	4,000

Information on directors [9-12]

CA300(10)(a)	**R J Hunter BSc, FTS.** *Independent non-executive director.*			
CA300(10)(a)	Experience and expertise	Independent non-executive director for three years. Former CEO of a global search firm		
CA300(11)(e)	Other current directorships	Non-executive director of two other public companies in related industries: CDE Limited (director since 2017), FGH Limited (director since 2019)		
CA300(11)(e)	Former directorships in last 3 years	None		
CA300(10)(a)	Special responsibilities	Member of audit committee. Member of nomination committee.		
CA300(11)(a),(c)	Interests in shares and options	Ordinary shares – VALUE ACCOUNTS Holdings Limited	74,059	

CA300(10)(a)	**C A Maxwell BCom, FCA, MBA.** *Independent non-executive director.*		
CA300(10)(a)	Experience and expertise	Independent non-executive director for six years. Ex-partner of a major accounting practice. Member of the Council of The Institute of Chartered Accountants in Australia	
CA300(11)(e)	Other current directorships	Chair of TSR Limited (director since 2017) and non-executive director of two other public companies: QPO Limited (director since 2021) and NML Limited (director since 2022)	
CA300(11)(e)	Former directorships in last 3 years	Non-executive director of PTV Limited from 2016 to 2022	
CA300(10)(a)	Special responsibilities	Chair of audit committee Member of remuneration committee	
CA300(11)(a),(c)	Interests in shares and options	Ordinary shares – VALUE ACCOUNTS Holdings Limited	71,000

CA300(10)(a)	**B A Wilson MA (Cantab).** *Independent non-executive director.*		
CA300(10)(a)	Experience and expertise	Independent non-executive director for eight years. Professor in Commercial Law at the University of Perth. Former CEO of a major land development company. Resigned 29 January 2025	
CA300(11)(e)	Other current directorships	Non-executive director of two other public companies: KJI Limited (director since 2017), HGF Limited (director since 2019)	
CA300(11)(e)	Former directorships in last 3 years	Non-executive director of ACD Limited from 2019 to 2023	
CA300(10)(a)	Special responsibilities	Member of audit committee. Chair of remuneration committee	
CA300(11)(a),(c)	Interests in shares and options	Ordinary shares – VALUE ACCOUNTS Holdings Limited	73,200
		Ordinary shares – Lion plc (parent entity)	2,000

CA300(10)(a)	**B C Bristol LLB.** *Independent non-executive director.*		
CA300(10)(a)	Experience and expertise	Independent non-executive director since September 2024. Partner in the firm of Bristol & Partners, solicitors	
CA300(11)(e)	Other current directorships	None	
CA300(11)(e)	Former directorships in last 3 years	None	
CA300(10)(a)	Special responsibilities	None	
CA300(11)(a),(c)	Interests in shares and options	Ordinary shares – VALUE ACCOUNTS Holdings Limited	71,000

Information on directors [9-12]

CA300(10)(a)
CA300(10)(a)
CA300(11)(e)
CA300(10)(a)

R T Brown MBA, *FCA* *Chief financial officer until 31 July 2024.*	
Experience and expertise	Chief financial officer of VALUE ACCOUNTS Holdings Limited for 12 years
Former directorships in last 3 years	None
Special responsibilities	Chief financial officer

Meetings of directors

CA300(10)(b),(c)
CGC(2.6),(4.4),(8.3)

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 31 December 2024, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of non-executive		Meetings of committees: Audit		Nomination		Remuneration	
	A	B	A	B	A	B	A	B	A	B
M K Hollingworth	10	10	2	2	**	**	2	2	3	3
J C Campbell	10	10	2	2	**	**	1	2	3	3
A L Cunningham	7	10	2	2	3	4	2	2	**	**
R T Brown (retired 31 July 2024)	5	5	*	*	**	**	**	**	**	**
R J Hunter	9	10	2	2	4	4	2	2	**	**
C A Maxwell	10	10	2	2	4	4	**	**	3	3
N T Toddington	9	10	*	*	**	**	**	**	**	**
H G Wells (appointed 31 July 2024)	5	5	*	*	**	**	**	**	**	**
B A Wilson	10	10	2	2	4	4	**	**	3	3
B C Bristol (appointed 1 September 2024)	3	3	-	-	**	**	**	**	**	**

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year
* = Not a non-executive director
** = Not a member of the relevant committee

Companies that are disclosing entities only

Remuneration report [39-40]

The directors present the VALUE ACCOUNTS Holdings Limited 2024 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Elements of remuneration
(d) Link between remuneration and performance
(e) Remuneration expenses for executive KMP
(f) Contractual arrangements for executive KMP
(g) Non-executive director arrangements
(h) Other statutory information
(i) Voluntary information: remuneration received

Listed companies that are disclosing entities only

Remuneration report [39-40]

(a) Key management personnel covered in this report

CR2M.3.03(1) Items1-4

Non-executive and executive directors (see pages 13 to 16 for details about each director)	
R T Brown (until 31 July 2024)	C A Maxwell
J C Campbell	N T Toddington
A L Cunningham	B C Bristol (from 1 September 2024)
M K Hollingworth	H G Wells (from 31 July 2024)
R J Hunter	BA Wilson

Other key management personnel

Name	Position
P M Elliott	Manager Furniture manufacturing and wholesale
D M Green	Manager Furniture retail
S J McInnes	Manager IT consulting
B D Faraday	Manager Electronic equipment
W P Shanahan	Manager Land development and resale (until 9 December 2024)
R J Jackson	Manager Machinery hire (until 31 December 2023)

Changes since the end of the reporting period

CR2M.3.03(1)Item5 B A Wilson resigned from the position of non-executive director on 29 January 2025.

CA300A(1)(a)

(b) Remuneration policy and link to performance

Our remuneration committee is made up of independent non-executive directors. The committee reviews and determines our remuneration policy and structure annually to ensure it remains aligned to business needs, and meets our remuneration principles. From time to time, the committee also engages external remuneration consultants to assist with this review, see page 30 for further information. In particular, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent
- aligned to the company's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- acceptable to shareholders.

Figure 1: Remuneration framework

CA300A(1)(a),(ba)

Element	Purpose	Performance metrics	Potential value	Changes for FY 2025
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at median market rate	Reviewed in line with market positioning
STI	Reward for in-year performance, retention via 50% deferral (shares)	Adjusted EBITDA, Group market share, customer satisfaction, employee engagement, individual performance	CEO: 60% of FR Execs: 60% of FR	Introduce non-financial metrics: safety based on lost time injury frequency rates (LTIFR)
LTI	Alignment to long-term shareholder value	3 year relative TSR performance	CEO: 100% of FR Execs: 60% of FR	Introduce EPS hurdle in conjunction with TSR

Listed companies that are disclosing entities only

Remuneration report [39-40]

CA300A(1)(b)

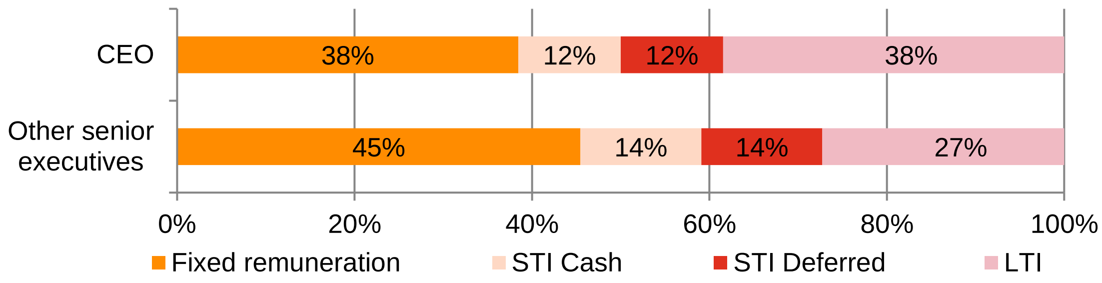
Balancing short-term and long-term performance

Annual incentives are set at a maximum of 60% of fixed remuneration, in order to drive performance without encouraging undue risk-taking. Sustainability of results is also ensured by the deferral of 50% of short-term incentives for two years. This also encourages talent retention.

Long-term incentives are assessed over a three year period and are designed to promote long-term stability in shareholder returns.

The target remuneration mix for FY 2024 is shown in figure 2 below. It reflects the STI opportunity for the current year that will be available if the performance conditions are satisfied at target, and the value of the LTIP options granted during the year, as determined at the grant date.

Figure 2: Target remuneration mix for FY 2024



Assessing performance and claw-back of remuneration

CA300A(1)(ba)(iii)

The remuneration committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the committee receives detailed reports on performance from management which are based on independently verifiably data such as financial measures, market share and data from independently run surveys.

ASX CGC(8.2)

In the event of serious misconduct or a material misstatement in the company's financial statements, the remuneration committee can cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in previous financial years. [27]

Maintaining sustainable performance – future approach

Not mandatory

The Group is coming out of a period of high growth in key markets but anticipates significant tightening in those markets in the next 2-5 years. In order to increase the focus on sustainable performance, the remuneration committee proposes to progressively shift the weighting of STI and LTI in the executives' mix to comprise approximately 50% at-risk pay. This will be done through awarding remuneration increases primarily in form of incentive pay. Measures of performance will also be reviewed to place greater weight on those non-financial indicators of performance that will improve sustainability of operations.

(c) *Elements of remuneration*

(i) *Fixed annual remuneration (FR)*

CA300A(1)(a)

Executives may receive their fixed remuneration as cash, or cash with non-monetary benefits such as health insurance, car allowances and tax advisory services. FR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The committee aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual.

For most executives, superannuation is included in FR. An exception are the CEO and the former CFO who both receive retirement benefits that will be a defined lump sum based on years of service and final average salary.

In FY 2024, fixed remuneration was increased for 3 executives, with an average increase of 5%. This was done to align the remuneration with the median level for comparative roles. No fixed remuneration increase was given to any other executive KMP.

Listed companies that are disclosing entities only

Remuneration report [39-40]

(ii) Short-term incentives

CA300A(1)(a),(ba)
CR2M.3.03(1)
Item12(b),(c)

Figure 3: Structure of the short-term incentive plan

<table>
<tr><th>Feature</th><th colspan="4">Description</th></tr>
<tr><td>Max opportunity</td><td colspan="4">CEO and other executives: 60% of fixed remuneration</td></tr>
<tr><td rowspan="7">Performance metrics</td><td colspan="4">The STI metrics align with our strategic priorities of market competitiveness, operational excellence, shareholder value and fostering talented and engaged people.</td></tr>
<tr><td>Metric</td><td>Target</td><td>Weighting</td><td>Reason for selection</td></tr>
<tr><td>Adjusted EBITDA</td><td>30% increase</td><td>50%</td><td>Reflects improvements in both revenue and cost control</td></tr>
<tr><td>Increase group's market share in the electronic equipment industry</td><td>8% increase</td><td>20%</td><td>Focus of the group's growth strategy for the next 5 years</td></tr>
<tr><td>Improve customer satisfaction as measured through the net promoter score</td><td>10% increase</td><td>10%</td><td>Retention of customers and increasing market share</td></tr>
<tr><td>Develop and retain key talent, and improve employee engagement measured through an independently run survey</td><td>10% increase</td><td>10%</td><td>Reducing staff turnover will reduce costs and hence improve EBITDA</td></tr>
<tr><td>Individual performance metrics</td><td>Specific to individuals</td><td>10%</td><td>Targeted metrics have been chosen that are critical to individual roles</td></tr>
<tr><td>Delivery of STI</td><td colspan="4">50% of the STI award is paid in cash at the end of the financial year
50% of the STI award is deferred for two years into shares and is subject to forfeiture on resignation. This encourages retention and shareholder alignment.</td></tr>
<tr><td>Board discretion</td><td colspan="4">The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any deferred STI award.</td></tr>
</table>

Listed companies that are disclosing entities only

Remuneration report [39-40]

(iii) Long-term incentives

Executive KMP participate, at the board's discretion, in the LTIP comprising annual grants of options which are subject to a 3 year relative TSR performance condition. Further detail is shown in figure 4 below:

300A(1)(a),(ba)
CR2M.3.03(1)
Item12(b),(c)

Figure 4: Structure of the long-term incentive plan

<table>
<tr><th>Feature</th><th colspan="4">Description</th></tr>
<tr><td>Opportunity/
Allocation</td><td colspan="4">CEO: 100% of fixed remuneration; Other executives: ~60% of fixed remuneration. The opportunity is divided by the Black-Scholes value of options to determine the number of instruments.</td></tr>
<tr><td rowspan="6">Performance hurdle</td><td colspan="4">Relative TSR is assessed over 3 years to the end of FY 2027, compared to a peer group of 20 ASX listed companies. Vesting will occur based on the company's positioning in the peer group. This is designed to focus executives on delivering sustainable long-term shareholder returns.</td></tr>
<tr><td>TSR ranking</td><td>Proportion to vest</td><td colspan="2">Peer companies</td></tr>
<tr><td>Less than 50th percentile</td><td>0%</td><td rowspan="4">North Albany Retail Company Limited
Swan & Co Limited
Melaleuca Limited
Ambrose Trading Limited
XYZ Limited
Burrows Supply Limited
Example Public Company
BAX Trading & Co Limited
The Wholesale Company Limited
Chairs & More Limited
Trundle Limited</td><td rowspan="4">Laurel Office Furniture Limited
Endeavour Limited
Jabiru Consulting Limited
Clarence Furniture Inc Limited
Nonsense Consulting Limited
Incomplete Solutions Limited
Toads & Company Limited
Pink & Purple Limited
Kiwi Down Under Limited</td></tr>
<tr><td>50th percentile</td><td>50%</td></tr>
<tr><td>At or above 75th percentile</td><td>100%</td></tr>
<tr><td colspan="2">Pro-rata vesting occurs between the 50th and 75th percentile</td></tr>
<tr><td>Exercise price</td><td colspan="4">The options' exercise price is determined based on the weighted average price at which the company's shares are traded on the Australian Securities Exchange during the week up to and including the date of the grant.</td></tr>
<tr><td>Forfeiture and termination</td><td colspan="4">Options will lapse if performance conditions are not met. Options will be forfeited on cessation of employment unless the board determines otherwise, e.g. in the case of retirement due to injury, disability, death or redundancy.</td></tr>
</table>

(d) Link between remuneration and performance

FY 2024 performance and impact on remuneration

The Group's performance in 2024 remained strong despite difficult trading conditions in our Australian and New Zealand markets. Management delivered an EBITDA result well above target, while not compromising on our core metrics of customer satisfaction and employee engagement. For more information on strategic priorities and 2024 results, see page [x] of the operating and financial review.

CA300A(1)(ba)

As a result of the continued high financial performance and resulting strong shareholder returns, the Board awarded senior management between 55% and 77% of the maximum short-term incentives. Senior management also received benefits in the form of shares and options after satisfying the required service and performance conditions. These equity instruments had been granted in prior years under the short-term and long-term incentive schemes.

Listed companies that are disclosing entities only

Remuneration report [39-40]

Disclosure of actual performance against metrics not mandatory

Figure 5: Performance against key measures and impact on variable remuneration

Metric	Target	Performance	Impact on incentive award
STI		*Average 60% of maximum STI awarded*	
Adjusted EBITDA	30% increase	38% increase from FY 2023	Above target 🟢
Group's market share	8% increase	5% increase	Below target 🔴
Customer satisfaction	10% increase	15% increase	Above target 🟢
Talent, and employee engagement	10% increase	15% increase	Above target 🟢
LTI		*Full vesting from prior year grant*	
3 year TSR	Greater than 50th percentile of ASX 100 peer group	85th percentile	100% vesting 🟢

Statutory performance indicators

CA300A(1)(b)

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. Figure 6 below shows measures of the group's financial performance over the last five years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs, see figure 5 above. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

CA300A(1)(b),(1AA),(1AB)

Figure 6: statutory key performance indicators of the group over the last five years

	2024	2023	2022	2021	2019
Profit for the year attributable to owners of VALUE ACCOUNTS Holdings Limited ($'000)	34,023	25,958	15,233	(2,300)	13,569
Basic earnings per share (cents)	56.0	43.9	28.3	(9.2)	12.4
Dividend payments ($'000)	22,837	11,029	12,200	-	13,700
Dividend payout ratio (%)	67.1	42.5	80.1	n/a	101.0
Increase/(decrease) in share price (%)	+7.3	+5.3	+20.1	(15.3)	+2.4
Total KMP incentives as percentage of profit/(loss) for the year(%)	3.1	3.1	5.9	16.0	4.3

Not mandatory

The dividend payout ratio is calculated based on dividends paid and profit for the year.

Listed companies that are disclosing entities only

Remuneration report [39-40]

(e) Remuneration expenses for executive KMP

The following table shows details of the remuneration expense recognised for the group's executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

CR2M.3.03(1)Items6-11
CA300A(1)(e)(i)

Improvement

Figure 7: Executive remuneration [3,20-25]

		Fixed remuneration				Variable remuneration					
Name	**Year**	**Salary ***	**Non-monetary benefits ***	**Annual and long service leave ****	**Post-employment benefits *****	**Other ^**	**Cash bonus ***	**Rights to deferred shares ^^, #**	**Options #**	**Total**	**Perform rel.**
		$	**$**	**$**	**$**	**$**	**$**		**$**		**%**
Executive directors											
N T Toddington	**2024**	**350,037**	**52,958**	**7,950**	**30,500**	**-**	**80,000**	**57,649**	**278,750**	**857,844**	**49%**
	2023	285,045	50,345	7,300	28,500		50,000	52,053	137,739	610,982	39%
H G Wells (from 31/7/2024) ##	**2024**	**178,463**	**50,664**	**6,487**	**21,135**		**50,000**	**25,238**	**103,966**	**435,953**	**41%**
	2023	-	-	-	-	-	-	-	-	-	-
R T Brown *(from 1/1/2023 – 31/7/2024)*	**2024**	**120,545**	**28,950**	**2,408**	**13,000**		**-**	**(39,404)**	**(117,086)**	**8,413**	**- ###**
	2023	198,103	41,584	5,723	23,367		40,000	36,279	58,339	403,395	33%
Other key management personnel (group)											
P M Elliott	**2024**	**174,955**	**46,821**	**4,612**	**21,500**	**-**	**40,000**	**35,000**	**108,811**	**431,699**	**43%**
	2023	165,079	44,435	4,818	20,500	100,000	40,000	31,547	53,739	460,118	38%
D M Green	**2024**	**165,533**	**44,996**	**5,448**	**20,500**		**50,000**	**54,970**	**104,431**	**445,878**	**47%**
	2023	155,421	41,824	4,737	19,500		45,000	45,743	54,047	366,272	40%
S J McInnes	**2024**	**159,967**	**44,966**	**4,593**	**20,000**		**50,000**	**42,780**	**74,606**	**396,912**	**42%**
	2023	150,021	41,720	3,444	19,000		45,000	35,648	40,308	335,141	36%
B D Faraday	**2024**	**160,029**	**43,490**	**3,439**	**19,500**		**44,000**	**19,827**	**-**	**290,285**	**22%**
	2023	-	-	-	-	-	-	-	-	-	-
W P Shanahan *(from (1/1/2023 – 9/12/2024)*	**2024**	**128,971**	**29,292**	**4,593**	**16,000**	**115,500**	**40,000**	**(11,357)**	**(33,239)**	**289,760**	**9%**
	2023	127,019	28,708	3,859	15,000		36,000	11,358	61,660	283,604	38%
R J Jackson *(from (1/1 – 31/12/2023)*	**2024**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2023	147,960	39,374	2,838	18,500		40,000	(29,970)	(40,737)	177,965	5%
Total executive directors and other KMPs	**2024**	**1,438,500**	**342,137**	**39,530**	**162,135**	**115,500**	**354,000**	**184,703**	**520,239**	**3,156,744**	
	2023	1,228,648	287,990	32,719	144,367	100,000	296,000	182,658	365,095	2,637,477	
Total NED remuneration (see figure 8 below)	**2024**	**197,982**			**17,818**					**215,800**	
	2023	190,826			17,174					208,000	
Total KMP remuneration expensed	**2024**	**1,636,482**	**342,137**	**39,530**	**179,953**	**115,500**	**354,000**	**184,703**	**520,239**	**3,372,544**	
	2023	1,419,474	287,990	32,719	161,541	100,000	296,000	182,658	365,095	2,845,477	

Totals not mandatory

* Short-term benefits as per *Corporations Regulation* 2M.3.03(1) Item 6

** Other long-term benefits as per *Corporations Regulation* 2M.3.03(1) Item 8. The amounts disclosed in this column represent the increase in the associated provisions.

CR2M.3.03(1)item10

*** Post-employment benefits of Mr Toddington and Mr Brown are provided through a defined benefit superannuation plan. The amounts disclosed as remuneration represent each person's share of the current service cost of the plan, measured in accordance with AASB 119 *Employee Benefits*. [22,23]

^ Other benefits in include termination benefits paid to Mr Shanahan in 2024 and a sign-on payment received by Mr Elliott on commencement of employment with the group in 2023.

^^ Rights to deferred shares granted under the executive STI scheme are expensed over the performance period, which includes the year to which the bonus relates and the subsequent vesting period of the rights.

\# Equity-settled share-based payments as per *Corporations Regulation 2M.3.03(1) Item 11.* These include negative amounts for options and rights forfeited during the year. [24]

\## Ms Wells was appointed a director on 31 July 2024. Before this appointment she was the group's General Manager – Finance. Amounts shown above include all Ms Well's remuneration during the reporting period, whether as a director or as General Manager. Amounts received in her position as a director amounted to $145,250, made up of cash salary and fees of $82,500, cash bonus of $25,000, non-monetary benefits of $26,047, superannuation of $9,625 and options of $2,078. [25]

\### Percentage of relative proportion of remuneration related to performance not disclosed as the total amount of STI and/or LTI remuneration expense was negative for the relevant period.

Listed companies that are disclosing entities only

Remuneration report [39-40]

(f) Contractual arrangements with executive KMPs

CR2M.3.03(1)Item13
CA300A(1)(e)(vii)

Component	CEO description	Senior executive description
Fixed remuneration	$442,000	Range between $165,000 and $260,000
Contract duration	Ongoing contract	Ongoing contract
Notice by the individual/company	6 months	3 months
Termination of employment (without cause)	Entitlement to pro-rata STI for the year Unvested LTI will remain on foot subject to achievement of the performance hurdles at the original date of testing The Board has discretion to award a greater or lower amount	
Termination of employment (with cause) or by the individual	STI is not awarded, and all unvested LTI will lapse Vested and unexercised LTI can be exercised within a period of 30 days from termination.	

CR2M.3.03(1)Item13
CA300A(1)(e)(vii)

Different contractual terms apply to the following individuals:

- In addition to the above, the group is committed to pay the CEO and the CFO up to $250,000 each in the event of a change of control of the group.
- Mr McInnes' contract is for a fixed term of 3 years commencing 1 January 2023 and the notice period is 9 months for either party.
- Mr W P Shanahan's contract was for a fixed term of 3 years commencing 1 January 2023 and was terminated on 10 December 2024. He was entitled to a termination payment for the lesser of 9 months or the remainder of contract term.
- Mr P M Elliott received a sign-on payment of $100,000 as compensation for lapsed incentive payments from his previous employer; it was paid on 1 January 2023 and included in the remuneration disclosure for the prior year (see previous page)

(g) Non-executive director arrangements

CR2M.3.03(1)Item13

Non-executive directors receive a board fee and fees for chairing or participating on board committees, see table below. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation. The chairman does not receive additional fees for participating in or chairing committees.

Fees are reviewed annually by the board taking into account comparable roles and market data provided by the board's independent remuneration adviser. The current base fees were reviewed with effect from 1 January 2025.

The maximum annual aggregate directors' fee pool limit is $350,000 and was approved by shareholders at the annual general meeting on 7 April 2024.

CR2M.3.03(1)Item13

	From 1 January 2025	**From 1 January 2023 to 31 December 2024**
Base fees		
Chair	$60,000	$55,000
Other non-executive directors	$30,000	$26,000
Additional fees		
Audit committee – Chair	$7,000	$4,000
Audit committee – member	$4,000	$2,000
Nomination committee – Chair	$3,000	$3,000
Nomination committee – member	$2,000	$2,000
Remuneration committee – Chair	$4,000	$3,000
Remuneration committee – member	$3,000	$2,000

CR2M.3.03(1)Item13

All non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

Listed companies that are disclosing entities only

Remuneration report [39-40]

Figure 8: Non-executive director remuneration

CR2M.3.03(1)Items6-11
Breakdown by fee type not required

Name	Year	Base fee	Audit committee	Nomination committee	Remuneration committee	Superan-nuation	Total
M K Hollingworth *Chair*	**2024**	**50,459**	**-**	**-**	**-**	**4,541**	**55,000**
	2023	50,459	-	-	-	4,541	55,000
J C Campbell	**2024**	**23,853**	**-**	**1,835**	**1,835**	**2,477**	**30,000**
	2023	23,853	-	1,835	1,835	2,477	30,000
A L Cunningham	**2024**	**23,853**	**1,835**	**1,835**	**-**	**2,477**	**30,000**
	2023	23,853	1,835	1,835	-	2,477	30,000
R J Hunter	**2024**	**23,853**	**1,835**	**1,835**	**-**	**2,477**	**30,000**
	2023	23,853	1,835	1,835	-	2,477	30,000
C A Maxwell	**2024**	**23,853**	**3,670**	**-**	**1,835**	**2,642**	**32,000**
	2023	23,853	3.670	-	1,835	2,642	32,000
B A Wilson	**2024**	**23,853**	**1,835**	**-**	**2,752**	**2,560**	**31,000**
	2023	23,853	1,835	-	2,752	2,560	31,000
B C Bristol *(appointed 1 September 2023)*	**2024**	**7,156**	**-**	**-**	**-**	**644**	**7,800**
	2023	-	-	-	-	-	-
Total non-executive director remuneration	**2024**	**176,881**	**9,174**	**5,505**	**6,422**	**17,818**	**215,800**
	2023	169,725	9,174	5,505	6,422	17,174	208,000

(h) Additional statutory information

(i) Performance based remuneration granted & forfeited during the year

Figure 9 shows for each KMP how much of their STI cash bonus was awarded and how much was forfeited. It also shows the value of options that were granted, exercised and forfeited during FY 2024 The number of options and deferred shares and percentages vested/forfeited for each grant are disclosed in section (iii) on pages 26 to 28 below.

Figure 9: Performance based remuneration granted and forfeited during the year [39]

CA300A)1)(e)(ii)-(iv)
CR2M.3.03(1)
Item12(h),(e),(f)

	Total STI bonus (cash and deferred shares)			LTI Options	
2024	**Total opportunity $**	**Awarded %**	**Forfeited %**	**Value granted * $**	**Value exercised ** $**
N T Toddington	260,000	65	35	450,000	63,130
H G Wells	150,000	66	34	126,000	49,220
R T Brown	97,000	-	100	-	-
P M Elliott	146,000	55	45	144,000	23,540
D M Green	139,000	72	28	126,000	27,820
S J McInnes	135,000	74	26	108,000	17,120
B D Faraday	134,000	75	25	-	-
W P Shanahan	105,000	77	23	162,000	27,820

CA300A(1)(e)(ii) * The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.

CA300A(1)(e)(iii) ** The value at the exercise date of options that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options at that date.

Listed companies that are disclosing entities only

Remuneration report [39-40]

(ii) Terms and conditions of the share-based payment arrangements

Options [28]

CR2M.3.03(1)Item12

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

CR2M.3.03(1) Item12(a),(g), Item15(b)(i),(ii),(iv),(v)

Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	Performance achieved	% Vested
1 November 2021	1 November 2024	30 October 2026	$5.28	$1.67	> 75th percentile	100%
1 November 2022	1 November 2025	30 October 2027	$5.51	$1.70	to be determined	n/a
1 November 2023	1 November 2026	30 October 2028	$5.78	$1.75	to be determined	n/a
1 November 2024	1 November 2027	30 October 2029	$6.18	$1.80	to be determined	n/a

The number of options over ordinary shares in the company provided as remuneration to key management personnel is shown in figure 10 below. The options carry no dividend or voting rights. See page 20 above for the conditions that must be satisfied for the options to vest.

When exercisable, each option is convertible into one ordinary share of VALUE ACCOUNTS Holdings Limited 14 days after the release of the half yearly and annual financial results to the market. The exercise price of options is based on the weighted average price at which the company's shares are traded on the Australian Securities Exchange during the week up to and including the date of grant.

Rights to deferred shares [28]

CR2M.3.03(1) Item12(a),(g) Item15(b)(i)

Rights to deferred shares under the executive STI scheme are granted on 28 February each year. The shares vest after two years from the grant date. On vesting, each right automatically converts into one ordinary share. The executives do not receive any dividends and are not entitled to vote in relation to the rights during the vesting period. If an executive ceases employment before the rights vest, the rights will be forfeited, except in limited circumstances that are approved by the board on a case-by-case basis.

The fair value of the rights is determined based on the market price of the company's shares at the grant date, with an adjustment made to take into account the two year vesting period and expected dividends during that period that will not be received by the employees.

Grant date	Vesting date	Grant date value
28 February 2024	28 February 2026	$5.50
28 February 2023	28 February 2025	$5.71
28 February 2022	28 February 2024	$5.35

Listed companies that are disclosing entities only

Remuneration report [39-40]

(iii) Reconciliation of options, deferred shares and ordinary shares held by KMP [30,31]

Figure 10: Options

CR2M.3.03(1) Item17(g),(h)

The table below shows a reconciliation of options held by each KMP from the beginning to the end of FY 2024. There were no vested options as at 1 January 2024. All vested options were exercisable.

CR2M.3.03(1)Item15(a), Item17, Item16(a)

CA300A(1)(e)(iv)

2024 Name & Grant dates	Balance at the start of the year	Granted as compen-sation	Vested		Exer-cised	Forfeited		Other chan-ges	Balance at the end of the year	
	Unvested		Number	%		Number	%		Vested and exer-cisable	Unvested
N T Toddington										
1 Nov 2024	-	250,000	-		-	-		-	-	250,000
1 Nov 2023	170,000	-	-		-	-		-	-	170,000
1 Nov 2022	150,000	-	-		-	-		-	-	150,000
1 Nov 2021	150,000	-	150,000	100	(59,000)	-		-	91,000	-
H G Wells										
1 Nov 2024	-	70,000	-		-	-		-	-	70,000
1 Nov 2023	65,000	-	-		-	-		-	-	65,000
1 Nov 2022	60,000	-	-		-	-		-	-	60,000
1 Nov 2021	54,000	-	54,000	100	(46,000)	-		-	8,000	-
R T Brown										
1 Nov 2024	-	-	-		-	-		-	-	-
1 Nov 2023	80,000	-	-		-	80,000	100	-	-	-
1 Nov 2022	65,000	-	-		-	65,000	100	-	-	-
1 Nov 2021	55,000	-	-		-	55,000	100	-	-	-
P M Elliott										
1 Nov 2024	-	80,000	-			-		-	-	80,000
1 Nov 2023	70,000	-	-			-		-	-	70,000
1 Nov 2022	60,000	-	-			-		-	-	60,000
1 Nov 2021	56,000	-	56,000	100	(22,000)	-		-	34,000	
D M Green										
1 Nov 2024	-	70,000	-		-	-		-	-	70,000
1 Nov 2023	65,000	-	-		-	-		-	-	65,000
1 Nov 2022	60,000	-	-		-	-		-	-	60,000
1 Nov 2021	55,000	-	55,000		(26,000)	-		-	29,000	
S J McInnes										
1 Nov 2024	-	60,000	-		-	-		-	-	60,000
1 Nov 2023	45,000	-	-		-	-		-	-	45,000
1 Nov 2022	42,000	-	-		-	-		-	-	42,000
1 Nov 2021	40,000	-	40,000	100	(16,000)	-		-	24,000	
W P Shanahan										
1 Nov 2024	-	90,000	-		-	(90,000)	100	-	-	-
1 Nov 2023	80,000	-	-		-	(80,000)	100	-	-	-
1 Nov 2022	75,000	-	-		-	(75,000)	100	-	-	-
1 Nov 2021	52,000	-	52,000	100	(26,000)	-		(26,000)	-	-

CR2M.3.03(1)Item16(c)

The amounts paid per ordinary share on the exercise of options at the date of exercise were as follows:

Exercise date	Amount paid per share
29 November 2024	$5.28

No amounts are unpaid on any shares issued on the exercise of options.

Listed companies that are disclosing entities only

Remuneration report [39-40]

Figure 11: Rights to deferred shares

This table shows how many deferred shares were granted, vested and forfeited during the year.

CR2M.3.03(1)Item17
Item12(e),(f),(g),(h)

		Rights to deferred shares							
		Balance at start of year	Granted during year	Vested		Forfeited		Balance at end of year (unvested)	Maximum value for future years **
Name	Year granted	Number	Number	Number	%	Number	%	Number	$
N T Toddington	2025 *	-	-	-	-	-	-	-	54,762
	2024	-	9,091	-	-	-	-	9,091	18,453
	2023	7,005	-	-	-	-	-	7,005	2,143
	2022	14,019	-	14,019	100	-	-	-	-
H G Wells	2025 *	-	-	-	-	-	-	-	34,226
	2024	-	3,636	-	-	-	-	3,636	7,381
	2023	1,751	-	-	-	-	-	1,751	536
	2022	-	-	-	-	-	-	-	-
R T Brown	2024	-	7,273	-	-	(7,273)	100	-	-
	2023	7,881	-	-	-	(7,881)	100	-	-
	2022	5,607	-	5,607	100		-	-	-
P M Elliott	2025 *	-	-	-	-	-	-	-	27,381
	2024	-	7,273	-	-	-	-	7,273	14,762
	2023	4,378	-	-	-	-	-	4,378	1,340
	2022	6,542	-	6,542	100	-	-	-	-
D M Green	2025 *	-	-	-	-	-	-	-	34,226
	2024	-	8,182	-	-	-	-	8,182	16,608
	2023	13,135	-	-	-	-	-	13,135	4,019
	2022	4,673	-	4,673	100	-	-	-	-
S J McInnes	2025 *	-	-	-	-	-	-	-	32,226
	2024	-	8,182	-	-	-	-	8,182	16,608
	2023	6,130	-	-	-	-	-	6,130	1,867
	2022	6,168	-	6,168	100	-	-	-	-
B D Faraday	2025 *	-	-	-	-	-	-	-	30,119
	2024	-	1,818	-	-	-	-	1,818	3,691
	2023	1,401	-	-	-	-	-	1,401	429
	2022	935	-	935	100	-	-	-	-
W P Shanahan	2025 *	-	-	-	-	-	-	-	-
	2024	-	6,545	-	-	(6,545)	100	-	-

* Shares for the deferred portion of the 2024 STI will be granted on 28 February 2025. The number of shares will depend on the VALUE ACCOUNTS Holdings Limited's share price over the five days prior to the grant date.

CR2M.3.03(1)Item12(h)

** The maximum value of the deferred shares for future years has been determined as the amount of the grant date fair value of the rights that is yet to be expensed. For the 2024 grant, the maximum value for future years was estimated based on the $ value of the portion of the deferred STI that was yet to be expensed. The minimum value of deferred shares yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met.[26]

Listed companies that are disclosing entities only

Remuneration report [39-40]

Figure 12: Shareholdings

CR2M.3.03(1)Item18

2024 Name	Balance at the start of the year	Received during the year on the exercise of options	Received on vesting of rights to deferred shares	Other changes during the year [31]	Balance at the end of the year
Ordinary shares					
N T Toddington	23,369	59,000	14,019	4,352	100,740
H G Wells	18,214	46,000	-	3,259	67,473
R T Brown [29]	10,000	-	5,607	(15,607)	-
M K Hollingworth	80,000	-	-	2,000	82,000
J C Campbell	70,310	-	-	1,406	71,716
A L Cunningham	70,000	-	-	1,000	71,000
R J Hunter	72,372	-	-	1,687	74,059
C A Maxwell	70,000	-	-	1,000	71,000
B A Wilson	72,000	-	-	1,200	73,200
B C Bristol	-	-	-	11,000	11,000
P M Elliott	22,714	22,000	6,542	2,671	53,927
D M Green	17,539	26,000	4,673	2,894	51,106
S J McInnes	14,249	16,000	6,168	(3,191)	33,226
B D Faraday	-	-	-	11,000	11,000
W P Shanahan	13,059	26,000	-	(39,059)	-
7% non-redeemable participating preference shares					
N T Toddington	3,000	-	-	(3,000)	-

CR2M.3.03(1)Item18(f)

None of the shares above are held nominally by the directors or any of the other key management personnel.

(iv) Loans given to key management personnel

Details of loans made to directors of VALUE ACCOUNTS Holdings Limited and other key management personnel of the group, including their close family members and entities related to them, are set out below.

	Name	Balance at the start of the year	Interest paid and payable for the year	Interest not charged	Balance at the end of the year	Highest indebtedness during the year
		$	$	$	$	$
CR2M.3.03(1)Item21	B D Faraday	-	25,750	7,300	210,000	220,000
CR2M.3.03(1)Item20	Other individuals *	406,300	56,929	16,262	517,450	

* Loans to 6 individuals that did not exceed $100,000 at any time.

CR2M.3.03(1)Item20(g)
CR2M.3.03(1)Item21(g)

Loans outstanding at the end of the current and prior year include an unsecured loan to a director of VALUE ACCOUNTS Holdings Limited of $60,000 which was made for a period of two years and is repayable in full on 30 March 2025. Interest is payable on this loan at the rate of 8% per annum.

All other loans to key management personnel are for periods of 10 years repayable in quarterly instalments, at interest rates of 5% per annum, and are secured by first mortgages over the individuals' residences.

CR2M.3.03(1)Item20(c)
CR2M.3.03(1)Item21(c)

The amounts shown for interest not charged in the tables above represent the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an arm's-length basis.

CR2M.3.03(1)Item20(d)
CR2M.3.03(1)Item21(d)

No write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to key management personnel.

Listed companies that are disclosing entities only

Remuneration report [39-40]

(v) Other transactions with key management personnel [32-36]

CR2M.3.03(1)Item22

A director, Mr A L Cunningham, is a director and a controlling shareholder of Combined Construction Company Pty Ltd. VALUE ACCOUNTS Holdings Limited entered into a contract with Combined Construction Company Pty Ltd during the year for the construction of a warehouse building. The contract was based on normal commercial terms and conditions.

CR2M.3.03(1)Item22

The wife of Mr A L Cunningham, a director, is a director and majority shareholder of Elephant Limited. VALUE ACCOUNTS Holdings Limited has rented an office building from Elephant Limited for the past three years. The rental agreement is based on normal commercial terms and conditions.

CR2M.3.03(1)Item22

A director, Mr B C Bristol, is a partner in the firm of Bristol & Partners, Solicitors. Bristol & Partners has provided legal services to VALUE ACCOUNTS Holdings Limited and certain of its subsidiaries for several years on normal commercial terms and conditions.

CR2M.3.03(1)Item22

Mr D M Green, manager of the furniture division, is a director of Llama Pty Ltd and has the capacity to significantly influence decision making of that company. VALUE ACCOUNTS Holdings Limited owns shares in Llama Pty Ltd on which it receives dividends on the same basis as other shareholders.

CR2M.3.03(1)Item22

Aggregate amounts of each of the above types of other transactions with key management personnel of VALUE ACCOUNTS Holdings Limited:

Comparatives not mandatory

		2024	2023
		$	$
CR2M.3.03(1)Item23(a)	*Amounts recognised as revenue*		
	Dividends received	**8,100**	7,800
CR2M.3.03(1)Item23(b)	*Amounts recognised as expense*		
	Legal fees	**38,390**	25,720
	Rent of office building	**570,400**	550,300
		608,790	576,020
CR2M.3.03(1)Item23(c)	*Amounts recognised as property, plant and equipment*		
	Construction of warehouse building	**155,475**	**-**

CR2M.3.03(3B)

During the year, the group also sold household furniture for domestic use to key management personnel within a normal employee relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with an unrelated individual at arm's length in the same circumstances.

CR2M.3.03(1)Item24

Amounts recognised as assets and liabilities

At the end of the reporting period the following aggregate amounts were recognised in relation to the above transactions:

Comparatives not mandatory

	2024	2023
	$	$
Non-current assets	**155,475**	-
Current liabilities (amounts payable)	**196,375**	91,294

Listed companies that are disclosing entities only

CA300A(1)(h)

Remuneration report [39-40]

(vi) Reliance on external remuneration consultants

In August 2024, the remuneration committee engaged PricewaterhouseCoopers (PwC) to review its existing remuneration policies and to provide recommendations on executive short-term and long-term incentive plan design. PwC was paid $40,500 for these services.

PwC has confirmed that any remuneration recommendations have been made free from undue influence by members of the group's key management personnel.

The following arrangements were made to ensure that the remuneration recommendations were free from undue influence:

- PwC was engaged by, and reported directly to, the chair of the remuneration committee. The agreement for the provision of remuneration consulting services was executed by the chair of the remuneration committee under delegated authority on behalf of the board.
- The report containing the remuneration recommendations was provided by PwC directly to the chair of the remuneration committee; and
- PwC was permitted to speak to management throughout the engagement to understand company processes, practices and other business issues and obtain management perspectives. However, PwC was not permitted to provide any member of management with a copy of their draft or final report that contained the remuneration recommendations.

As a consequence, the board is satisfied that the recommendations were made free from undue influence from any members of the key management personnel.

In addition to providing remuneration recommendations, PwC also provided advice on other aspects of the remuneration of the group's employees, and various audit and non-audit services. For these services PwC was paid a total of $280,300. Details of these services are disclosed on page 33 of the directors' report and in note 2X to the financial statements.

CA300A(1)(g)

(vii) Voting of shareholders at last year's annual general meeting [37,39,40]

VALUE ACCOUNTS Holdings Limited received more than 90% of "yes" votes on its remuneration report for the 2023 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Disclosure of remuneration received not mandatory

ASIC RG230.56
Disclosure only required if alternative remuneration amounts are disclosed

(i) Voluntary information: remuneration received [38]

The amounts disclosed in figure 13 below as executive KMP remuneration for FY 2024 reflect the actual benefits received by each KMP during the reporting period. The remuneration values disclosed below have been determined as follows:

Fixed remuneration

Fixed remuneration includes base salaries received, payments made to superannuation funds, the taxable value of non-monetary benefits received and any once-off payments such as sign-on bonuses or termination benefits, see figure 7 above for details.

Fixed remuneration excludes any accruals of annual or long-service leave.

Short-term incentives

The cash STI benefits represent the bonuses that were awarded to each KMP in relation to FY 2024 and which were paid in February 2025.

The vested deferred shares shown in figure 13 below are shares granted as remuneration in February 2022 and which vested in February 2024. They were valued based on the entity's share price on the vesting date.

Long-term incentives

The value of vested options was determined based on the intrinsic value of the options at the date of vesting, being the difference between the share price on that date and the exercise price payable by the KMP. The options that vested in FY 2024 were granted in November 2021.

Listed companies that are disclosing entities only

Remuneration report [39-40]

Figure 13: Remuneration received during the period

Executive	Fixed remuneration	Awarded STI (cash)	Vested deferred STI	Vested LTI	Total value
N T Toddington – CEO	$402,995	$80,000	$77,103	$135,000	$695,098
H G Wells – CFO	$250,262	$50,000	-	$48,600	$348,862
R T Brown – CFO (until 31/1/2023)	$149,495	-	$30,839	-	$180,334
P M Elliott – MD Furniture manufacturing and wholesale	$243,276	$40,000	$35,981	$50,400	$369,657
D M Green – MD Furniture retail	$231,029	$50,000	$25,701	$49,500	$356,230
S J McInnes – MD IT consulting	$224,933	$50,000	$33,925	$36,000	$344,858
B D Faraday – MD Electronic equipment	$223,019	$44,000	$5,140	-	$272,159
W P Shanahan – MD Machinery hire (until 9/12/2024)	$289,763	$40,000	-	$46,800	$376,563
Total executive KMP	**$2,014,772**	**$354,000**	**$208,689**	**$366,300**	**$2,943,761**
Non-executive directors	$215,800	-	-	-	$215,800
Total KMP remuneration	**$2,230,572**	**$354,000**	**$208,689**	**$366,300**	**$3,159,561**
As % of adjusted EBITDA					**4.22%**

ASIC RG230.56

The amounts disclosed in figure 13 above are not the same as the remuneration expensed in relation to each KMP in accordance with the accounting standards ($3,372,544 for 2024, see figure 7 on page 22). The directors believe that the remuneration received is more relevant to users for the following reasons:

- The statutory remuneration expensed is based on historic cost and does not reflect the value of the equity instruments when they are actually received by the KMPs.
- The statutory remuneration shows benefits before they are actually received by the KMPs.
- Where options or deferred shares do not vest because a market-based performance condition is not satisfied (e.g. an increase in the company's share price), the company must still recognise the full amount of expenses even though the KMPs will never receive any benefits.
- Share-based payment awards are treated differently under the accounting standards depending on whether the performance conditions are market conditions (no reversal of expense) or non-market conditions (reversal of expense where shares fail to vest), even though the benefit received by the KMP is the same (nil where equity instruments fail to vest).

The information in this section has been audited together with the rest of the remuneration report.

Shares under option [28,29]

(a) Unissued ordinary shares

CA300(1)(e),(3),(6)(a),(b)

Unissued ordinary shares of VALUE ACCOUNTS Holdings Limited under option at the date of this report are as follows:

CA300(1)(d),(e),(3),(6)(b)-(d)

Date options granted	Expiry date	Issue price of Shares	Number under option
1 November 2021	30 October 2026	$5.28	263,600
1 November 2022	30 October 2027	$5.51	569,000
1 November 2023	30 October 2028	$5.78	641,000
1 November 2024 *	30 October 2029	$6.18	728,000
			2,201,600

CA300(6)(e)

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

CA300(1)(d)

* Included in these options were options granted as remuneration to the directors and the five most highly remunerated officers during the year. Details of options granted to key management personnel are disclosed on pages 26 and 27 above. In addition, the following options were granted to officers who are among the five highest remunerated officers of the company and the group, but are not key management persons and hence not disclosed in the remuneration report:

Name of officer	Date granted	Issue price of Shares	Number of options granted
S M Smith [29]	1 November 2024	$6.18	50,000

CA300(1)(d)

No options were granted to the directors or any of the five highest remunerated officers of the company since the end of the financial year.

(b) Shares issued on the exercise of options

CA300(1)(f),(3),(7)

The following ordinary shares of VALUE ACCOUNTS Holdings Limited were issued during the year ended 31 December 2024 on the exercise of options granted under the VALUE Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of Shares	Number of shares issued
1 November 2021	$5.28	228,000
		228,000

Insurance of officers and indemnities

(a) Insurance of officers [13-15]

CA300(1)(g),(8)(b),(9)(a),(f)

During the financial year, VALUE ACCOUNTS Holdings Limited paid a premium of $65,425 to insure the directors and secretaries of the company and its Australian-based controlled entities, and the general managers of each of the divisions of the group.

CA300(9)(c)

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

(b) Indemnity of auditors [14]

CA300(1)(g),(8)(b),(9)(a),(f)

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

Proceedings on behalf of the company [16]

CA300(14)
Not mandatory if no proceedings

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

CA300(15)

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

Audit and non-audit services

CA300(11B)(a)

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers Australia) for audit and non-audit services during the year are disclosed in note 2X Remuneration of auditors. [2]

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

CA300(11B)(b),(c), (11D)

The board of directors, in accordance with advice provided by the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

APES110(290)

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality 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.*

Auditor's independence declaration [17]

CA298(1AA)(c)
ASIC2016/188

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 34.

Rounding of amounts [18]

ASIC2016/191

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

CA298(2)(a)

This report is made in accordance with a resolution of directors. [19]

CA298(2)(c)

M K Hollingworth
Director [19]

CA298(2)(b)
Disclosure of location not mandatory

Sydney
23 February 2025 [19]

CA298(1AA)(c)
CA307C

Auditor's Independence Declaration [17]

As lead auditor for the audit of VALUE ACCOUNTS Holdings Limited for the year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of VALUE ACCOUNTS Holdings Limited and the entities it controlled during the period.

A B Jones
Partner
PricewaterhouseCoopers

Sydney
23 February 2025

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000
GPO BOX 2650, Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Directors' report

Contents of directors' reports

CA299(2)

1. The tables on pages 43 – 45 summarise the contents of directors' reports by classes of entities. The entity to be reported on is:
   (a) the company, registered scheme or disclosing entity (if consolidated financial statements are not required), or
   (b) the consolidated entity (if consolidated financial statements are required).

Transfer of information from the directors' report

2. Entities may transfer certain information otherwise required to be included in the directors' report to other parts of the annual report. For details see page 46.

Comparative figures

CR2M.3.03(2)

3. Comparative figures are not mandatory for directors' reports, but are recommended in the interests of more meaningful disclosure. An exception is the table with key management personnel compensation in the remuneration report, where comparatives must be provided.

Review of operations, financial position, business strategies and prospects

CA299(1)(a)
CA299A(1)

4. CA 299(1)(a) requires all entities to present a review of the operations of the entity reported on and the results of those operations. In addition, under CA 299A(1) the directors' report of a listed company, registered scheme or other disclosing entity must contain information that members of the company would reasonably require to make an informed assessment of:
   (a) the operations of the entity reported on
   (b) the financial position of the entity
   (c) the entity's business strategies and its prospects for future financial years.

   For more detailed comments about format and content of the review of operations, please see Appendix D.

ASIC2016/188

5. Where the review of operations and activities is presented as a separate section in the annual report, but covers disclosures that would ordinarily be included in the review of operations required in the directors' report by CA 299(1)(a) and/or 299A, *ASIC Corporations (Directors' Report Relief) Instrument 2016/188* can be applied to avoid having to repeat the information in the directors' report - see paragraph 2 above and the table on page 46. For the purposes of this illustrative directors' report, it has been assumed that the instrument has been applied and the requirements of CA 299(1)(a) and 299A have been satisfied by referring to a separate review of operations and activities section in the annual report.

Likely developments and expected results of operations – unreasonable prejudice exemption

CA299(3)

6. The report may omit material on likely developments and expected results of operations if it is likely that its disclosure would result in unreasonable prejudice to the company, the consolidated entity or any entity that is part of the consolidated entity. ASIC Regulatory Guide 247 *Effective disclosure in an operating and financial review* sets out ASIC's view on when the exemption can be applied. According to the guide, an entity should
   (a) identify the adverse consequences that are likely to occur
   (b) consider whether these consequences are reasonable, and
   (c) assess whether it is likely (more probable than not) that they will occur.

   It will be difficult to demonstrate unreasonable prejudice if the relevant information has already been disclosed elsewhere, or can be inferred from information that is in the public domain. Where information has been omitted in reliance on the exemption, the entity must disclose this fact and should also provide a short, high level summary of the type of information that has been omitted and the reasons for the omission. ASIC further recommends that entities document their assessment in their working papers if they have relied on the exemption.

Directors' report

Environmental regulation

CA299(1)(f)

7. If the entity's operations are subject to any particular and significant environmental regulation under a Commonwealth, State or Territory law, details of the entity's performance in relation to environmental regulation must be disclosed.
8. As well as complying with the *Corporations Act 2001* requirements for the reporting of environmental performance, listed entities should consider including comments on the management of environmental issues in their review of operations section.

Qualifications, experience and special responsibilities of directors and company secretaries

CA300(10)(a),(d)

9. A public company, other than a wholly-owned subsidiary of another Australian company, must disclose each director's qualifications, experience and special responsibilities, and the qualifications and experience of each person who is a company secretary of the company as at the end of the year. Principle 2 of the Corporate Governance Council guidelines (see the commentary on the corporate governance statement) also includes disclosure requirements relating to directors' experience, qualifications and other matters.

Age of directors

10. Where an entity's constitution provides that directors over a certain age should retire and not seek re-election, the entity should consider disclosing this fact and the ages of their directors in the directors' report, to give an indication of when the directors will reach their mandatory retirement age.

Directors' interests in securities, contracts and other directorships

CA300(11)

11. Listed companies must include the following details for each director:
    (a) their relevant interests in shares of the company or a related body corporate
    (b) their relevant interests in debentures of, or interests in a registered scheme made available by, the company or a related body corporate
    (c) their rights or options over shares in, debentures of, or interests in a registered scheme made available by, the company or a related body corporate
    (d) contracts:
        (i) to which the director is a party or under which the director is entitled to a benefit, and
        (ii) that confer 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
    (e) all directorships of other listed companies held by the director at any time in the 3 years immediately before the end of the financial year and the period for which each directorship has been held.

    The meaning of relevant interest for the above purpose is given in Part 6.1 of the *Corporations Act 2001* (sections 608 and 609).
12. The *Corporations Act 2001* no longer specifies the date at which the above interests should be stated. However, the explanatory memorandum to the relevant Bill states that it should be at the date of the directors' report.

Directors' report

Indemnities and insurance premiums for officers and auditors

CA300(8)

13. The directors' report must disclose information about any
    (a) indemnity given to a current or former officer or auditor, and
    (b) premium paid, or agreed to be paid, for insurance against a current or former officer's or auditor's liability for legal cost

    to the extent the indemnities or insurance arrangements are not prohibited under CA 199A and CA 199B of the *Corporations Act*.
14. We note that many companies are now agreeing to indemnify their auditor to the extent permitted under sub-sections 199A(2) and (3) of the *Corporations Act 2001*. Please note that the disclosure on page 32 is purely illustrative and is not intended to reflect or summarise the terms of actual arrangements in respect of the provision of services. Accordingly, users of this publication should obtain legal advice as to whether their particular arrangement will require disclosure, and as to the form of any such disclosure.
15. See Appendix A(k) for detailed commentary on the requirements for the disclosure of information on indemnities and/or insurance premiums for officers and auditors. The commentary includes illustrative wording for indemnities and indemnification agreements.

Proceedings on behalf of the company

CA300(14),(15)

16. If no applications for leave have been made and/or no proceedings have been brought or intervened in on behalf of the company with leave, PwC's view is that it is not necessary to include a reference to these matters in the directors' report. If the directors wish to make a comment, the wording used in the illustrative report may be used as a guide.

Auditor's independence declaration

CA307C

17. Under CA 307C(5), the auditor is required to give the declaration to the directors with the auditor's report. This would mean the auditor's report would need to be signed before the directors' report. However, auditing standards require the auditor to comment in the auditor's report on any material inconsistencies between the directors' report and the financial report, and to consider the impact of any material misstatements of fact in the directors' report. This makes it difficult for the auditor to sign the audit report before the directors' report is signed. As a result, CA 307C(5A) provides that the declaration may be given to the directors before they pass their resolution in relation to the directors' report and before the audit report is signed, provided that:
    (a) the declaration is given to the directors before the directors resolve to make the directors' report
    (b) the directors' report is signed within 7 days after the declaration is given
    (c) the auditor's report is made within 7 days after the directors' report is signed and includes a statement that:
        (i) either the declaration would be in the same terms if it was given to the directors at the time the auditor's report is made, or
        (ii) circumstances have changed since the declaration was given to the directors and setting out how the declaration would differ if it was given to the directors at the time the auditor's report is made.

Rounding of amounts

ASIC2016/191

18. See Appendix A(j) for commentary on the rounding of amounts in the directors' report and financial report. Note that amounts in the remuneration report can only be rounded to the nearest $1,000 if the entity has (consolidated) assets of more than $1,000 million.

Dating and signing of report

CA298(2)

19. The directors' report must be made in accordance with a resolution of the directors, specify the date on which it was made and be signed by a director.

Directors' report: Remuneration report

Defining compensation and categories

CR2M.3.03(4)
AASB124(Aus9.1),
(Aus9.1.1)

20. References in the *Corporations Act 2001* to 'remuneration' should be taken as referring to 'compensation' as defined and explained in AASB 124. Remuneration therefore includes all employee benefits (as defined in AASB 119 *Employee Benefits)* and also share-based compensation benefits, being options as well as shares or any other equity instruments issued by the entity in exchange for services rendered by the KMP. It also means that the definitions for short-term and long-term employee benefits from AASB 119 apply. E.g. if the entity's annual leave obligations qualify as long-term benefits under AASB 119 because the entity does not expect to settle its annual leave obligations wholly within 12 months of when the relevant services were provided, then they must be presented as long-term benefit in the remuneration table. This is the case even though these balances will in most cases be presented as non-current liabilities in the statement of financial position.

Measuring compensation

CR2M.3.03(4)

21. Compensation must be measured in accordance with AASB 119 *Employee Benefits* and AASB 2 *Share-based Payment*. As a result, the amount disclosed as compensation should equal the amount expensed under those standards. This applies also to long service leave; that is, the amount disclosed in the remuneration table as a person's long service leave benefits should reflect the expense (normally the increase in the provision) recognised in relation to this person during the year.

Defined benefit plan

22. It is not clear what amount should be included as an individual's compensation in relation to defined benefit plans. The expense for defined benefit plans must be measured under AASB 119 paragraph 57. However, it might be impracticable to allocate the cost to each individual in the plan.
23. In our view, it is acceptable to disclose either the service cost component only, or the full cost to the entity (including remeasurement gains and losses) measured under AASB 119 paragraph 57(c) and (d). The approach taken must be applied consistently from year to year and should be explained in a footnote to the remuneration tables.

Negative compensation amounts

24. Where the expense in relation to an employee benefit is negative, this should be reflected in the compensation disclosure. E.g. where a share-based payment expense is reversed due to a performance condition not being met, each key management person to whom the expense relates would have a negative amount included in their compensation in that period. In this case, it would be helpful to include an explanatory note.

Key management persons appointed and/or resigned during the period

25. Where a key management person was appointed and/or resigned during the period, only the compensation related to the services rendered while he/she was a key management person should be disclosed. Where a person was appointed as director during the period, but was another type of key management person for some other part of the period, we believe that all remuneration received by such a director during the period, whether as a director or as another key management person, should be disclosed as that director's remuneration.

Maximum value of the deferred shares yet to vest

CRf2M.3.03(1) Item 12

26. The *Corporations Regulation* 2M.3.03(1) in item 12(h) requires disclosure of "estimates of the maximum and minimum possible total value of bonuses and grants (other than option grants) for financial years after the financial year to which the report relates". We have referred to this as "value for future years" in our remuneration report, and are disclosing the amount of the deferred share-based payment grant that is yet to be recognised as expense in future periods. However, there are different interpretations of how the maximum value should be determined. Another acceptable approach could be to disclose the total value of the shares that is yet to vest, measured using the share price at the reporting date, or the total cash bonus payable on vesting (ie including amounts already recognised as expense). The approach taken should be applied consistently from year to year and should be explained in a footnote to the remuneration tables, as illustrated in figure 11.

Directors' report: Remuneration report

Claw-back of remuneration

CGC(8.2)

27. The ASX Corporate Governance Council best practice principles and recommendations suggest that the entity's remuneration disclosures should include a summary of the entity's policies and practices regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of performance-based remuneration in the event of serious misconduct or a material misstatement in the entity's financial statements. This information could be provided either in the remuneration report or the corporate governance statement.

Options granted as remuneration: Directors' report vs remuneration report disclosures

CA300(1)(d)
CR2M.3.03(1)Item15

28. CR2M.3.03 and section 300(1)(d) of the *Corporations Act 2001* both require disclosure of details of options and rights granted as remuneration. However, there are some differences in the disclosure requirements

	Corporations Act	CR 2M.3.03
Types of grants covered	• Only covers options	• Covers options and rights
Period covered	• Options granted during or since the end of the year	• Options and rights granted during the year only
Persons covered	• Directors and five most highly remunerated officers (other than the directors)	• Key management personnel (as defined in AASB 124)
Parent vs consolidated entity	• The company *	• Consolidated entity only

* The wording of CA 300(1)(d) suggests that information on options granted to the directors and the 5 most highly remunerated officers is only required in relation to directors and officers of the company. However, where the report relates to a consolidated entity, entities should consider whether to provide the information also on a consolidated basis (i.e. including the 5 most highly remunerated officers of the consolidated entity who are not directors of the parent entity), to be consistent with the disclosures in the remuneration report.

CA9

29. Officers are persons who make, or participate in making, decisions that affect the whole, or a substantial part of the business of the corporation, or who have the capacity to affect significantly the corporation's financial standing or in accordance with whose instructions or wishes the directors of the corporation are accustomed to act. They specifically include directors and secretaries. Where an officer is not also a key management person at the same time (as could be the case for a company secretary), any options granted to him/her will need to be disclosed under section 300(1)(d) if he/she is among the top five remunerated officers of the company/group.

Reconciliation of equity instruments held

Ceasing to be a KMP during the period

30. In our view, disclosure of a key management person's equity holding is not required subsequent to them terminating their employment or directorship with the group. Therefore, in the year in which a key management person leaves the group, we recommend disclosing a nil balance at the end of the year, with the person's holding at the date of termination disclosed as a reduction in their holding. This reduction to nil would be classified as an 'other change'.

Transactions involving equity instruments, other than compensation

CR2M.3.03(1)Item18(d)

31. The details of equity instrument transactions between key management personnel and entities other than the disclosing entity (or any of its subsidiaries), whether on-market or otherwise, are not required to be disclosed. The net effect of any such transactions is included in the column headed 'Other changes during the year', as required by CR2M.3.03(1)Item18(d).

Directors' report: Remuneration report

Other transactions

Trivial or domestic transactions on arm's-length basis

CR2M.3.03(3B)

32. Transactions with and amounts receivable from or payable to key management personnel are excluded from the requirements of CR2M.3.03(1) Items 22 to 24 where:
    (a) they occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing at arm's length with an unrelated individual
    (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 statements, or the discharge of accountability by the director or executive, and
    (c) they are trivial or domestic in nature.

AASB1046(10.5.1)

33. While there is no definition of 'trivial and domestic' in the *Corporations Regulations* or any of the current accounting standards, the superseded accounting standard AASB 1046 *Director and Executive Disclosures by Disclosing Entities* provided the following explanation:

    > Transactions or balances are trivial in nature where they are of little or no interest to users of the financial statements in making and evaluating decisions about the allocation of scarce resources. Transactions or balances are domestic in nature where they relate to the personal household activities of individuals.

    In the absence of other guidance, this may provide a helpful interpretation.

Related parties of key management personnel

CR2M.3.03(1)
Items17-24

34. Under the *Corporations Regulations*, transactions must be disclosed if they are between the reporting entity and:
    (a) the KMP him/herself
    (b) a close member of the family (see paragraph 36 below), or
    (c) an entity over which any of these persons have
        (i) direct or indirect control,
        (ii) joint control, or
        (iii) significant influence.
35. This is different to the definition of a related party in paragraph 9 of AASB 124 which is taken from IAS 24 *Related Party Disclosures*. In particular, the *Corporations Regulations* are broader and include entities that are no longer considered to be related parties under the definition in AASB 124. E.g. transactions between the reporting entity (A) and an entity (B), over which a director of A has significant influence, still need to be disclosed in the remuneration report of A even though A and B do not qualify as related parties under the definition in paragraph 9 of AASB 124, and hence do not need to be disclosed in the notes.

CR2M.3.03(5)
AASB124(9)

36. Close family members are defined in AASB 124 as those family members who may be expected to influence, or be influenced by, the key management person. They include a person's children and spouse or domestic partner, children of that person's spouse or domestic partner and dependants of that person or that person's spouse or domestic partner.

Voting on the remuneration report at the company's last AGM

37. While it would not be necessary to make any disclosures if no comments or less than 25% of 'no' votes were received, we recommend including a statement to this effect, as illustrated in the sample disclosures provided above.

Disclosure of remuneration calculated on an 'alternative' basis

ASIC-RG230

38. Remuneration disclosures that were not determined in accordance with the accounting standards (e.g. because the aggregate remuneration includes the value of options vested and exercised rather than the expense determined under AASB 2 *Share-based Payment)* are 'non-IFRS financial information' as defined in ASIC's Regulatory Guide 230 *Disclosing non-IFRS financial information.* Entities should carefully consider the guidance provided in RG 230 in relation to the disclosure of such information in remuneration reports (being documents other than financial reports) and ensure the alternative disclosures are not misleading to users. See Appendix D for a summary of the guidance and page 31 for example disclosures.

Directors' report: Remuneration report

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

39. The following requirements are not illustrated in this publication as they are not applicable to VALUE ACCOUNTS Holdings Limited:

Directors' report – general disclosures

	Item	Nature of disclosure
CA298(1A)	The financial report includes additional information to give a true and fair view of the financial position and performance	Disclose the reasons for forming the view that the additional information is necessary for a true and fair view and specify where the information can be found.
CA300(2),(2A)	Amounts paid to the auditor for non-audit services are disclosed in the notes to the financial report	Specify under a heading of "Non-audit services' where the relevant details can be found in the financial report.
CA300(11AA)	Modification of auditor rotation requirements	The directors report must include details of any declaration made by ASIC under CA342A, or approval granted by the directors under CA324DAA, for an individual or a registered company auditor to play a significant role in the audit of the entity for more than the five successive financial years mentioned in CA324DA(1).
CA300(11A)	Modification of auditor rotation requirements	Include details of the declaration made by ASIC under CA342A.
CA300(1)(ca)	Officers who are former auditors	Disclose the name of each officer who was a partner in an audit firm that is the auditor of the entity for the current year and who was a partner or director in the firm at the time the firm undertook an audit of the entity.
CA300(14)	Applications for leave under CA237 to bring in, or intervene in, proceedings on behalf of the company	Disclose the applicant's name and whether leave was granted.
CA300(15)	Proceedings brought, or intervened in, on behalf of the company with leave under CA 237	Disclose the name of the person and of the parties to the proceedings, and sufficient information to enable members to understand the nature and status of the proceedings.

Directors' report: Remuneration report

Remuneration report

Reference	Item	Nature of disclosure
CR2M.3.03(1) Item12(d),Item14	Alterations of the terms of conditions of cash bonuses, performance-related bonuses or share-based payments	Explain details and effects of each alteration. Specified details are required for share-based payments – see item 14.
CA300A(1)(d)	Share-based remuneration not subject to performance conditions	Explain why the remuneration is not depending on performance conditions.
CR2M.3.03(1)Item16(b)	Number of options exercised ≠ number of equity instruments issued	Disclose number of options exercised.
CR2M.3.03(1)Item17(h)	Vested options held that are not exercisable	Disclose number of these options at the end of the reporting period.
CR2M.3.03(1)Item18(f)	Equity instruments other than options held nominally	Disclose number as at the end of the reporting period.
CR2M.3.03(1)Item19	Transactions involving equity instruments that are not share-based payments and which were made other than on arms-length basis	Disclose the nature of the transactions and terms and conditions.
CR2M.3.03(1)Item20(d), Items21(d),23(b)(ii)	Loans and other transactions with KMPs – write-downs and allowance for doubtful debts	Disclose amounts recognised (also applies to balances with close family members and entities related to KMPs).
	The company has received 25% or more 'no' votes at the most recent AGM	Explain the board's proposed actions or reason for inaction in response to the 'no' votes received.

No-votes received at the last AGM

CGC(8.2)

40. Listed disclosing entities that are companies must disclose an explanation of the board's proposed actions, or if the board does not propose any action, the board's reason for inaction if a resolution about the adoption of the remuneration report for the last financial year received 25% or more of 'no' votes at the company's most recent AGM. A same disclosure could be along the following lines:

    At the last AGM, some shareholders expressed the view that the company's long-term incentive scheme did not appear to be effective in improving long-term shareholder returns. As a consequence, 37% of the votes cast at that meeting rejected the adoption of the remuneration report. Following the AGM, the company has employed the services of a remuneration consultant (see page [x] above) and has significantly revised its incentive scheme. The terms and conditions of the new scheme are described on page [y].

Summary of content of directors' report by classes of entities [6]

Reference	Description [1]	Proprietary companies [3]	Non-listed public companies [5]	Listed companies	Other disclosing entities	Non-listed registered schemes and retail CCIVs [6]	Listed registered schemes and retail CCIVs [7]	Companies limited by guarantee	Registrable superannuation entities
CA298(1AA)(c) CA298(1AB)(b)	Copy of the auditor's independence declaration	√	√	√	√	√	√	√	√
CA298(1A)	Disclosures regarding additional information to give a true and fair view	√	√	√	√	√	√	√	√
CA299(1)(a)	Review of operations and results	√	√	√	√	√	√		√
CA299(1)(b)	Any significant change in the state of affairs	√	√	√	√	√	√		√
CA299(1)(c)	Principal activities and any significant change in their nature	√	√	√	√	√	√		√
CA299(1)(d)	Events after end of financial year	√	√	√	√	√	√		√
CA299(1)(e)	Future developments and results	√	√	√	√	√	√		√
CA299(1)(f)	Performance regarding environmental regulation	√	√	√	√	√	√		√
CA299(3)	Exclusion of prejudicial information on future developments and results	√	√	√	√	√	√		√
CA299A(1)	Information on the operations, financial position and business strategies and prospects			√			√		
CA299A(3)	Exclusion of prejudicial information on business strategies and prospects			√			√		
CA300(1)(a)	Dividends paid	√	√	√	√	√	√		
CA300(1)(b)	Dividends recommended but not paid	√	√	√	√	√	√		
CA300(1)(c) CA300B(3)(a)	Directors' names and periods for which they were directors	√	√	√	√	√	√	√	
CA300(1)(ca)	Officers who are former auditors	√	√	√	√	√	√		
CA300(1)(d),(3),(5)	Options granted over unissued shares or interests to directors and the 5 most highly remunerated officers	√	√	√	√	√	√		
CA300(1)(e),(3),(6)	Details of unissued shares or interests under option at the date of the report	√	√	√	√	√	√		

Summary of content of directors' report by classes of entities [6]

	Description [1]	Proprietary companies[3]	Non-listed public companies[5]	Listed companies	Other disclosing entities	Non-listed registered schemes and retail CCIVs [6]	Listed registered schemes and retail CCIVs [7]	Companies limited by guarantee	Registrable superannuation entities
CA300(1)(f),(3),(7)	Details of shares or interests issued as a result of the exercise of an option	√	√	√	√	√	√		
CA300(1)(g),(8),(9)	Indemnification/ insurance of officers or auditors	√	√	√	√ [4]	√ [4]	√ [4]		
CA300(10)(a), CA300B(3)(b)	Directors' qualifications, experience and responsibilities [2,8]		√	√				√	
CA300(10)(b),(c) CA300B(3)(c)	Directors' meeting attendance [2,8]		√	√				√	
CA300(10)(d)	Qualifications and experience of each company secretary [2,8]		√	√					
CA300(11)(a)-(d) CA300(12)	Directors' interests in securities/in the scheme, including options			√			√		
CA300(11)(e)	Directorships of other listed companies held by directors in the last 3 years			√			Retail CCIVs only [7]		
CA300(11AA) CA300C(9)	Details of approval granted under CA 324DAA (extension of auditor term by directors)			√			√		√
CA300(11A) CA300C(10)	Details of any ASIC declaration under CA 342A (modification of auditor rotation requirements)			√			Retail CCIVs only [7]		√
CA300(2A),(11B), (11C),(11D) CA300C(4)-(8)	Details of non-audit services provided by the auditor, and related statements by the directors			√			Retail CCIVs only [7]		√
CA300A CR2M.3.03 CR1232E(3) CA300C(1)-(3) CR2M.3.04	Remuneration report (for details see paragraphs 21-42 of commentary)			√	√ (only if they are companies)				√
CA300(13)(a)	Fees paid to the responsible entity and associates					√	√		
CA300(13)(b)	Number of interests in scheme held by the responsible entity and associates					√	√		
CA300(13)(c)	Interests in the scheme issued during the financial year					√	√		
CA300(13)(d)	Withdrawals from the scheme during the financial year					√	√		
CA300(13)(e)	Value of scheme assets and basis of valuation					√	√		

Summary of content of directors' report by classes of entities [6]

	Description [1]	Proprietary companies [3]	Non-listed public companies [5]	Listed companies	Other disclosing entities	Non-listed registered schemes and retail CCIVs [6]	Listed registered schemes and retail CCIVs [7]	Companies limited by guarantee	Registrable superannuation entities
CA300(13)(f)	Number of interests in scheme at the end of the financial year					√	√		
CA300(14),(15)	Proceedings on behalf of company	√	√	√					
CA300B(1)(a)	Description of short- and long-term objectives							√	
CA300B(1)(b)	Strategy for achieving those objectives							√	
CA300B(1)(c),(d)	Principal activities during the year and how they assisted in achieving the entity's objectives							√	
CA300B(1)(e)	Explanation of how the entity measures its performance							√	
CA300B(3)(d)	For each class of membership the amount which a member of that class has to contribute on winding up							√	
CA300B(3)(e)	Total amount that members have to contribute on winding up							√	
ASIC2016/191	Rounding of amounts in the directors' and financial reports	√	√	√	√	√	√	√	√

1. Some of the information in the table may be provided in the financial report or a document included with the directors' report and financial report. For a summary of the options see page 46.

CA300(10)
2. Wholly-owned subsidiaries of Australian companies are exempted from the requirements of CA 300(10).

CA298(3)
3. A small proprietary company does not have to prepare a directors' report if:
   (a) it is preparing financial statements in response to a shareholder direction under CA 293, and
   (b) the direction specifies that a directors' report need not be prepared.

CA300(1)(g)
4. CA300(1)(g) requires disclosure of indemnities given and insurance premiums paid for an officer or auditor and includes references to CA 300(8) and (9) which prescribe specific details to be provided in directors' reports for companies. These specific details do not appear to apply to registered schemes or other disclosing entities, although CA 300(1)(g) does apply to these entities. Disclosure of similar details is recommended where these entities provide indemnities or pay insurance premiums for an officer or auditor, to comply with CA 300(1)(g).
5. Other than companies limited by guarantee.
6. For an explanation of the different types of entities see Appendix B.

CA1232C
7. Retail Corporate Collective Investment Vehicles (CCIVs) must prepare a separate financial report and directors' report for each of their sub-funds.

CA1222N
CA1232E(2),(3)
CA9
8. Retail CCIVs may be listed on a prescribed financial market such as the ASX, provided they have only one single sub-fund. In this case, either the CCIV itself or its sub-fund can be listed. A CCIV with a listed sub-fund will be a listed company for the purpose of the *Corporations Act 2001.* However, it will not be required to prepare a remuneration report and it must disclose the information required by CA300(13) for registered schemes. CCIVs are not public companies.

Transfer of information from the directors' report

Entities may transfer certain information otherwise required to be included in the directors' report to other parts of the annual report. The following table sets out which type of information can be provided where.

Section of CA	Nature of disclosure	Type of entity affected	Can be transferred to: Other document	Financial Report	Reference allowing transfer
298(1AA)(c), (1AB)(b)	Auditor's independence declaration	Company, registered scheme or disclosing entity	Yes	Yes	ASIC 2016/188
298(1A)	Information included to give a true and view	All	Yes	No	ASIC 2016/188
299	General information about operations and activities	All	Yes	No	ASIC 2016/188
299A	Additional information on the operations, financial position and prospects	Listed * companies * registered schemes * disclosing entities	Yes	No	ASIC 2016/188
300(other than 300(11B) and (11C))	Various specific information	All, except CA 300(10) – (15) apply to specific classes of entities	Yes	Yes	ASIC 2016/188 CA300(2)
300(11B) and (11C)	Non-audit services and auditor independence	Listed companies	No	Yes	CA 300(2), (2A)
300B	Various information	Companies limited by guarantee	Yes	Yes	ASIC 2016/188

* The 'other document' must be included with the directors' report and financial report.

ASIC2016/188

1. Entities taking advantage of the relief provided by *ASIC Corporations (Directors' Report Relief) Instrument 2016/188* must comply with the following conditions:
   (a) the directors' report must contain a clear cross reference to the page or pages of the financial report or to the other document containing the transferred information
   (b) the entity must never distribute or make available the directors' report and financial report without the other document, and must take reasonable steps to ensure that no one else distributes or makes those reports available without the other document
   (c) the other document containing the transferred information must be lodged with ASIC as if it were a part of the report required to be lodged under CA 319, and
   (d) any of the transferred information must be included in, or accompany any concise report for the purposes of CA 314 and lodged with ASIC pursuant to CA 319.
2. Any information transferred from the directors' report to the financial report becomes part of the financial report and is covered by the auditor's report.
3. Comparative information is not required for information transferred from the directors' report to the financial report unless that information is also required by an accounting standard.
4. Information that must be included in the remuneration report cannot be transferred out of the report and disclosed elsewhere (e.g. the notes to the financial statements).

ASIC-RG247.15

5. Where an entity has transferred information required under CA 299A from the directors' report to a separate document such as the OFR, all information that is required under CA 299A must be included in the body of the OFR itself. The OFR cannot incorporate by reference other documents that are outside of the financial report, or rely on the fact that relevant information may have previously been disclosed to the market to satisfy the requirements of CA 299A. Depending on the circumstances, the OFR may need to include more or less detail about an event that was previously disclosed in a continuous disclosure notice. However, it may be appropriate to cross-refer to more detail in the financial report to which the OFR is attached.

Corporate governance statement [1-7]

Mandatory for listed entities only
ASX(4.10.3)

VALUE ACCOUNTS Holdings Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. VALUE ACCOUNTS Holdings Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2024 corporate governance statement is dated as at 31 December 2024 and reflects the corporate governance practices in place throughout the 2024 financial year. The 2024 corporate governance statement was approved by the board on [insert date]. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at www.valueaccounts.com.au/aboutus/corporategovernance.

Corporate governance statement

ASX Corporate Governance Listing Rule

ASX(4.10.3)

1. Listed entities must include one the following in their annual report:
   (a) a corporate governance statement (CGS); or
   (b) the URL of the page on their website where the CGS is located.
2. The CGS must:
   (a) disclose the extent to which the listed entity has followed the recommendations set by the ASX Corporate Governance Council (CGC) during the reporting period. If the listed entity has not followed all of the recommendations it must identify those recommendations that have not been followed and give reasons for not following them, together with a description of the alternative governance practices that have been adopted (if any) thereby following an “if not, why not approach”. If a recommendation has been followed for only part of the period, the entity must state the period during which it was not followed.
   (b) specify the date at which it is current, which must be the entity’s balance date or another later date specified by the entity; and
   (c) state that it has been approved by the board of the entity.

CGC best practice recommendations

ASC GN9

3. The 4th edition of the *Corporate Governance Principles and Recommendations* (CGPR) was released by the CGC in 2019. ASX Guidance Note 9 contains a condensed version of the CGPR.
4. The illustrative disclosure on this page assumes that the VALUE ACCOUNTS Holdings Limited has taken advantage of the opportunity to streamline the annual report and has transferred the CGS to its web site. It therefore complies with Listing Rule 4.10.3 by referring to the URL where the CGS can be found, rather than including the CGS in the annual report.

ASX(4.7.3)

5. Under ASX Listing Rule 4.7, listed entities must provide the ASX with a copy of their annual report together with a completed Appendix 4G (*Key to Disclosures – Corporate Governance Council Principles and Recommendations*). If an entity’s CGS is not included in its annual report, the entity must also lodge a copy of its CGS with the ASX at the same time as it lodges its annual report and the Appendix 4G.

Unlisted entities

6. The CGPR are specifically directed at, and only intended to apply to ASX listed entities and unlisted entities are not required to disclose their corporate governance practices. However, unlisted entities may wish to use the CGPR to formulate their governance practices and may also elect to make relevant disclosures on their websites or in their annual reports to demonstrate their commitment to a high level of corporate governance.

Position in the annual report and website

7. Where a listed entity elects to include its CGS:
   (a) in its annual report: the CGS and any related disclosures must be made in a separate corporate governance section of the annual report. This section should not be included in the financial report section upon which the auditor expresses an opinion, or
   (b) on its website: the CGS and any related disclosures must be clearly presented on (or be accessible from) the corporate governance landing page of the entity’s website.

AASB101(49),(51)(a)
CA153(1)

VALUE ACCOUNTS Holdings Limited

ABN XY XYZ XYZ XYZ

Annual financial report – 31 December 2024 [1-13]

AASB101(49)

AASB101(51)(b),(d)

These financial statements are consolidated financial statements for the group consisting of VALUE ACCOUNTS Holdings Limited and its subsidiaries. A list of major subsidiaries is included in note 16.

The financial statements are presented in the Australian currency which is VALUE ACCOUNTS Holdings Limited's functional and presentation currency.

AASB101(51)(e)
ASIC2016/191

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar. [13]

AASB101(138)(a)

VALUE ACCOUNTS Holdings Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

VALUE ACCOUNTS Holdings Limited
350 Harbour Street
Sydney NSW 2000.

Its shares are listed on the Australian Securities Exchange.

AASB110(17)

The financial statements were authorised for issue by the directors on 23 February 2025. The directors have the power to amend and reissue the financial statements.

All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.valueaccounts.com.au.

Financial statements

Accounting standard for financial statements presentation and disclosures

AASB101(10)

1. According to AASB 101 *Presentation of Financial Statements*, a 'complete set of financial statements' comprises:
   (a) a statement of financial position as at the end of the period
   (b) a statement of profit or loss and other comprehensive income for the period
   (c) a statement of changes in equity for the period
   (d) a statement of cash flows for the period
   (e) notes, comprising a summary of material accounting policy information and other explanatory notes, and
   (f) if the entity has applied an accounting policy retrospectively, made a retrospective restatement of items or has reclassified items in its financial statements: a statement of financial position as at the beginning of the preceding period.

Comparative information

AASB101(38)

2. Except where an Australian Accounting Standard permits or requires otherwise, comparative information shall be disclosed in respect of the preceding period for all amounts reported in the financial statements. Comparative information shall be included for narrative and descriptive information where it is relevant to an understanding of the current period's financial statements.

   No financial statements prepared in the previous year

AASB101(38)

   Comparative information must be provided even if the entity did not prepare financial statements under the *Corporations Act 2001* in the previous financial year, e.g.where a small proprietary company became large or foreign controlled during the reporting period. Specific relief from providing comparative information in such cases, which used to be provided by ASIC before Australia's transition to IFRS, is no longer available under Australian Accounting Standards.

AASB101(38B)

3. In some cases, narrative information provided in the financial statements for the previous period(s) continues to be relevant in the current period. For example, details of a legal dispute, the outcome of which was uncertain at the end of the immediately preceding reporting period and that is yet to be resolved, are disclosed in the current period. Users benefit from information that the uncertainty existed at the end of the immediately preceding reporting period, and from information about the steps that have been taken during the period to resolve the uncertainty.

Three statements of financial position required in certain circumstances

AASB101(40A),(40B)

4. If an entity has:
   (a) applied an accounting policy retrospectively, restated items retrospectively, or reclassified items in its financial statements, and
   (b) the retrospective application, restatement or reclassification has a material effect on the information presented in the statement of financial position at the beginning of the preceding period,

   it must present a third statement of financial position as at the beginning of the preceding period (for example, 1 January 2023 for 31 December 2024 reporters).

AASB101(40D)

5. The date of the third statement of financial position must be the beginning of the preceding period, regardless of whether the entity presents additional comparative information for earlier periods.

AASB101(40C),(41)
AASB108

6. Where the entity is required to include a third statement of financial position, it must provide appropriate explanations about the changes in accounting policies, other restatements or reclassifications, as required under paragraph 41 of AASB 101 and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. However, the entity does not need to include the additional comparatives in the related notes. This contrasts with the position where an entity chooses to present additional comparative information as permitted by paragraphs 38C and 38D of AASB 101.

Financial statements

Consistency

AASB101(45)

7. The presentation and classification of items in the financial statements must be retained from one period to the next unless:
   (a) it is apparent that another presentation or classification would be more appropriate based on the criteria for the selection and application of accounting policies in AASB 108 (for example, following a significant change in the nature of the entity's operations or a review of its financial statements), or
   (b) an Australian Accounting Standard requires a change in presentation.

Materiality

AASB101(7),(29)-(31), AASB PS2

IAS1(BC30F)

8. Whether individual items or groups of items need to be disclosed separately in the primary financial statements or in the notes depends on their materiality. Materiality is judged by reference to the size and nature of the item. The deciding factor is whether the omission or misstatement could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. In particular circumstances either the nature or the amount of an item or an aggregate of items could be the determining factor. Preparers generally tend to err on the side of caution and disclose rather too much than too little. However, the IASB has emphasised that too much immaterial information could obscure useful information and hence should be avoided. Further guidance on assessing materiality is provided in the non-mandatory Practice Statement 2 *Making Materiality Judgements.*

Primary financial statements should be read in conjunction with accompanying notes

9. VALUE ACCOUNTS Holdings Limited reminds readers, by way of a footnote, that the primary financial statements should be read in conjunction with the accompanying notes. However, this is not mandatory and we note that there is mixed practice in this regard.

Australian differential reporting regime

10. Australian entities that are required to prepare financial reports in accordance with Part 2M.3 of the *Corporations Act 2001* may have up to three options:
    (a) Prepare general purpose financial statements (GPFS) with full disclosures.
    (b) If the entity does not have public accountability: prepare GPFS with simplified disclosures.
    (c) If the entity is not a reporting entity: prepare special purpose financial statements.

    For further information about each of these options, please see Appendix A.

Financial statements vs financial report

CA295(1)

11. While the term 'financial report' is no longer used in the accounting standards, it is still a defined term in the *Corporations Act 2001* and covers:
    (a) the complete set of financial statements (as per above),
    (b) for a public company - the consolidated entity disclosure statement, and
    (c) the directors' declaration.

Rounding of amounts

ASIC2016/191

12. See Appendix A(j) for information about the conditions under which rounding is permitted for Australian companies.

Financial statements

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

13. The following requirements are not illustrated in this publication, because they are not applicable to VALUE ACCOUNTS Holdings Limited:

	Item	Nature of disclosure
AASB101(38C),(38D)	Additional comparative information (for example, third statement of profit or loss and other comprehensive income)	Include the additional comparative information also in the relevant notes.
AASB127(17)	Separate financial statements	Disclose why they are prepared, a list of significant investments and the policies applied in accounting for these investments.
AASB127(16)(a)	Exemption from preparing consolidated financial statements	Disclose the fact that the exemption has been used and details about the entity that produces consolidated financial statements which include the reporting entity in question.
AASB121(51),(53)-(57)	Foreign currency translation	Disclose if the presentation currency is different from the functional currency, and if there have been changes in the functional currency and clearly identify supplementary information that is presented in a currency other than the parent entity's functional or presentation currency.
AASB101(36)	Reporting period is shorter or longer than one year	Disclose the period covered, the reason for different periods and the fact that the amounts are not entirely comparable.

CA295(1)(a),(2)(b)
AASB101(10)(b),(10A)

Consolidated statement of profit or loss [1-10,12,14,23-26,29-38]

AASB101(51)(c),(e),(113)

Reference		Notes	2024 $'000	2023 Restated * $'000
	Continuing operations			
AASB101(82)(a)	Revenue from contracts with customers	3	**197,659**	161,604
AASB101(99), AASB102(36)(d)	Cost of goods sold		**(76,992)**	(65,159)
	Cost of providing services		**(25,447)**	(18,288)
	Gross profit		**95,220**	78,157
AASB101(99)	Distribution costs		**(35,794)**	(29,221)
AASB101(99)	Administrative expenses		**(17,897)**	(14,611)
AASB101(82)(ba)	Net impairment losses on financial and contract assets [1-2]	12(c)	**(849)**	(595)
	Other income	5(a)	**11,348**	12,033
	Other gains/(losses) – net	5(b)	**4,593**	(671)
	Operating profit [11]		**56,621**	45,092
	Finance income [3]	5(d)	**1,616**	905
AASB101(82)(b)	Finance costs	5(d)	**(7,491)**	(6,735)
	Finance costs – net		**(5,875)**	(5,830)
AASB101(82)(c)	Share of net profit of investments accounted for using the equity method [13,14]	16(e)	**340**	355
	Profit before income tax		**51,086**	39,617
AASB101(82)(d) AASB112(77)	Income tax	6	**(16,182)**	(11,575)
	Profit from continuing operations		**34,904**	28,042
AASB5(33)(a) AASB101(82)(ea)	Profit from discontinued operations (attributable to equity holders of the company) [15]	15	**727**	399
AASB101(81A)(a)	**Profit for the period**		**35,631**	28,441
AASB101(81B)(a)	Profit is attributable to:			
	Owners of VALUE ACCOUNTS Holdings Limited		**32,626**	26,123
	Non-controlling interests		**3,005**	2,318
			35,631	28,441
Revised illustration	**Profit attributable to owners of VALUE ACCOUNTS Holdings Limited arises from:**			
	Continuing operations		**31,899**	25,724
AASB5(33)(d)	Discontinued operations		**727**	399
			32,626	26,123
			Cents	Cents
AASB133(66)	**Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company: [16,17]**			
	Basic earnings per share	22	**56.9**	47.3
	Diluted earnings per share	22	**55.8**	47.1
AASB133(66)	**Earnings per share for profit attributable to the ordinary equity holders of the company:**			
	Basic earnings per share	22	**58.2**	48.0
	Diluted earnings per share	22	**57.1**	47.8

* See note 11(b) for details regarding the restatement as a result of an error.

Not mandatory

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

CA295(1)(a),(2)(b)
AASB101(10)(b),(10A)

Consolidated statement of comprehensive income

AASB101(113)

Reference		Notes	2024 $'000	2023 Restated * $'000
AASB101(81A)(a)	**Profit for the period**		**35,631**	28,441
	Other comprehensive income [18-21,27-28]			
AASB101(82A)(a)(ii)	*Items that may be reclassified to profit or loss*			
AASB101(82A),(7)(da)	Changes in the fair value of debt instruments at FVOCI	9(c)	**126**	(228)
AASB101(82A)	Share of other comprehensive income of investments accounted for using the equity method [19]	9(c)	**20**	15
AASB101(82A),(7)(c) AASB121(32)	Exchange differences on translation of foreign operations	9(c)	**(617)**	185
AASB5(38)	Exchange differences on translation of discontinued operations [22]	15	**170**	58
AASB101(82A),(7)(e)	Gains on cash flow hedges [20]	12(a)	**326**	1,423
AASB101(82A),(7)(g),(h)	Costs of hedging	12(a)	**(88)**	73
AASB101(82A),(7)(e)	Hedging gains reclassified to profit or loss	12(a)	**(155)**	(195)
AASB101(82A),(7)(c) AASB9(6.5.13)	Gains on net investment hedge	9(c)	**190**	-
AASB101(91)	Income tax impact	9(c)	**(68)**	(326)
AASB101(82A)(a)(i)	*Items that will not be reclassified to profit or loss*			
AASB101(82A),(7)(a)	Revaluation of land and buildings	9(c)	**7,243**	5,840
AASB101(82A),(7)(d)	Changes in the fair value of equity investments at FVOCI	9(c)	**632**	(1,230)
AASB101(82A)	Share of other comprehensive income of investments accounted for using the equity method [19]	9(c)	**300**	100
AASB101(82A),(7)(b) AASB119(120)(c)	Remeasurements of post-employment benefit obligations	9(c)	**119**	(910)
AASB101(91)	Income tax impact	9(c)	**(2,489)**	(1,140)
AASB101(81A)(b)	**Other comprehensive income for the period, net of tax**		**5,709**	3,665
AASB101(81A)(c)	**Total comprehensive income for the period**		**41,340**	32,106
AASB101(81B)(b)	Total comprehensive income for the period is attributable to:			
	Owners of VALUE ACCOUNTS Holdings Limited		**38,434**	29,530
	Non-controlling interests		**2,906**	2,576
			41,340	32,106
	Total comprehensive income for the period attributable to owners of VALUE ACCOUNTS Holdings Limited arises from:			
	Continuing operations		**37,537**	29,073
AASB5(33)(d)	Discontinued operations		**897**	457
			38,434	29,530

* See note 11(b) for details regarding the restatement as a result of an error.

Not mandatory

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of profit or loss and statement of comprehensive income

Disclosure of specified separate line items in the financial statements

1. AASB 101 *Presentation of Financial Statements* requires the separate presentation of the following line items in the statement of profit or loss relating to financial instruments:

AASB101(82)(a)
   (a) interest revenue calculated using the effective interest rate method, separately from other revenue *

AASB101(82)(aa)
   (b) gains and losses from the derecognition of financial assets measured at amortised cost *,

AASB101(82)(b)
   (c) finance costs,

AASB101(82)(ba)
   (d) impairment losses determined in accordance with section 5.5 of AASB 9, including reversals of impairment losses or impairment gains

AASB101(82)(ca)
   (e) gains and losses recognised as a result of a reclassification of financial assets from measurement at amortised cost to fair value through profit or loss *, and

AASB101(82)(cb)
   (f) gains and losses reclassified from other comprehensive income (OCI) as a result of a reclassification of financial assets from the fair value through OCI measurement category to fair value through profit or loss *.

AASB15(Appendix A)

   * not illustrated, because not material or not applicable to VALUE ACCOUNTS Holdings Limited. While VALUE ACCOUNTS Holdings Limited recognises interest under the effective interest rate method, it does not consider this to be 'revenue' since the earning of interest is not part of the entity's ordinary activities but rather an incidental benefit.

AASB101(29),(30),(30A)
AASB PS2(40)-(55)

2. Depending on materiality, it might not always be necessary to present these items separately in the primary financial statements. However, items that are of a dissimilar nature or function can only be aggregated if they are immaterial. Further guidance on assessing materiality is provided in the non-mandatory Practice Statement 2 *Making Materiality Judgements.*

Finance income and finance costs

AASB101(82)(b)

3. AASB 101 requires an entity to present finance costs on the face of the statement of profit or loss, but it does not require the separate presentation of finance income. The classification of finance income will depend on an entity's accounting policy for such items. See the commentary to note 5 for details.

Additional line items

AASB101(85)

4. Additional line items, headings and subtotals shall be presented in the statement of comprehensive income and the statement of profit or loss (where applicable) where such presentation is relevant to an understanding of the entity's financial performance. For example, a subtotal of gross profit (that is, revenue less cost of goods sold) should be included where expenses have been classified by function.

Framework(2.4),(2.12),(2.13)

5. Having said that, additional sub-headings should be used with care. The *Conceptual Framework for Financial Reporting* states that to be useful, information must be relevant and faithfully represent what it purports to represent; that is, it must be complete, neutral and free from error. The apparent flexibility in AASB 101 can, therefore, only be used to enhance users' understanding of the company's financial performance. It cannot be used to detract from the amounts that must be disclosed under Australian Accounting Standards (statutory measures).

AASB101(85A)

6. AASB 101 specifically provides that additional subtotals must:
   (a) be comprised of items that are recognised and measured in accordance with Australian Accounting Standards
   (b) be presented and labelled such that they are clear and understandable
   (c) be consistent from period to period, and
   (d) not be displayed with more prominence than the mandatory subtotals and totals.

Statement of profit or loss and statement of comprehensive income

ASIC-RG230(Section C)

7. Australian entities must also consider the guidance in ASIC Regulatory Guide 230 *Disclosing non-IFRS financial information* which explains when and how entities may use non-IFRS financial information in financial reports. Non-IFRS financial information is financial information that is presented other than in accordance with all relevant accounting standards. It may exclude certain transactions or may have been determined by applying different recognition and measurement rules. Since the *Corporations Act 2001* sets out an exhaustive list of what can be included in the primary financial statements, entities cannot include non-IFRS financial information in their financial statements and can only provide such information in the notes in the rare circumstances where it is necessary for the financial report to give a true and fair view. In these cases, the directors must explain in the directors' report why they believe the additional information was necessary to give a true and fair view and specify where that additional information can be found.

ASIC-RG230(29)

8. In relation to the inclusion of sub-totals and additional line items in the statement of comprehensive income, the guide reminds entities of the following principles in AASB 101:
   (a) A breakdown of individual items within their relevant category is permitted and even required in certain circumstances, but this doesn't cover the inclusion of sub-totals that are non-IFRS measures (e.g. alternative profit figures).
   (b) The statement of comprehensive income must show total revenue and total income tax expense/benefit.
   (c) No items of income or expenditure can be presented as 'extraordinary', even if they are given a different name.
   (d) The statement of comprehensive income can only include revenue or expense items and items of other comprehensive income and the items must be measured in accordance with the accounting standards. It is therefore not appropriate, for example, to present an amount of revenue that is based on cash collections.

ASIC-RG230(30)(b)

9. ASIC does acknowledge that EBIT (earnings before interest and tax) may be an appropriate sub-heading to show on the face of the statement of comprehensive income, as it can be used to assess interest cover. This line item usually distinguishes between the pre-tax profits arising from operating items and those arising from financing activities.

10. In contrast, a subtotal for earnings before interest, tax, depreciation and amortisation (EBITDA) can only be included where the entity presents its expenses by nature and the subtotal does not detract from the GAAP numbers, either by implying that EBITDA is the 'real' profit or by overcrowding the statement of profit or loss so that the reader cannot determine easily the entity's GAAP performance. Where an entity presents its expenses by function, it will not be possible to show depreciation and amortisation as separate line items in arriving at operating profit, because depreciation and amortisation are types of expense, not functions of the business. In this case, EBITDA can only be disclosed by way of supplemental information.

    Appendix D provides guidance on the use of non-GAAP measures in the management commentary.

Operating profit

IAS1(BC56)

11. An entity might elect to include a subtotal for its results from operating activities. While this is permitted, care must be taken that the amount disclosed is representative of activities that would normally be considered to be 'operating'. Items that are clearly of an operating nature, for example inventory write-downs, and restructuring or relocation expenses, must not be excluded simply because they occur infrequently or are unusual in amount. Similarly, expenses cannot be excluded on the grounds that they do not involve cash flows (such as depreciation or amortisation). As a general rule, operating profit would be the subtotal after 'other expenses'- that is, excluding finance costs and the share of profits of equity-accounted investments.

Statement of profit or loss and statement of comprehensive income

Re-ordering of line items

AASB101(86)

12. Entities should re-order the line items and change the descriptions of those items where this is necessary to explain the elements of performance. However, entities are again governed by the overall requirement for a 'fair presentation' and should not make any changes unless there is a good reason to do so. For example, it will generally be acceptable to present finance cost as the last item before pre-tax profit, thereby separating financing activities from the activities that are being financed.
13. Another example is the share of profit of associates and joint ventures. Normally, this would be shown after finance cost. However, there might be circumstances where the line item showing the investor's share of the results is included before finance costs. This could be appropriate where the associates and joint ventures are an integral vehicle through which the group conducts its operations and its strategy. In such cases, it might also be appropriate either to insert a subtotal 'profit before finance costs' or to include the share of profits from associates and joint ventures in arriving at operating profit (where disclosed).

AASB101(82)(c), AASB15(Appendix A)

14. However, the share of the profit or loss of associates and joint ventures accounted for using the equity method should not be included as part of the entity's revenue. Combining the entity's share of the associate's revenue with its own revenue would be inconsistent with the accounting treatment in the statement of financial position where the entity's investment is presented as a separate line item. This is different from the accounting for joint operations where the entity combines its share of the joint operation's revenue with its own. Where a group conducts a significant proportion of its business through equity-accounted investments and wishes to highlight that fact to the reader of the statement of comprehensive income, it might choose to give additional financial information by way of a footnote and cross-reference to the notes.

Discontinued operations

AASB5(33)(a),(b) AASB101(82)(ea)

15. Entities shall disclose a single amount in the statement of comprehensive income (or separate statement of profit or loss) comprising the total of: (i) the post-tax profit or loss of discontinued operations, and (ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operations. An analysis of this single amount is also required by paragraph 33 of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. This analysis can be presented in the notes or in the statement of comprehensive income (separate statement of profit or loss). The analysis relevant to VALUE ACCOUNTS Holdings Limited is presented in note 15. If the analysis is presented in the statement of profit or loss it must be presented in a section identified as relating to discontinued operations; that is, separately from continuing operations. The analysis is not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition (see paragraph 11 of AASB 5).

Earnings per share

AASB133(73)

16. While entities are permitted to disclose earnings per share based on alternative measures of earnings, these must be presented in the notes to the financial statements only (see commentary to note 22).

AASB133(68)

17. An entity that reports a discontinued operation must disclose the basic and diluted amounts per share for the discontinued operation either in the statement of comprehensive income or in the notes to the financial statements. VALUE ACCOUNTS Holdings Limited provides this information in note 22.

Components of other comprehensive income

AASB101(7)

18. Components of other comprehensive income (OCI) are items of income and expense (including reclassification adjustments, see paragraph 28 below) that are specifically required or permitted by other Australian Accounting Standards to be included in other comprehensive income and are not recognised in profit or loss. They currently include:
    (a) revaluation gains and losses relating to property, plant and equipment or intangible assets
    (b) remeasurements of net defined benefit liabilities/(assets)
    (c) gains and losses arising from translating the financial statements of a foreign operation
    (d) gains and losses on remeasuring financial assets that are measured or designated as at fair value through OCI
    (e) the effective portion of gains and losses on hedging instruments in a cash flow hedge

Statement of profit or loss and statement of comprehensive income

(f) for particular liabilities designated as at fair value through profit or loss, the change in the fair value that is attributable to changes in the liability's credit risk

(g) changes in the value of the time value of options, in the value of the forward elements of forward contracts and in the value of the foreign currency basis spread of financial instruments, where these are not included in the designation of the related instruments as hedging instruments

(h) the investor's share of the OCI of equity-accounted investments, and

(i) current and deferred tax credits and charges in respect of items recognised in OCI

AASB101(82A)

19. Items of OCI must be classified by nature and grouped into those which may be reclassified and those that will not be reclassified to profit or loss. The share of OCI of equity accounted investments must be presented in total for the share of items that may be reclassified and the share that will not be reclassified to profit or loss in a subsequent period.

AASB9(6.5.11)(d)(iii)

20. In our view, only items that are prohibited from being reclassified to profit or loss should be presented as items that will not be reclassified to profit or loss. For cash flow hedges, there is a possibility that some or all of the amounts might need to be reclassified to profit or loss. This could be the case, for example, if there is a cumulative loss on the hedging instrument and the entity does not expect that all or a portion of the loss will be recovered. As a consequence, gains or losses recognised in relation to cash flow hedging instruments should be presented as items that 'may be reclassified' to profit or loss.

Summary

21. The requirements surrounding components of OCI can be summarised as follows:

Item	**Reference**	**Requirement in standard**	**Presentation in VALUE**
Each component of OCI recognised during the period, classified by nature	AASB 101(82A)	Statement of comprehensive income	Statement of comprehensive income
Reclassification adjustments during the period relating to components of OCI (see paragraph 27 below)	AASB 101(92)	Statement of comprehensive income or notes	Note 9
Tax relating to each component of OCI, including reclassification adjustments	AASB 101(90)	Statement of comprehensive income or notes	Note 9
Reconciliation for each component of equity, showing separately: • Profit or loss • OCI, and • transactions with owners. See commentary paragraphs 1 to 3 on page 67.	AASB 101(106)(d)	Statement of changes in equity and notes, see related commentary	Statement of changes in equity and note 9

Discontinued operations

22. AASB 5 is unclear as to whether entities need to separate out items of OCI between continuing and discontinued operations. We believe that it would be consistent with the principles of AASB 5 to do so, because it would provide a useful base for predicting the future results of the continuing operations. We also note that entities must present separately any cumulative income or expense recognised in other comprehensive income that relates to a non-current asset or disposal group classified as held for sale.

AASB5(38)

Statement of profit or loss and statement of comprehensive income

Information to be presented either in the statement of comprehensive income or in the notes

Material items of income and expense

AASB101(97)

23. Where items of income and expense are material, their nature and amount must be disclosed separately either in the statement of comprehensive income (statement of profit or loss) or in the notes. In the case of VALUE ACCOUNTS Holdings Limited these disclosures are made in note 4.

AASB101(86),(97)

24. AASB 101 does not provide a specific name for the types of items that should be separately disclosed. Where an entity discloses a separate category of 'significant' or 'unusual' items either in its statement of comprehensive income or in the notes, the accounting policy note should include a definition of the chosen term. The presentation and definition of these items should be applied consistently from year to year.
25. Where an entity classifies its expenses by nature, it must take care to ensure that each class of expenses includes all items related to that class. Material restructuring costs might, for example, include redundancy payments (that is, employee benefit cost), inventory write-downs (changes in inventory) and impairments of property, plant and equipment. It would not be acceptable to show restructuring costs as a separate line item in an analysis of expenses by nature where there is an overlap with other line items.
26. Entities that classify their expenses by function will have to include the material items within the function to which they relate. In this case, material items can be disclosed as a footnote or in the notes to the financial statements.

Reclassification adjustments

AASB101(92),(94)

27. An entity shall also disclose separately any reclassification adjustments relating to components of OCI either in the statement of comprehensive income or in the notes. VALUE ACCOUNTS Holdings Limited provides this information in note 9(c)

AASB101(7),(95),(96)

28. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in OCI in the current or previous periods. They arise, for example, on disposal of a foreign operation or when particular hedged forecast transactions affects profit or loss. They do not arise on the disposal of property, plant and equipment measured at fair value under the revaluation model or on the settlement of defined benefit pension schemes. While these components are also recognised in OCI, they are not reclassified to profit or loss in subsequent periods. Reclassification adjustments also do not arise in relation to cash flow hedge accounting of a forecast transaction that subsequently results in the recognition of a non-financial item or becomes a firm commitment for which fair value hedge accounting is applied. In such cases, the carrying value of that item is adjusted for the gains or losses on the hedging instrument accumulated in the cash flow hedge reserve in equity. This adjustment is made through a direct transfer from the cash flow hedge reserve in equity. In other words, that transfer is not recorded in OCI, and so it has no effect on the statement of total comprehensive income. This is often referred to as a 'basis adjustment in a cash flow hedge'.

Dividends: statement of changes in equity or notes only

AASB101(107)

29. The amount of dividends recognised as distributions to owners during the period, and the related amount per share must be presented either in the statement of changes in equity or in the notes. In the case of VALUE ACCOUNTS Holdings Limited presents these disclosures are made in note 13(b).

Classification of expenses

By nature or function

AASB101(99),(100)

30. An analysis of expenses shall be presented using a classification based on either the nature of expenses or their function, whichever provides information that is reliable and more relevant. Entities are encouraged, but not required, to present the analysis of expenses in the statement of comprehensive income (or statement of profit or loss, where applicable).

AASB101(105)

31. The choice of classification between nature and function will depend on factors such as the nature of the entity's business operations and the industry in which it operates, among others. The entity should choose the classification that provides the most relevant and reliable information about its financial performance.

Statement of profit or loss and statement of comprehensive income

32. Within a functional statement of comprehensive income (statement of profit or loss), costs directly associated with generating revenues should be included in cost of goods sold. Cost of goods sold should include direct material and labour costs but also indirect costs that can be directly attributed to generating revenue, such as depreciation of assets used in the production. Impairment charges should be classified according to how the depreciation or amortisation of the particular asset is classified. Entities should not mix functional and natural classifications of expenses by excluding certain expenses, such as inventory write-downs, employee termination benefits and impairment charges, from the functional classifications to which they relate. An exception is impairment charges on financial and contract assets, which must be presented separately in accordance with paragraph 82(ba) of AASB 101 if they are material.

AASB101(104),(105)

33. Entities classifying expenses by function shall disclose additional information about the nature of their expenses in the notes to the financial statements, see note 5(c). According to AASB 101 this includes disclosure of depreciation, amortisation and employee benefits expense. Other classes of expenses should also be disclosed where they are material, because this information assists users in predicting future cash flows.
34. We have illustrated a classification of expenses by nature on the face of the statement of profit or loss in Appendix E.

Materiality

AASB101(29)

35. Regardless of whether expenses are classified by nature or by function, materiality applies to the classification of expenses. Each material class should be separately disclosed, and unclassified expenses (for example, as 'other expenses') should be immaterial both individually and in aggregate.
36. The classification of expenses might vary with the type of expense. For example, where expenses are classified by nature, wages and salaries paid to employees involved in research and development (R&D) activities would be classified as employee benefits expense, while amounts paid to external organisations for R&D would be classified as external R&D expense. However, where expenses are classified by function, both the wages and salaries and external payments should be classified as R&D expense.

Offsetting

AASB101(32)

37. Assets and liabilities, and income and expenses, must not be offset unless required or permitted by an Australian Accounting Standard. Examples of income and expenses that are required or permitted to be offset are as follows:

AASB101(34)(a)

(a) Gains and losses on the disposal of non-current assets, including investments and operating assets, are reported by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses.

AASB101(34)(b)

(b) 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) can be netted against the related reimbursement.

AASB101(35)

(c) Gains and losses arising from a group of similar transactions are reported on a net basis (e.g. example, foreign exchange gains and losses or gains and losses arising on financial instruments held for trading). Such gains and losses are, however, reported separately if they are material.

38. Income which falls under the scope of AASB 15 *Revenue from Contracts with Customers* cannot be netted off against related expenses. However, this does not preclude an entity from presenting finance income followed by finance costs and a subtotal such as 'net finance costs' on the face of the statement of profit or loss, as we have done in this publication.

Statement of profit or loss and statement of comprehensive income

Goods and Services Tax (GST)

UIG1031(6),(7)

39. UIG 1031 *Accounting for the Goods and Services Tax (GST)* provides that revenues and expenses must be recognised net of the amount of GST, except that where GST relating to expense items is not recoverable from the taxation authority it must be recognised as part of the item of expense. We recommend that entities that are not able to recover GST relating to particular expense items should include a policy note indicating which expense items disclosed in the financial statements are inclusive of non-recoverable GST. They could also amend the wording of specific disclosures (e.g. auditor's remuneration - see commentary on remuneration of auditors - note 2X) to make it clear that the amounts disclosed are inclusive of non-recoverable GST.

CA295(1)(a),(2)(b)
AASB101(10)(a),(54)

Consolidated statement of financial position [1-5]

AASB101(51)(c),(e),(113)

Reference		Notes	2024 $'000	2023 Restated * $'000	1 January 2023 Restated *[6] $'000
	ASSETS				
AASB101(60),(66)	**Current assets**				
AASB101(54)(i)	Cash and cash equivalents (excluding bank overdrafts)	7(e)	**55,083**	30,299	25,193
AASB101(54)(h) AASB7(8)(f)	Trade receivables	7(a)	**15,662**	8,220	5,123
AASB15(105)	Contract assets [10]	3(b)	**1,519**	2,561	1,867
AASB101(54)(g)	Inventories	8(f)	**22,153**	19,672	18,616
AASB7(8)(f)	Other financial assets at amortised cost [8-9]	7(b)	**1,100**	842	783
AASB101(54)(d) AASB7(8)(a)	Financial assets at FVTPL	7(d)	**11,300**	10,915	10,370
AASB101(54)(d) AASB7(8)(a)	Derivative financial instruments	12(a)	**1,854**	1,417	156
	Other current assets	8(g)	**491**	428	419
	Current assets excluding assets classified as held for sale		**109,162**	74,354	62,527
AASB101(54)(j) AASB5(38)	Assets classified as held for sale	8(g),15	**250**	4,955	-
	Total current assets		**109,412**	79,309	62,527
AASB101(60),(66)	**Non-current assets**				
AASB7(8)(h)	Financial assets at FVOCI[8-9]	7(c)	**6,782**	7,148	8,397
AASB7(8)(a)	Financial assets at FVTPL [8-9]	7(d)	**2,390**	980	-
AASB7(8)(f)	Financial assets at amortised cost [8-9]	7(b)	**3,496**	2,629	6,004
AASB101(54)(e)	Investments accounted for using the equity method	16(e)	**3,775**	3,275	3,025
AASB101(54)(d) AASB7(8)(a)	Derivative financial instruments	12(a)	**308**	712	-
AASB101(54)(a)	Property, plant and equipment	8(a)	**128,890**	102,080	93,145
AASB16(47)(a)	Right-of-use assets [11,12]	8(b)	**9,756**	9,508	7,708
AASB101(54)(b)	Investment properties	8(c)	**13,300**	10,050	8,205
AASB101(54)(c)	Intangible assets	8(d)	**24,550**	20,945	20,910
AASB101(54)(o),(56)	Deferred tax assets	8(e)	**7,849**	5,524	4,237
AASB15(105)	Other assets	3(b)	**312**	520	-
	Total non-current assets		**201,408**	163,371	151,631
	Total assets		**310,820**	242,680	214,158

* See note 11(b) for details regarding the restatement as a result of an error and note 8(h)(i) for a reclassification from provisions to employee benefit obligations.

		Notes	2024 $'000	2023 Restated * $'000	1 January 2023 Restated *[6] $'000
	LIABILITIES				
AASB101(60),(69)	**Current liabilities**				
AASB101(54)(k)	Trade and other payables	7(f)	**15,090**	11,243	12,544
AASB101(54)(m) AASB7(8)(g) New illustration	Liabilities under supplier finance arrangement [13-14]	7(g)	**670**	480	480
AASB15(105)	Contract liabilities [10]	3(b)	**1,982**	1,525	655
AASB101(54)(m), AASB7(8)(g)	Borrowings	7(h)	**8,400**	7,995	7,869
AASB16(47)(b)	Lease liabilities [11]	8(b)	**3,008**	2,777	2,240
AASB101(54)(m) AASB7(8)(e)	Derivative financial instruments	12(a)	**1,376**	1,398	445
AASB101(54)(n)	Current tax liabilities		**1,130**	856	980
	Employee benefit obligations [7]	8(h)	**690**	470	440
AASB101(54)(l)	Provisions	8(i)	**2,697**	1,240	730
	Total current liabilities excluding liabilities relating to assets held for sale		**35,043**	27,984	26,363
AASB101(54)(p) AASB5(38)	Liabilities relating to assets classified as held for sale	15	**-**	500	-
	Total current liabilities		**35,043**	28,484	26,363
AASB101(60),(69)	**Non-current liabilities**				
AASB101(54)(m) AASB7(8)(g)	Borrowings	7(h)	**89,115**	76,600	75,807
AASB16(47)(b)	Lease liabilities [11]	8(b)	**8,493**	8,514	7,389
AASB101(54)(o),(56)	Deferred tax liabilities	8(e)	**12,456**	6,820	4,355
	Employee benefit obligations [7]	8(h)	**6,749**	4,881	4,032
AASB101(54)(l)	Provisions	8(i)	**1,573**	1,382	1,304
	Total non-current liabilities		**118,386**	98,197	92,887
	Total liabilities		**153,429**	126,681	119,250
	Net assets		**157,391**	115,999	94,908
	EQUITY				
AASB101(54)(r)	Share capital	9(a)	**83,054**	63,976	62,619
	Other equity	9(b)	**1,774**	(550)	(251)
AASB101(54)(r)	Other reserves	9(c)	**17,993**	12,381	7,395
	Retained earnings	9(d)	**45,108**	34,503	20,205
AASB101(54)(r)	Capital and reserves attributable to owners of VALUE ACCOUNTS Holdings Limited		**147,929**	110,310	89,968
AASB101(54)(q)	Non-controlling interests	16(b)	**9,462**	5,689	4,940
	Total equity		**157,391**	115,999	94,908

* See note 11(b) for details regarding the restatement as a result of an error.

Not mandatory

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

Statement of financial position

Accounting standard for the statement of financial position

AASB101(10)
1. AASB 101 *Presentation of Financial Statements* refers to the 'statement of financial position'. However, this title is not mandatory, and entities can use other titles such as 'balance sheet'.

Current/non-current distinction

AASB101(60)
2. An entity presents current and non-current assets and current and non-current liabilities as separate classifications in its statement of financial position, except where a presentation based on liquidity provides information that is reliable and is more relevant. Where that exception applies, all assets and liabilities are presented broadly in order of liquidity.

AASB101(61)
3. Whichever method of presentation is adopted, an entity shall disclose the amount expected to be recovered or settled after more than 12 months for each asset and liability line item that combines amounts expected to be recovered or settled: (a) no more than 12 months after the reporting period, and (b) more than 12 months after the reporting period.

AASB101(66)-(70)
4. Current assets include assets (such as inventories and trade receivables) that are sold, consumed or realised as part of the normal operating cycle even where they are not expected to be realised within 12 months after the reporting period. Some current liabilities, such as trade payables and some accruals for employee and other operating costs, are part of the working capital used in the entity's normal operating cycle. Such operating items are classified as current liabilities even if they are due to be settled more than 12 months after the reporting period.

AASB101(68)
5. The operating cycle of an entity is the time between the acquisition of assets for processing and their realisation in the form of cash or cash equivalents. Where the entity's normal operating cycle is not clearly identifiable, its duration is assumed to be 12 months.

Three statements of financial position required in certain circumstances

AASB101(40A),(40B)
6. If an entity has applied an accounting policy retrospectively, restated items retrospectively or reclassified items in its financial statements that had a material effect on the information in the statement of financial position at the beginning of the preceding period, it must provide a third statement of financial position as at the beginning of the preceding comparative period. However, where the retrospective change in policy or the restatement or reclassification has no effect on the preceding period's opening statement of financial position, we believe that it would be sufficient for the entity merely to disclose that fact.

Separate line item for employee benefit obligations

AASB101(54)
7. Paragraph 54 of AASB 101 sets out the line items that are, as a minimum, required to be presented in the statement of financial position. Additional line items, heading and subtotals should be added where they are relevant to an understanding of the entity's financial position. For example, AASB 101 does not prescribe where employee benefit obligations should be presented in the statement of financial position. VALUE ACCOUNTS Holdings Limited has elected to present all employee benefit obligations together as separate current and non-current line items, because this provides more relevant information to users.

Separate line items for financial assets/liabilities and contract assets/liabilities

AASB7(8)
8. Paragraph 8 of AASB 7 requires disclosure, either in the statement of financial position or in the notes, of the carrying amounts of financial assets and liabilities by the following categories:

   (a) Financial assets measured at FVTPL, showing separately:

AASB9(6.7.1)
   - those designated as such on initial recognition or subsequently in accordance with paragraph 6.7.1 of AASB 9;

AASB9(3.3.5)
   - those measured as such in accordance with the election in paragraph 3.3.5 of AASB 9;

AASB132(33A)
   - those measured as such in accordance with the election in paragraph 33A of AASB 132; and
   - those mandatorily measured at FVTPL in accordance with AASB 9.

Statement of financial position

(b) Financial liabilities measured at FVTPL, showing separately (i) those that meet the definition of held for trading in AASB 9 and (ii) those designated as such on initial recognition or subsequently in accordance with paragraph 6.7.1 of AASB 9.

(c) Financial assets measured at amortised cost.

(d) Financial liabilities measured at amortised cost.

(e) Financial assets measured at fair value through other comprehensive income (FVOCI), showing separately (i) financial assets that are measured at FVOCI in accordance with paragraph 4.1.2A of AASB 9; and (ii) investments in equity instruments designated as such on initial recognition in accordance with paragraph 5.7.5 of AASB 9.

9. VALUE ACCOUNTS Holdings Limited has chosen to disclose the financial assets by major category but it is providing some of the more detailed information in the notes. However, depending on the materiality of these items and the nature of the entity's business, it might also be appropriate to choose different categories for the statement of financial position and to provide the above information in the notes.

AASB15(105), AASB15(BC320),(BC321)

10. Similarly, AASB 15 *Revenue from Contracts with Customers* requires the presentation of any unconditional rights to consideration as a receivable separately from contract assets. VALUE ACCOUNTS Holdings Limited has therefore presented its contract assets, receivables and contract liabilities as separate line items in the statement of financial position. However, contract assets, contract liabilities and receivables do not have to be referred to as such and do not need to be presented separately in the statement of financial position, provided that the entity provides sufficient information that users of the financial statements can distinguish them from other items.

Right-of-use assets and lease liabilities

AASB16(47)

11. Right-of-use assets (except those meeting the definition of investment property) and lease liabilities do not need to be presented as a separate line item in the statement of financial position, as done by VALUE ACCOUNTS Holdings Limited, provided that they are disclosed separately in the notes. Where right-of-use assets are presented within the same line item as the corresponding underlying assets would be presented if they were owned, the lessee must identify which line items in the statement of financial position include those right-of-use assets.

AASB16(48)

12. Right-of-use assets that meet the definition of investment property must be presented in the statement of financial position as investment property.

Supplier finance arrangements

13. Judgement might be needed to determine how to present supplier finance arrangements in the statement of financial position. In 2020, the 'Committee published an agenda decision on the presentation of a liability that is part of a supplier finance arrangement. The agenda decision explained that an entity presents a financial liability as a trade payable only when the liability:

- represents a liability to pay for goods or services;
- is invoiced or formally agreed with the supplier; and
- is part of the working capital used in the entity's normal operating cycle.

Based on the terms and conditions of its supplier finance arrangement, VALUE ACCOUNTS Holdings Limited has determined to present the arrangement as a separate line item 'Liabilities under supplier finance arrangement', and it has disclosed this as a significant judgement in note 7(g).

14. The presentation of the liabilities under supplier finance arrangements is a particular area of judgement. For further guidance, see our In depth INT2023-06 Bringing transparency on supplier finance, which explains issues to consider when determining the appropriate presentation and disclosure of such arrangements

CA295(1)(a),(2)(b)
AASB101(10)(c),(106)

Consolidated statement of changes in equity [1-3]

			Attributable to owners of VALUE ACCOUNTS Holdings Limited					325.	326.
		Notes	Share capital $'000	Other equity $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
AASB101(106)(d)	**Balance at 1 January 2023**		62,619	(251)	7,395	21,115	90,878	4,940	95,818
AASB101(106)(b)	Correction of error (net of tax)	11(b)	-	-	-	(910)	(910)	-	(910)
	Restated total equity at the beginning of the financial year		**62,619**	**(251)**	**7,395**	**20,205**	**89,968**	**4,940**	**94,908**
AASB101(106)(d)(i)	Profit for the period (restated*)		-	-	-	26,123	26,123	2,318	28,441
AASB101(106)(d)(ii)	Other comprehensive income (restated*)		-	-	3,810	(403)	3,407	258	3,665
	Total comprehensive income for the period (restated*)		**-**	**-**	**3,810**	**25,720**	**29,530**	**2,576**	**32,106**
AASB9(6.5.11)(d)(i)	Deferred hedging gains and losses and costs of hedging transferred to the carrying value of inventory purchased during the year (net of tax)	12(a)	-	-	237	-	237	-	237
AASB9(B5.7.1)	Transfer of gain on disposal of equity investments at FVOCI to retained earnings (net of tax)	7(c)	-	-	384	(384)	-	-	-
AASB101(106)(d)(iii)	**Transactions with owners in their capacity as owners:**								
AASB132(22),(35)	Contributions of equity net of transaction costs	9(a)	1,357	-	-	-	1,357	-	1,357
AASB132(33)	Acquisition of treasury shares	9(b)	-	(299)	-	-	(299)	-	(299)
	Dividends provided for or paid	13(b)	-	-	-	(11,038)	(11,038)	(1,827)	(12,865)
AASB2(50)	Equity-settled share-based payments	9(c)	-	-	555	-	555	-	555
			1,357	(299)	555	(11,038)	(9,425)	(1,827)	(11,252)
AASB101(106)(d)	**Balance at 31 December 2023 (restated*)**		**63,976**	**(550)**	**12,381**	**34,503**	**110,310**	**5,689**	**115,999**

* See note 11(b) for details regarding the restatement as a result of an error.

		Notes	Attributable to owners of VALUE ACCOUNTS Holdings Limited					345.	346.
			Share capital $'000	Other equity $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
AASB101(106)(d)	**Balance at 31 December 2023 as originally presented**		**63,976**	**(550)**	**12,381**	**35,588**	**111,395**	**5,689**	**117,084**
AASB101(106)(b)	Correction of error (net of tax)	11(b)	-	-	-	(1,085)	(1,085)	-	(1,085)
	Restated total equity as at 31 December 2023		**63,976**	**(550)**	**12,381**	**34,503**	**110,310**	**5,689**	**115,999**
AASB101(106)(d)(i)	Profit for the period		-	-	-	32,626	32,626	3,005	35,631
AASB101(106)(d)(ii)	Other comprehensive income		-	-	5,501	307	5,808	(99)	5,709
AASB101(106)(a)	**Total comprehensive income for the period**		**-**	**-**	**5,501**	**32,933**	**38,434**	**2,906**	**41,340**
AASB9(6.5.11)(d)(i)	Deferred hedging gains and losses and costs of hedging transferred to the carrying value of inventory purchased during the year (net of tax)	12(a)	-	-	(31)	-	(31)	-	(31)
AASB9(B5.7.1)	Transfer of gain on disposal of equity investments at FVOCI to retained earnings (net of tax)	7(c)	-	-	(452)	452	-	-	-
AASB101(106)(d)(iii)	**Transactions with owners in their capacity as owners:**								
AASB132(22),(35)	Contributions of equity, net of transaction costs and tax	9(a)	10,871	-	-	-	10,871	-	10,871
	Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	14	9,730	-	-	-	9,730	-	9,730
AASB132(33)	Acquisition of treasury shares	9(b)	-	(1,217)	-	-	(1,217)	-	(1,217)
AASB132(35)	Buy-back of preference shares, net of tax	9(a)	(1,523)	-	-	143	(1,380)	-	(1,380)
	Value of conversion rights on convertible notes	9(b)	-	2,450	-	-	2,450	-	2,450
	Non-controlling interests on acquisition of subsidiary	14	-	-	-	-	-	5,051	5,051
AASB10(23)	Transactions with non-controlling interests	16(c)	-	-	(333)	-	(333)	(1,167)	(1,500)
	Dividends provided for or paid	13(b)	-	-	-	(22,923)	(22,923)	(3,017)	(25,940)
	Equity-settled share-based payments	9(c)	-	-	2,018	-	2,018	-	2,018
AASB2(50)	Issue of treasury shares to employees	9(b)	-	1,091	(1,091)	-	-	-	-
			19,078	2,324	594	(22,780)	(784)	867	83
AASB101(106)(d)	**Balance at 31 December 2024**		**83,054**	**1,774**	**17,993**	**45,108**	**147,929**	**9,462**	**157,391**

Not mandatory *The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

Statement of changes in equity

Accounting standard for the statement of changes in equity

AASB101(106)

1. The statement of changes in equity shall include:
   (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

AASB101(106)(d)

   (c) 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 loss of control.

AASB101(108)

2. Components of equity include each class of contributed equity, the accumulated balance of each class of other comprehensive income and retained earnings. We believe that individual reserves can be disclosed as a single column ‘other reserves’ if they are similar in nature and can be regarded as a component of equity. The reserves grouped together in VALUE ACCOUNTS Holdings Limited’s statement of changes in equity are all accounting reserves which have arisen as a result of specific requirements in the accounting standards. This distinguishes them from other reserves that are either regulatory or the result of discretionary transfers within equity, e.g. capital realisation reserves. Disclosing the individual reserves in the notes rather than on the face of the statement of changes in equity reduces clutter and makes the statement more readable.

AASB101(106A)

3. The reconciliation of changes in each component of equity shall also show separately each item of comprehensive income. However, this information can be presented either in the notes or in the statement of changes in equity. VALUE ACCOUNTS Holdings Limited has elected to provide the detailed information in notes 9(c) and (d).

CA295(1)(a),(2)
AASB101(10)(d)
AASB107(1),(10)
AASB101(113)

Consolidated statement of cash flows [1-3,13-16]

		Notes	2024 $'000	2023 $'000
AASB107(10),(18)(a)	**Cash flows from operating activities**			
AASB107(14)	Receipts from customers (inclusive of GST) [11,12]		**196,280**	185,292
AASB107(14)(c),(d)	Payments to suppliers and employees (inclusive of GST)* [11,12]		**(136,825)**	(142,760)
			59,455	42,532
AASB107(14)(g)	Payments for financial assets at FVTPL		**(135)**	(1,235)
AASB107(14)(g)	Proceeds from disposal of financial assets at FVOCI		**600**	-
AASB107(14)(b)	Insurance recovery relating to fire	4(b)	**300**	-
AASB107(16)	Transaction costs relating to acquisition of subsidiary	14	**(750)**	-
AASB107(14)(b)	Other income		**7,490**	7,484
AASB107(31)-(33)	Interest received		**1,262**	905
AASB107(31)-(33)	Interest paid [4]		**(8,127)**	(6,799)
AASB107(14)(f),(35),(36)	Income taxes paid [5]		**(16,458)**	(12,163)
	Net cash inflow from operating activities	10(a)	**43,637**	30,724
AASB107(10),(21)	**Cash flows from investing activities**			
AASB107(39)	Payment for acquisition of subsidiary, net of cash acquired	14	**(2,600)**	-
AASB107(16)(a)	Payments for property, plant and equipment	8(a)	**(25,387)**	(14,602)
AASB107(16)(a)	Payments for investment property	8(c)	**(1,900)**	-
AASB107(16)(c)	Payments for financial assets at FVOCI		**(259)**	(2,029)
AASB107(16)(c)	Payments for financial assets at amortised cost	7(b)	**-**	(1,175)
AASB107(16)(a)	Payment of software development costs	8(d)	**(880)**	(720)
AASB107(16)(e)	Loans to related parties		**(1,180)**	(730)
AASB107(39)	Proceeds from sale of the engineering division	15	**3,110**	-
AASB107(16)(b),(14)	Proceeds from sale of property, plant and equipment		**9,585**	639
AASB107(16)(d)	Proceeds from sale of financial assets at FVOCI		**1,375**	820
AASB107(16)(f)	Repayment of loans by related parties		**469**	626
AASB107(38)	Dividends from joint ventures and associates	16(e)	**160**	220
AASB107(31),(33)	Other dividends [4]		**3,300**	4,300
AASB107(31),(33)	Interest received on financial assets held as investments [4]		**258**	249
	Net cash (outflow) from investing activities		**(13,949)**	(12,402)
AASB107(10),(21)	**Cash flows from financing activities**			
AASB107(17)(a)	Proceeds from issues of shares and other equity securities	9(a)	**12,413**	-
	Proceeds from calls on shares and calls in arrears	9(a)	**1,500**	-
AASB107(17)(c)	Proceeds from borrowings	10(c)	**46,053**	26,746
AASB107(17)(c)	Proceeds received under a supplier finance arrangement [7,8]	7(g)	**3,070**	2,520
AASB107(17)(b)	Payments for preference shares bought back	9(a)	**(1,350)**	-
AASB107(17)(b)	Payments for acquisition of shares by the VALUE Employee Share Trust		**(1,217)**	(299)
	Share issue and buy-back transaction costs	9(a)	**(245)**	-
AASB107(17)(d)	Repayment of borrowings	10(c)	**(33,484)**	(24,835)
AASB107(17)(d)	Repayments to a financial institution under a supplier finance arrangement [7,8]	7(g)	**(2,980)**	(2,550)
AASB107(17)(e)	Payments of lease liabilities (principal)	10(c)	**(1,942)**	(1,338)
AASB107(42A),(42B)	Transactions with non-controlling interests	16(c)	**(1,500)**	-
AASB107(31),(34)	Dividends paid to owners of VALUE ACCOUNTS Holdings Limited	13(b)	**(22,357)**	(10,478)
AASB107(31),(34)	Dividends paid to non-controlling interests in subsidiaries	16(b)	**(3,017)**	(1,828)
	Net cash (outflow) from financing activities		**(5,056)**	(12,062)
	Net increase in cash and cash equivalents		**24,632**	6,260

* These amounts include payments to suppliers under supplier finance arrangements

CA295(1)(a),(2)
AASB101(10)(d)
AASB107(1),(10)
AASB101(113)

Consolidated statement of cash flows [1-3,10-13]

	Notes	2024 $'000	2023 $'000
Net increase in cash and cash equivalents		**24,632**	6,260
Cash and cash equivalents at the beginning of the financial year		**28,049**	21,573
AASB107(28) Effects of exchange rate changes on cash and cash equivalents		**(248)**	216
Cash and cash equivalents at end of year	7(e)	**52,433**	28,049
AASB107(43) Non-cash financing and investing activities [9]	10(b)		
AASB5(33)(c) Cash flows of discontinued operation [10]	15		

Not mandatory *The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

Statement of cash flows

Definition of cash and cash equivalents

AASB107(6),(7)

1. Cash is cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investments normally only qualify as cash equivalent if they have a short maturity of three months or less from the date of acquisition. Financial instruments can only be included if they are in substance cash equivalents - for example, debt instruments with fixed redemption dates that are acquired within three months of their maturity.

Reporting cash flows

Expenditure on unrecognised assets to be classified as operating cash flows

AASB107(16)

2. Cash flows can only be classified as arising from investing activities if they result in the recognition of an asset in the statement of financial position. Examples of expenditure that should be classified as operating cash flows on this basis are:
   (a) expenditures on exploration or evaluation activities, unless the entity has a policy of capitalising these expenditures as permitted under AASB 6 *Exploration for and Evaluation of Mineral Resources*
   (b) expenditures on advertising or promotional activities, staff training and research and development, and
   (c) transaction costs related to a business combination.

Disclosing cash flows on a gross or net basis

AASB107(22)-(24)

3. Cash inflows and outflows must generally be reported gross unless they relate to
   (a) cash receipts and payments on behalf of customers which reflect the activities of the customer rather than the entity, or
   (b) items in which the turnover is quick, the amounts are large, and the maturities are short.

   Financial institutions can also report certain cash flows on a net basis.

Interest, dividends and taxes

AASB107(31)-(34)

4. AASB 107 does not specify how to classify cash flows from interest paid and interest and dividends received. VALUE ACCOUNTS Holdings Limited has chosen to present interest paid and interest received on financial assets held for cash management purposes as operating cash flows, but dividends and interest received on other financial assets as investing cash flows because they are returns on the group's investments. Dividends paid are classified in this publication as financing cash flows because they are a cost of obtaining financial resources. However, they could also be classified as operating cash flows to assist users in determining the ability of an entity to pay dividends out of operating cash flows.

AASB107(35)

5. Cash flows arising from income taxes must be separately disclosed and are classified as operating cash flows unless they can be specifically identified with financing or investing activities.

Statement of cash flows

Leases

AASB16(50)

6. Cash flows relating to leases must be presented as follows:
   (a) cash payments for the principal portion of the lease liabilities as cash flows from financing activities
   (b) cash payments for the interest portion consistent with presentation of interest payments chosen by the group, and
   (c) short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities as cash flows from operating activities.

Supplier finance arrangements

AASB107(10)

7. Judgement might be needed to determine how to present the cash flows that occur under supplier finance arrangements on the statement of cash flows.

   The 2020 IFRIC agenda decision noted that an entity's assessment of the nature of the liabilities that are part of a supplier finance arrangement might help in determining whether the related cash flows arise from operating or financing activities. For example, if the entity considers the related liability to be a trade or other payable that is part of the working capital used in the entity's principal revenue-producing activities, the entity presents cash outflows to settle the liability as arising from operating activities in its statement of cash flows. In contrast, if the entity considers that the related liability is not a trade or other payable because the liability represents borrowings of the entity, the entity presents cash outflows to settle the liability as arising from financing activities in its statement of cash flows.

   The agenda decision also notes that, if a cash inflow and cash outflow occurred for a buyer when an invoice is factored as part of a supplier financing arrangement, the buyer presents those cash flows in its statement of cash flows. However, AASB 107 does not provide explicit guidance on how an entity determines whether a cash flow occurred for the buyer in circumstances where another party makes a payment on the entity's behalf.

   Based on the terms and conditions of its supplier finance arrangement, VALUE ACCOUNTS Holdings Limited has determined that the presentation of an operating cash outflow and a financing cash inflow at the point in time when the bank pays the supplier, along with a financing cash outflow when it subsequently makes the payment to the bank, is the most appropriate. VALUE ACCOUNTS Holdings Limited has disclosed this as a significant judgement in note 7(g).

8. The presentation of the cash flows from supplier finance arrangements is a particular area of judgement. For further guidance see our In depth INT 2023-06 *Bringing transparency on supplier finance* on Viewpoint, which explains issues to consider when determining the appropriate presentation and disclosure of such arrangements

References to information disclosed in the notes

AASB101(113)

9. While it is not mandatory to include a reference to information disclosed in the notes that is not related to particular line items of the financial statements, (for example, to information about non-cash financing and investing transactions), we consider it best practice to do so.

Statement of cash flows

Discontinued operations

AASB5(33)(c)

10. Entities must disclose separately the net cash flows attributable to each of operating, investing and financing activities of discontinued operations. There are different ways of presenting this information, but the underlying principle is that the cash flow statement must give the total cash flows for the entity including both continuing and discontinued operations. Entities might comply with the disclosure requirements in the following ways:
    (a) No separate presentation of cash flows from discontinued operations on the face of the statement of cash flows (that is, gross cash flows continue to be presented). A breakdown of cash flows from discontinued operations between the three categories is presented in the notes. This is the presentation chosen by VALUE ACCOUNTS Holdings Limited, see note 15.
    (b) Cash flows from discontinued operations are split between the three relevant categories on the face of the statement of cash flows, with one line being included within each category including the relevant results from discontinued operation. A total is presented for each category.

    If the discontinued operation is held for sale at the reporting date, the closing amount of cash presented at the bottom of the statement of cash flows should be reconciled to the cash and cash equivalents in the statement of financial position.

Goods and Services Tax (GST)

UIG1031(10)

11. Cash flows shall be included in the statement of cash flows on a gross basis, subject to paragraph 12 below and to AASB 107.

UIG1031(11)

12. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority shall be classified as operating cash flows and will be included in receipts from customers or payments to suppliers, as appropriate. Although GST amounts are not required to be disclosed in statements of cash flows, entities can choose to make specific GST disclosures in the statement itself or in notes to the statement.

Reporting cash flows from operating activities: direct vs indirect method

AASB107(18),(19)

13. While AASB 107 permits the use of either the direct or the indirect method for reporting cash flows from operating activities, it encourages entities to use the direct method, as it provides information which may be useful in estimating future cash flows and which is not available under the indirect method. VALUE ACCOUNTS Holdings Limited therefore uses the direct method. For an illustration of a statement of cash flows presented using the indirect method please see Appendix E.

Tax consolidation and cash flows

AASB107(35)

14. Income taxes paid by head entities in a tax consolidated group include amounts paid on behalf of the tax consolidated entities. Amounts received by the head entity under a tax funding agreement should be separately disclosed. However, in the statement of cash flows of a tax consolidated entity, these amounts paid to the head entity represent cash flows arising from taxes on income and should be presented as such, despite the fact that they are paid to the head entity, not the taxation authorities.

Where no cash flows

15. A statement of cash flows must be included in the financial report even if there are no cash flows (and no cash or cash equivalent balances). Preferably, the statement should include the minimum line items that are required to be presented under AASB 107 *Statement of Cash Flows*, with zero amounts for the current and comparative period. However, it may also be acceptable to replace the individual line items with an explanation that there were no cash flows during the current and previous financial years, provided this explanation is given under the heading of 'statement of cash flows' and is presented as part of the financial statements, before the notes to the financial statements.
16. You will also need to take care to comply with the disclosure requirements of AASB 107 relating to any non-cash financing or investing activities (see note 10(b)).

Contents of the notes to the consolidated financial statements [1-8]

Contents of the notes to the financial statements

Structure of the notes

AASB101(113)

1. Notes shall, as far as practicable, be presented in a systematic manner, keeping in mind the understandability and comparability of the financial statements. Each item in the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows shall be cross referenced to any related information in the notes.

AASB101(114)

2. Examples of systematic ordering of notes include:
   (a) giving prominence to the areas of the entity's activities that are most relevant to an understanding of the financial performance and financial position, (for example, by grouping together information about particular operating activities),
   (b) grouping together information about items that are measured similarly, (for example, assets measured at fair value), or
   (c) following the order of the line items in the financial statements, by disclosing:
      (i) a statement of compliance with Australian Accounting Standards (see AASB 101(16))
      (ii) a summary of material accounting policy information applied (see AASB 101(117))
      (iii) supporting information for items presented in the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, in the order in which each statement and each line item is presented, and
      (iv) other disclosures, including:
         - contingent liabilities (AASB 137) and unrecognised contractual commitments, and
         - non-financial disclosures; (for example, the entity's financial risk management objectives and policies (AASB 7).
3. Traditionally, most financial statements have used the structure suggested in para 2(c) above. However, financial report preparers increasingly consider annual reports including the financial statements to be an important tool in the communication with stakeholders and not just a mere compliance exercise. As a consequence, there is a growing interest in alternative formats of the financial statements.

AASB101(114)

4. This trend was supported by the IASB's Disclosure Initiative. As part of this project, the AASB made amendments to AASB 101 *Presentation of Financial Statements* that have provided preparers with more flexibility in presenting the information in their financial statements.
5. This publication demonstrates one possible way of how financial statements could be improved if the existing information was presented in a more user-friendly order. To do so, we have presented information about specific aspects of VALUE ACCOUNTS Holdings Limited's financial position and performance together. For example, the entity's exposure to, and management of, financial risks is dealt with in notes 11 to 13, while information about the group structure and interests in other entities is presented in notes 14 to 16. Colour coding helps to find relevant information quickly.
6. In addition, the notes relating to individual line items in the financial statements disclose the relevant accounting policies as well as information about significant estimates or judgements. Accounting policies that merely summarise mandatory requirements are disclosed at the end of the financial report, because they are consistent for all entities and will not provide entity-specific information to users. This structure makes the information in the financial statements more accessible for users and it provides a basis for considering the most useful structure for an entity's reporting.
7. However, it is important to note that the structure used in this publication is not mandatory and it is only one possible example of improved readability. In fact, our experience has shown that there is no single structure that is suitable for all entities. Rather, the appropriate structure depends on the entity's business and each entity should consider what would be most useful and relevant for its stakeholders based on its individual circumstances. Further, entities might be required to adapt their financial statement structures as their operations evolve and new Australian Accounting Standards requirements become applicable.

Contents of the notes to the financial statements

Materiality matters

AASB101(30A)
AASB PS2

8. When drafting the disclosures in the notes to the financial statements, it should be remembered that too much immaterial information could obscure the information that is actually useful to readers. Some of the disclosures in this publication would likely be immaterial if VALUE ACCOUNTS was a 'real life' company. The purpose of this publication is to provide a broad selection of illustrative disclosures which cover most common scenarios encountered in practice. The underlying story of the company only provides the framework for these disclosures and the amounts disclosed are not always realistic. Disclosures should not be included where they are not relevant or not material in specific circumstances. Further guidance on assessing materiality is provided in the non-mandatory Practice Statement 2 *Making Materiality Judgements.*

AASB101(10)(e)

Notes to the consolidated financial statements

Not mandatory

1 Significant changes in the current reporting period [1,3-6]

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

- The sale of a land area by VALUE Consulting Inc (see note 4).
- A fire in Springfield in March 2024, which resulted in the impairment of multiple assets (see note 4).
- The issuance of 1,500,000 7% convertible notes in January 2024 (see note 7(h)).
- A review of the furniture manufacturing and wholesale operations, which led to redundancies and a goodwill impairment charge (see notes 8(i) and 8(d)).
- The acquisition of VALUE Electronics Group in April 2024 (see note 14), which resulted in an increase in property, plant and equipment (note 8(a)) and the recognition of goodwill and other intangible assets (note 8(c)).
- The sale of the engineering division in February 2024 (see note 15).

Some of the amounts reported for the previous period have been restated to correct an error. Detailed information about these adjustments can be found in note 11(b).

Recent developments that could affect the financial position and performance

When preparing their annual financial statements, entities should also consider the impact of the following developments:

- Inflation and high interest rates – see In depth INT2022-12 *Navigating IFRS Accounting Standards in periods of rising inflation and interest rates*.
- Effects of climate change on measurement, particularly when making estimates and judgements, in connection with all line items, including significant events. The effects of climate-related impacts, risks and opportunities will be different for every entity, and entities should take their specific facts and circumstances into consideration – see Appendix H for more detail on possible considerations for specific line items.
- Geopolitical conflicts – see In depth INT2024-04 *Accounting implications of geopolitical conflicts*.
- Whether an economy has become hyper-inflationary or has ceased to be hyper-inflationary – see Viewpoint for regular updates on economies that are identified as hyper-inflationary..

Significant changes in the current reporting period

1. There is no requirement to disclose a summary of significant events and transactions that have affected the company's financial position and performance during the period under review. We believe that information such as this would help readers to understand the entity's performance and any changes to the entity's financial position during the year and it would make it easier to find the relevant information and instead of a summary, such information could also be presented within the relevant notes . However, this type of information such as this could also be provided in the (unaudited) operating and financial review rather than within the (audited) notes to the financial statements.

Disclosures not illustrated: going concern disclosures

AASB101(25)

2. When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless management either intends either to liquidate the entity or to cease trading, or it has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that might cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. Where the financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern.
3. Where there are material uncertainties about the entity's ability to continue as a going concern, this fact should be disclosed upfront, (for example, in a note such as this).

Significant changes in the current reporting period

4. A disclosure of material uncertainties about the entity's ability to continue as a going concern should:

ASA570(19)(a)
   (a) adequately describe the principal events and conditions that give rise to the significant doubt as to entity's ability to continue as a going concern

ASA570(19)(a)
   (b) explain management's plans to deal with these events or conditions, and

ASA570(19)(b)
   (c) state clearly that:
      (i) there is a material uncertainty related to events or conditions that might cast significant doubt on the entity's ability to continue as a going concern, and
      (ii) the entity might therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

IASB *Going concern – a focus on disclosure*

5. The IASB has issued educational material which explains what entities need to consider when providing the going concern disclosures required by IAS 1 *Presentation of Financial Statements*. While the material does not provide any new guidance, it supports entities preparing financial statements in a stressed economic environment such as the one that arose from the COVID-19 pandemic and it reminds entities of the requirements in IAS 1, including the relevance of the overarching disclosure requirements that interact with the specific going concern disclosures.

Circumstances affecting preliminary final report

ASX(4.3D)

6. Once a listed entity is or becomes aware of any circumstances which are likely to affect the results or other information contained in the preliminary final report given to the ASX under Listing Rule 4.3A, the entity shall immediately give the ASX an explanation of the circumstances and the effects they are expected to have on the entity's current or future financial performance or financial position. There is no requirement to also include information about the circumstances in the financial report, but some entities may wish to disclose this as a policy of good disclosure. Where the difference is significant, it could be disclosed upfront as part of note 1 or under critical estimates, judgements and errors (note 11), for example.

How numbers are calculated

Not mandatory

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

(a) accounting policies that are relevant for an understanding of the items recognised in the financial statements; these cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction

(b) analysis and subtotals, including segment information, and

(c) information about estimates and judgements made in relation to particular items.

2 Segment information [6,7]

(a) Description of segments and principal activities [1]

AASB8(22)
AASB101(138)(b)

The group's strategic steering committee, consisting of the chief executive officer, the chief financial officer and the manager for corporate planning, examines the group's performance both from a product and geographic perspective and has identified six reportable segments of its business:

1,2: Furniture manufacturing and wholesale: this part of the business manufactures and sells commercial office furniture, hardwood side boards, chairs and tables in Australia and China. The committee monitors the performance in those two regions separately.

AASB8(22)(aa)

3: Furniture retail – VALUE ACCOUNTS Holdings Limited's manufacturing business is supplemented by a chain of retail stores in Australia. While the committee receives separate reports for each region, the regions have been aggregated into one reportable segment, because they have similar average gross margins and similar expected growth rates. [1]

4,5: IT consulting – business IT management, design, implementation and support services are provided in the US and in a number of European countries. Performance is monitored separately for those two regions.

6: Electronic equipment – although this part of the business is not large enough to be required to be reported separately, it has been included here because it is seen as a potential growth segment which is expected to materially contribute to group revenues in the future. This segment was established following the acquisition of VALUE Electronics Group in April 2024.

AASB8(16),(22)

All other segments – the development of residential land, currently in the Someland Canal Estate in Nicetown and the Mountain Top Estate in Alpville and the ownership of investment properties are not reportable operating segments, because they are not separately managed or included in the reports provided to the strategic steering committee. The results of these operations are included in the 'all other segments' column. The column also includes head office and group services.

The engineering division was sold effective from 1 March 2024. Information about this discontinued segment is provided in note 15.

The steering committee primarily uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (see Adjusted EBITDA, see below) to assess the performance of the operating segments. The steering committee also receives information about the segments' revenue and assets on a monthly basis. Information about segment revenue is disclosed in note 3.

AASB8(23)

(b) Adjusted EBITDA [2]

AASB8(27)(b),(28)

Adjusted EBITDA excludes discontinued operations and the effects of significant items of income and expenditure which might have an impact on the quality of earnings such as restructuring costs, legal expenses and impairments where the impairment is the result of an isolated, non-recurring event. It also excludes the effects of equity-settled share-based payments and unrealised gains or losses on financial instruments.

Interest income and finance cost are not allocated to segments, because financing and cash management activities are the responsibility of the group's central treasury function.

Revised presentation

AASB8(23)

	Furniture - manufacturing and wholesale		Furniture - retail	IT consulting		Electronic equipment	All other segments	Total
	Australia	China	Australia	US	Europe	Australia		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December								
2024	**14,581**	**12,900**	**15,880**	**16,500**	**7,766**	**3,473**	**4,558**	**75,658**
2023	16,733	6,990	5,664	14,035	9,580	-	4,730	57,732

AASB8(23)

(b) Adjusted EBITDA [2]

AASB8(28)(b)

Adjusted EBITDA reconciles to operating profit before income tax as follows:

AASB8(23)

	Notes	2024 $'000	2023 Restated * $'000
Adjusted EBITDA		**75,658**	57,732
Intersegment eliminations		**(390)**	(360)
Finance costs – net	5(d)	**(5,875)**	(5,830)
Interest income on financial assets held as investments	5(a)	**258**	249
Depreciation and amortisation	5(c)	**(12,540)**	(10,080)
Litigation settlement	4	**-**	(370)
Goodwill impairment	4	**(2,410)**	-
Restructuring costs	4	**(1,377)**	-
Fair value gains/(losses) on financial assets at FVTPL	5(b)	**955**	(620)
Share-based payment transactions	21(e)	**(2,156)**	(1,353)
Impairment of other assets	4,3(b)	**(1,287)**	-
Other		**250**	249
Profit before income tax from continuing operations		**51,086**	39,617

* See (f) below for details regarding the restatement as a result of an error on the segment information.

(c) Other profit or loss disclosures [3]

IFRIC agenda decision on Disclosure of Revenues and Expenses for Reportable Segments (July 2024)

Revised presentation

AASB8(23)(e),(f),(g),(h)

Revised requirements
In brief INT2024-18

	Furniture - manufacturing and wholesale		Furniture - retail	IT consulting		Electronic equipment	All other segments	Unallocated items	Total
	Australia*	China	Australia	US	Europe	Australia			
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2024									
Material unusual items**									
Gain on sale of a land area	**-**	**-**	**-**	**1,270**	**-**	**-**	**-**	**-**	**1,270**
Restructuring costs	**(900)**	**(477)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,377)**
Impairment of goodwill	**-**	**(2,410)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,410)**
Impairment of assets destroyed by fire	**(1,210)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,210)**
Insurance recovery	**300**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300**
Depreciation and amortisation	**(5,165)**	**(2,161)**	**(2,716)**	**(831)**	**(430)**	**(342)**	**(896)**	**-**	**(12,540)**
Income tax	**(3,748)**	**(3,650)**	**(3,965)**	**(2,164)**	**(750)**	**(800)**	**(556)**	**(549)**	**(16,182)**
Share of net profit of investments accounted for under the equity method	**48**	**-**	**-**	**250**	**-**	**-**	**42**	**-**	**340**
Year ended 31 December 2023									
Material unusual items**									
Loss on disposal of plant and equipment	(230)	-	-	-	-	-	-	-	(230)
Litigation settlement	-	-	-	-	-	-	(370)	-	(370)
Recognition of tax losses	945	-	-	-	-	-	-	-	945
Depreciation and amortisation	(4,109)	(2,068)	(2,081)	(543)	(447)	-	(832)	-	(10,080)
Income tax	(3,559)	(2,506)	(793)	(2,724)	(727)	-	(860)	(406)	(11,575)
Share of net profit of investments accounted for under the equity method	60	-	-	220	-	-	75	-	355

Revised requirements
In brief INT2024-18

* See (f) below for details regarding the restatement as a result of an error in the segment information.

** For details about "Material unusual items" see note 4.

There was no impairment charge or other significant non-cash item recognised in 2023.

(d) Segment assets

AASB8(27)(c) Segment assets are measured in consistently with the financial statements. Segment assets are allocated based on the operations of the segment and the physical location of the asset.

Revised presentation

AASB8(23),(24)

	Furniture - manufacturing and wholesale		Furniture - retail	IT consulting		Electronic equipment	All other segments	Total
	Australia**	China	Australia	US	Europe	Australia		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2024								
Segment assets	**63,286**	**45,500**	**54,950**	**31,640**	**23,510**	**32,815**	**28,632**	**280,333**
Investments in associates and joint ventures	**550**	**-**	**-**	**2,250**	**-**	**-**	**975**	**3,775**
Additions to non-current assets *	**9,705**	**5,685**	**4,935**	**2,600**	**11,350**	**1,300**	**1,764**	**37,339**
Year ended 31 December 2023								
Segment assets Restated **	65,163	45,700	20,200	31,043	23,325	-	25,603	211,034
Investments in associates and joint ventures	490	-	-	1,900	-	-	885	3,275
Additions to non-current assets *	5,970	4,370	-	3,887	1,695	-	1,115	17,037

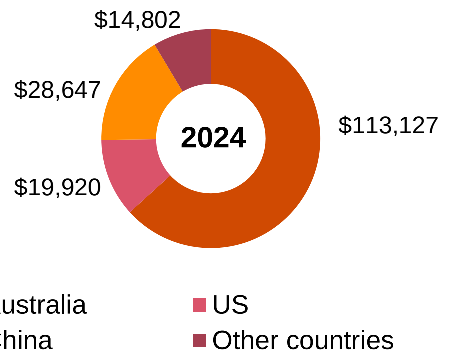
* Other than financial assets and deferred tax.

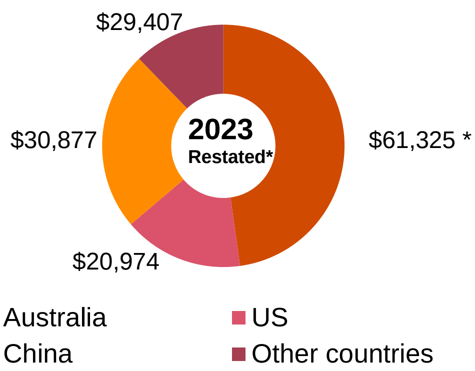
** See (f) below for details regarding the restatement as a result of an error on the segment information.

Year ended 31 December	2024	2023
	$'000	$'000
Total segment assets (2023 Restated **)	**280,333**	211,034
Intersegment eliminations	**(1,300)**	(1,270)
Discontinued operation (Engineering – see note 15)	**-**	4,955
Unallocated:		
Deferred tax assets	**7,849**	5,524
Financial assets at FVOCI	**6,782**	7,148
Debenture assets and bonds at amortised cost	**1,304**	1,265
Financial assets at FVTPL	**13,690**	11,895
Derivative financial instruments	**2,162**	2,129
AASB8(28)(c) **Total assets**	**310,820**	242,680

AASB8(27)(c) Investments in financial assets that are managed by the central treasury function are not considered to be segment assets. These are investments in debt and equity instruments that are classified at FVOCI, FVTPL and amortised cost.

AASB8(33)(b) The total of non-current assets other than financial instruments and deferred tax assets, broken down by location of the assets, is shown in the following graphs (all amounts in $'000): [4]





* See (f) below for details regarding the restatement as a result of an error in the segment information.

(e) Segment liabilities

AASB8(27)(d) Segment liabilities are measured consistently with the financial statements. Segment liabilities are allocated based on the operations of the segment.

AASB8(27)(d) The group's general borrowings and derivative financial instruments are not considered to be segment liabilities, because the group's financing activities are managed by the central treasury function.

AASB8(23)

	Furniture - manufacturing and wholesale		Furniture - retail	IT consulting		Electronic equipment	All other segments	Total
	Australia	China	Australia	US	Europe	Australia		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December								
2024	**12,238**	**4,800**	**11,390**	**3,900**	**2,600**	**6,087**	**1,112**	**42,127**
2023	13,381	2,150	7,979	5,079	2,270	-	2,773	33,632

Year ended 31 December	2024 $'000	2023 $'000
AASB8(28)(d) Total segment liabilities	**42,127**	33,632
Intersegment eliminations	**(1,175)**	(1,120)
Discontinued operation (Engineering – see note 15)	**-**	500
Unallocated:		
Deferred tax liabilities	**12,456**	6,820
Current tax liabilities	**1,130**	856
Current borrowings	**8,400**	7,995
Non-current borrowings	**89,115**	76,600
Derivative financial instruments	**1,376**	1,398
Total liabilities as per the statement of financial position	**153,429**	126,681

Not mandatory

(f) Restatements for error [5]

Due to a computational error, segment assets of the Australian Furniture manufacturing and wholesale segment for the year ended 31 December 2023 were overstated by $1,550,000. The error also increased depreciation charged for the prior year but did not affect adjusted EBITDA. It has been corrected by restating the affected segment information line item for the prior year. Further information on the error is set out in note 11(b).

Segment information

Description of segments

AASB8(22)

1. Entities shall disclose factors used to identify their reportable segments, including the basis of organisation, and types of products and services from which each reportable segment derives its revenues. They must also disclose the judgements made by management in applying the aggregation criteria of the standard, including a description of the aggregated segments and the economic indicators that have been assessed in determining that the aggregated segments share similar economic characteristics.

Non-GAAP segment measures

AASB8(25),(27)
ASIC-RG230(57)

2. The measure of profit or loss that must be disclosed is the measure that is reported to the chief operating decision maker (CODM). The standard is not prescriptive as to how this measure should be calculated and a non-GAAP or non-IFRS measure is acceptable, provided that it reflects what the CODM reviews and it is clear from the disclosures how the measure is calculated and there is a detailed reconciliation of the disclosed measure to the respective IFRS accounting measure on a consolidated basis. However, ASIC expects that the amounts disclosed in the segment note are consistent with any non-IFRS profit measures disclosed in documents that accompany the financial report (e.g. directors' reports and market announcements), as both disclosures should be based on the information that management uses to monitor performance and make decisions. Where the amounts are not consistent, the entity should explain the reasons for the differences.

Other profit or loss disclosures

AASB8(23)

3. The disclosure of other profit or loss items such as depreciation, amortisation and income tax by segment is only required where these amounts are included in the measure of segment profit or loss reviewed by the CODM, or are otherwise regularly provided to, the CODM even if not included in that measure of segment profit or loss. It should also include material items of income and expense as per paragraph 23(f) of AASB 8 (which may be recurring) that are included within the measure of profit or loss.

Using graphs to disclose quantitative information

4. There is nothing in the segment standard or any other Australian Accounting Standards that would appear to prohibit the use of graphics for disclosing quantitative information. However, entities will need to confirm whether this is acceptable under their own local regulatory requirements.

Errors and changes in accounting policies

Revised Illustration

5. Segment reporting follows the 'management approach'; the principle is that the information as reported to the CODM is reflected in the segment reporting. If errors are uncovered or there is a change in accounting policy, management might decide not to present restated comparative information for segment reporting to the CODM and, similarly, it might not adjust segment measures for changes made to the accounting policies. In this case, the impact of the error or changes in accounting policies will be disclosed in the reconciliation from the unchanged segment results to the adjusted reported results. Alternatively, management might decide -- for segment reporting to the CODM -- to restate prior year segment information. If the adjustments are material, information about the adjustments is likely to be relevant to the understanding of segment information, and disclosure along the lines of that shown in the illustrative note might be necessary to adequately explain the information presented. Likewise, entities might consider disclosing the impact of changes in accounting policies on the current period where comparatives have not been restated. Changes made to the measurement methods adopted in preparing the segment information will need to be disclosed under paragraph 27(e) of AASB 8.

Discontinued operations

6. AASB 8 does not provide guidance as to whether segment disclosures apply to discontinued operations. VALUE ACCOUNTS Holdings Limited has not disclosed the results of the discontinued operation within the segment disclosures. This decision was based on the fact that the CODM did not separately review the results of this division since the decision to dispose of it. A discontinued operation should be presented within the segment note if it meets the quantitative threshold for disclosure and if the CODM reviews the results of the discontinued operation.

Segment information

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

7. The following disclosures are not illustrated in this publication, because they are not applicable to VALUE ACCOUNTS Holdings Limited:

AASB8(23)(c),(d)
(a) information about interest revenue and interest expense for each reportable segment (if provided to the CODM)

AASB8(27)(f)
(b) the nature and effect of asymmetrical allocations to reportable segments

AASB8(28)(e)
(c) reconciliations for other material amounts disclosed in the segment note

AASB8(29),(30)
(d) explanations regarding restatements of previously reported information following an internal reorganisation

AASB136(129)(b)
(e) reversal of impairment losses by reportable segment

AASB107(50)(d)
(f) cash flows by reportable segment (encouraged but not mandatory), and

AASB8(27)(e)
(g) changes in measurement methods (explain impact on reported segment profit or loss).

3 Revenue from contracts with customers [1,7]

(a) Disaggregation of revenue from contracts with customers [2-4]

AASB15(114)
The group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	2024	Furniture manufacturing and wholesale		Furniture retail	IT consulting		Electronic equipment	All other segments	Total
		Australia	China	Australia	US	Europe	Australia		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
AASB15(115)	Segment revenue	55,100	35,100	31,609	33,300	16,900	13,850	16,600	202,459
AASB8(23)(b)	Inter-segment revenue	(1,200)	(700)	(900)	(800)	(300)	(500)	(400)	(4,800)
AASB8(23)(a),(28)(a)	Revenue from external customers	53,900	34,400	30,709	32,500	16,600	13,350	16,200	197,659
AASB15(B87)-(B89)	Timing of revenue recognition								
	At a point in time	53,900	34,400	30,709	1,000	600	13,350	16,200	150,159
	Over time	-	-	-	31,500	16,000	-	-	47,500
		53,900	34,400	30,709	32,500	16,600	13,350	16,200	197,659

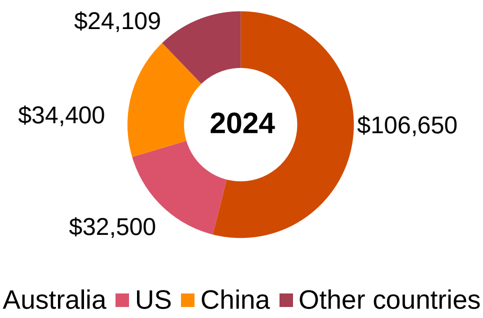
	2023	Furniture manufacturing and wholesale		Furniture retail	IT consulting		Electronic equipment	All other segments	Total
		Australia	China	Australia Restated	US	Europe	Australia		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
AASB15(115)	Segment revenue	60,350	36,860	20,365	22,600	14,790	-	10,199	165,164
AASB8(23)(b)	Inter-segment revenue	(1,150)	(1,100)	-	(600)	(610)	-	(100)	(3,560)
AASB8(23)(a),(28)(a)	Revenue from external customers	59,200	35,760	20,365	22,000	14,180	-	10,099	161,604
AASB15(B87)-(B89)	Timing of revenue recognition								
	At a point in time	59,200	35,760	20,365	800	500	-	10,099	126,724
	Over time	-	-	-	21,200	13,680	-	-	34,880
		59,200	35,760	20,365	22,000	14,180	-	10,099	161,604

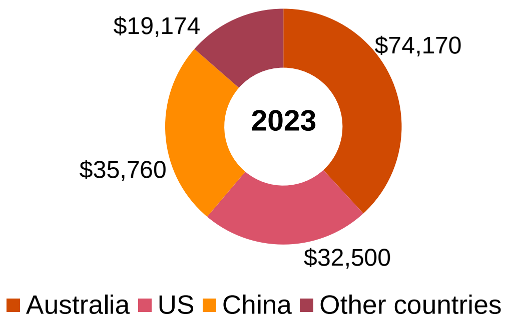
(a) Disaggregation of revenue from contracts with customers [2-4]

AASB8(32) Revenues from external customers are generated from the sale of furniture on a wholesale and retail basis, from the provision of IT consulting services and from the sale of electronic equipment. The revenue from wholesale sales of furniture relates only to the group's own brand, Pina Colada Furniture. The retail sales relate to the group's own brand as well as other major retail brands.

AASB8(34) Revenues of approximately $26,320,000 (2023 – $24,280,000) are derived from a single external customer. These revenues are attributed to the Australian furniture manufacturing and wholesale segment.

AASB8(33)(a) The entity is domiciled in Australia. The amount of its revenue from external customers broken down by location of the customers is shown in the graphs below (all amounts in $'000):





(b) Assets and liabilities related to contracts with customers

The group has recognised the following assets and liabilities related to contracts with customers:

		Notes	**31 Dec 2024 $'000**	31 Dec 2023 $'000	1 Jan 2023 $'000
AASB101(77)	Current contract assets relating to IT consulting contracts	(b)(i),(c)(iv)	**1,547**	2,597	1,897
	Loss allowance	12(c)	**(28)**	(36)	(30)
AASB15(116)(a)	Total contract assets		**1,519**	2,561	1,867
AASB101(77)	Non-current asset recognised for costs incurred to fulfil a contract	(b)(iv)	**312**	520	-
AASB101(77) AASB15(120)(a)	Contract liabilities – customer loyalty programme	(c)(iii)	**552**	536	450
AASB101(77)	Contract liabilities – IT consulting contracts	(b)(iii),(c)(iv)	**1,430**	989	205
AASB15(116)(a)	Total current contract liabilities		**1,982**	1,525	655

(i) Significant changes in contract assets and liabilities

AASB15(118),(113)(b) Contract assets have decreased, because the group has provided fewer services ahead of the agreed payment schedules for fixed-price contracts. The group also recognised a loss allowance for contract assets in accordance with AASB 9, see note 12(c) for further information.

Contract liabilities for IT consulting contracts have increased by $473,000 partly as a result of the acquisition of VALUE Electronics Group, see note 14. The increase in 2023 was due to the negotiation of larger prepayments and an increase in overall contract activity.

(b) Assets and liabilities related to contracts with customers

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior periods:

		2024 $'000	2023 $'000
AASB15(116)(b)	*Revenue recognised that was included in the contract liability balance at the beginning of the period*		
	IT consulting contracts	**989**	205
	Customer loyalty programme	**536**	450
AASB15(116)(c)	*Revenue recognised from performance obligations satisfied in previous periods*		
	Consideration from furniture wholesale contract, not previously recognised due to the constraint, see c(i).	**150**	-

(iii) Unsatisfied long-term consulting contracts

The following table shows unsatisfied performance obligations resulting from fixed-price long-term IT consulting contracts:

		2024 $'000	2023 $'000
AASB15(120)(a)	Aggregate amount of the transaction price allocated to long-term IT consulting contracts that are partially or fully unsatisfied as at 31 December	**8,881**	-

AASB15(120)(b),(122) Management expects that approximately 60% of the transaction price allocated to unsatisfied performance obligations as of 31 December 2024 will be recognised as revenue during the next year ($5,328,000). The remaining 40% ($3,553,000) will be recognised in 2026. The amount disclosed above does not include variable consideration which is constrained.

AASB15(121),(122) All other IT consulting contracts are for periods of one year or less or they are billed based on time incurred. VALUE ACCOUNTS Holdings Limited does not disclose the transaction price allocated to these unsatisfied contracts.

(iv) Assets recognised from costs to fulfil a contract

In addition to the contract balances disclosed above, the group has also recognised an asset in relation to costs to fulfil a long-term IT contract. This asset is presented within other assets in the statement of financial position.

		2024 $'000	2023 $'000
AASB15(128)(a)	Asset recognised from costs incurred to fulfil a contract at 31 December	**312**	520
AASB15(128)(b)	Amortisation and impairment loss recognised as cost of providing services during the period	**208**	-

AASB15(95),(127) In December 2023, the group incurred costs of $520,000 in respect of data transfer for the set-up of an IT platform relating to a long-term IT contract. The costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. They were therefore recognised as an asset from costs to fulfil a contract. The asset is amortised on a straight-
AASB136(126)(a) line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue. Due to an increase in expected costs by over 30% in 2024, management does not expect to be able to fully recover the capitalised costs to be completely recovered. An impairment loss of $77,000 has therefore been recognised for the excess of the capitalised cost over the expected remaining consideration less any directly related costs not yet recognised as expense.

AASB15(119)

(c) Accounting policies and significant judgements 5-6

(i) Sale of goods - wholesale

AASB15(119)(a),(c),(123)(a),(125)

The group manufactures and sells a range of furniture and electronic equipment in the wholesale market. Sales are recognised when control of the goods has transferred. Control is considered to be transferred at the point in time when the products have been delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery has occurred when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and the wholesaler has accepted the goods .

AASB15(119)(b),(d),(e)(123)(b),(126)

The furniture is often sold with retrospective volume discounts based on aggregate sales over a 12-month period. Revenue from furniture sales is recognised based on the contract price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. Since the furniture sales are made with a credit term of 30 days, there is no significant element of financing. The group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see note 8(i).

AASB15(117)

A receivable is recognised when the goods are delivered, since this is the point in time when the consideration is unconditional, because only the passage of time is required before the payment is due.

AASB15(123),(126)(a),(b)

Critical judgements in recognising revenue

The group has recognised revenue amounting to $2,950,000 for the sale of furniture to a wholesale customer in December 2024. The buyer has the right to rescind the sale if there is 5% dissatisfaction with the quality of the first 100 pieces of furniture sold. This specific concession was made because this is a new product line specifically designed for this customer. However, consistent with other contracts, the group does not have a right to payment until the furniture has been delivered to the customer. Based on the quality assurance system implemented, the group is confident that the quality of the product is such that the dissatisfaction rate will be well below 5%. Management has determined that it is highly probable that there will be no rescission of the contract, and that a significant reversal in the amount of revenue recognised will not occur. It is therefore appropriate to recognise revenue on this transaction during 2024 since control of the product has transferred to the customer. The profit recognised for this sale was $1,625,000. The group would suffer an estimated pre-tax loss of $1,760,000 in its 2025 financial statements if the sale was cancelled ($1,625,000 for the reversal of 2024 profits and $135,000 of costs connected with returning the stock to the warehouse).

In 2023, the group did not recognise revenue of $280,000 in relation to a wholesale contract with volume discounts for a new customer and new product line. The group did not have any experience with the customer's purchase pattern and the product line. Management therefore determined that it was not highly probable that a portion of the revenue will not reverse. Of the $280,000 of revenue not recognised in 2023, $150,000 was recognised in the current financial year based on the actual volume sold for the contract period, see (b)(ii) above.

(ii) Sale of goods - retail

AASB15(119)(a),(c)(123),(125)

The group operates a chain of retail stores selling household furniture. Revenue from the sale of goods is recognised when a group entity sells a product to the customer.

AASB15(117),(119)(b),(d)(123)(b),(126)

Payment of the transaction price is due immediately when the customer purchases the furniture and takes delivery in store. It is the group's policy to sell its products to the end customer with a right of return within 28 days. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

AASB15(119)(e)

The group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see note 8(i).

AASB15(119)

(c) Accounting policies and significant judgements 5-6

(iii) Sale of goods – customer loyalty programme

AASB15(117),(119)(a),(c),(120)(b), (125)

The group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to a discount on future purchases. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when they expire after 12 months following the initial sale.

AASB15(123)(b),(126)(c)

Critical judgements in allocating the transaction price

The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience.

The stand-alone selling price of the product sold is estimated on the basis of the retail price. Discounts are not considered, because they are only given in rare circumstances.

AASB15(117)

A contract liability is recognised until the points are redeemed or expire.

(iv) IT consulting services

AASB15(119)(a),(c),(124)

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

AASB15(119)(c)

AASB15(22),(73),(79), (119)(a),(125),(126)(c)

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

AASB15(119)(a),(123)(a)

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

AASB15(117)

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

AASB15(117),(B16)

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

AASB15(123)(b),(126)(c)

Critical judgements in allocating the transaction price

Some fixed-price IT support contracts include an allowance for one free of charge hardware replacement per contract period up to a specified value. Because these contracts include two performance obligations, the transaction price must be allocated to the performance obligations on a relative stand-alone selling price basis.

Management estimates the stand-alone selling price at contract inception based on observable prices of the type of hardware likely to be provided and the services rendered in similar circumstances to similar customers. If a discount is granted, it is allocated to both performance obligations based on their relative stand-alone selling prices.

AASB15(119)

(c) Accounting policies and significant judgements [5-6]

(v) Land development and resale

AASB15(119)(a),(c) (123),(125)

The group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

AASB15(117),(119)(b) (123)(b),(126),(129),(63)

Revenue is measured at the transaction price agreed in the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms might be agreed in rare circumstances, the deferral never exceeds 12 months. The transaction price is therefore not adjusted for the effects of a significant financing component.

(vi) Financing components

AASB15(129),(63)

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

Revenue from contracts with customers

Objectives

AASB15(110)

1. Users of the financial statements should be given sufficient information to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. To achieve this, entities must provide qualitative and quantitative information about their contracts with customers, significant judgements made in applying AASB 15 and any assets recognised from the costs to obtain or fulfil a contract with customers.

Disaggregation of revenue

AASB15(114), (B87)-(B89)

2. Entities must disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The amount of detail that is disclosed will depend on the specific circumstances of each entity as to how much detail is disclosed. VALUE ACCOUNTS Holdings Limited has determined that a disaggregation of revenue using existing segments and the timing of the transfer of goods or services (at a point in time versus over time) is adequate considering the nature of its revenue-generating activities. However, this is a judgement and will not necessarily be appropriate for other entities.
3. Other categories that could be used as basis for disaggregation include:
   (a) type of good or service (for example, major product lines)
   (b) geographical regions
   (c) market or type of customer
   (d) type of contract (for example, fixed price versus time-and-materials contracts)
   (e) contract duration (short-term versus long-term contracts), or
   (f) sales channels (directly to customers versus wholesale).

AASB15(B88)

4. When selecting categories for the disaggregation of revenue entities should also consider how their revenue is presented for other purposes, (for example, in earnings releases, annual reports or investor presentations), and what information is regularly reviewed by the CODMs.

AASB15(115)

Where revenue is disaggregated on a basis other than reportable segments, the entity must disclose sufficient information so that users of its financial statements can understand the relationship between the disaggregated revenue and the revenue information that is disclosed for each reportable segment.

Revenue from contracts with customers

Accounting policies and significant judgements

5. As explained on page 73, it is helpful for readers of the financial statements if the notes for specific line items in the financial statements also set out:
   (a) information about accounting policies that are specific to the entity and that explain how the line items are determined, and
   (b) information about significant judgements and estimates applied in relation to line items.

   However, this format is not mandatory.
6. A list of other potentially material accounting policies is provided in note 25 together with relevant commentary. Detailed commentary regarding the disclosure of significant judgements and estimates is provided in note 11.

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

7. The following requirements are not illustrated in this publication, because are not applicable to VALUE ACCOUNTS Holdings Limited:

	Issue not illustrated	Relevant disclosures or reference
AASB15(113)	Revenue from contracts with customers is disclosed together with other sources of revenue in the statement of profit or loss	Disclose items of revenue from contracts with customers separately from other sources of revenue.
AASB15(127)-(129),(94)	Costs incurred to obtain a contract	For assets recognised, provide disclosures in accordance with per AASB 15 paragraphs 127 and 128. Where no asset is recognised because the period of amortisation is one year or less, disclose that fact.

4 Material unusual profit or loss items [1.2]

AASB101(119),(97) The group has identified a number of items which are material due to the significance of their nature and/or amount, and it has disclosed them in this separate note to provide a better understanding of the group's financial performance.

		Notes	2024 $'000	2023 $'000
AASB101(97),(98)(c)	Gain on sale of a land area	(a)	**1,270**	-
AASB101(97),(98)(b)	Restructuring costs	8(i)	**(1,377)**	-
AASB101(97)	Impairment of goodwill	8(d)	**(2,410)**	-
AASB136(126)(a)	Impairment of assets destroyed by fire	(b)		
AASB136(130)(b)	Office and warehouse building		**(465)**	-
	Plant and equipment		**(210)**	-
AASB102(36)(e)	Inventories		**(535)**	-
AASB101(97)	Total impairment losses – other assets		**(1,210)**	-
	Insurance recovery	(b)	**300**	-
AASB101(97),(98)(c)	Loss on disposal of plant and equipment	(c)	**-**	(230)
AASB101(97),(98)(f)	Litigation settlement relating to claim against the land development division	(d)	**-**	(370)
	Recognition of tax losses	(e)	**-**	945
AASB101(97)	Total material items from continuing operations		**(3,427)**	345
	Gain on sale of discontinued operations	15	**481**	-

(a) Sale of a land area

Following the re-zoning of land held by VALUE Consulting Inc, the entity sold a large block of freehold land at a significant profit and realised a gain of $1,270,000 (included in the IT consulting – US segment).

(b) Impairment of other assets

AASB136(129)(a),(130)(a),(c) A fire in Springfield in March 2024 damaged a major office and warehouse building owned by a subsidiary that is part of the Australian furniture manufacturing and wholesale segment. The fire also destroyed equipment and inventories stored in the warehouse.

AASB136(130)(e),(f) The office and warehouse building was written down to its recoverable amount of $1,220,000, which was determined by reference to the building's fair value less costs of disposal. The main valuation inputs used were a market value of $105 per square metre (determined by an independent valuer) and costs of repair, estimated by management to be approximately $430,000. Since the estimated costs of repair are a significant unobservable input, the fair value of the office and warehouse building is classified as a level 3 fair value.

Because the inventory and equipment were destroyed beyond repair, their net realisable value/fair value less costs of disposal was nil.

AASB136(126)(a) The impairment loss is included in administrative expenses in the statement of profit or loss.

AASB116(74A)(a) An insurance recovery of $300,000 has been received and recognised as other income.

(c) Disposal of plant and equipment

VALUE Manufacturing Limited upgraded its plant and equipment by installing a large new production line in its Springfield factory in the previous financial year. There were several items of old equipment that became obsolete as a result. Since the equipment operated using superseded technology, VALUE ACCOUNTS Holdings Limited was not able to sell them at their carrying amounts and, accordingly, it incurred a loss of $230,000 on disposal (included in the Australia furniture manufacturing and wholesale segment).

(d) Litigation settlement

In January 2023, VALUE Development Limited paid $370,000 as settlement for a claim lodged against the company following the termination of the Pinetree development in Alpville (included in the 'all other segments' result).

(e) Recognition of tax losses

Following a significant improvement in trading conditions in the Australian furniture manufacturing and wholesale segment in 2023, the group reviewed previously unrecognised tax losses and determined that it was now probable that future taxable profits will be available against which the tax losses can be utilised. As a consequence, a deferred tax asset of $945,000 was recognised for these losses in 2023.

Material unusual profit or loss items

AASB101(97),(98)

1. Where items of income and expense are material, their nature and amount shall be disclosed separately either in the statement of comprehensive income, the statement of profit or loss (where applicable) or in the notes. Circumstances that would give rise to the separate disclosure of items of income and expense include:
   (a) write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as reversals of such write-downs
   (b) restructurings of the activities of an entity and reversals of any provisions for the costs of restructuring
   (c) disposals of items of property, plant and equipment
   (d) disposals of investments
   (e) discontinued operations (see note 15)
   (f) litigation settlements
   (g) other reversals of provisions, and
   (h) gains or losses recognised in relation to a business combination.
2. Unusual material items (such as those mentioned in para 98 of AASB 101) do not need to be presented in a separate note. However, in our view it will be easier for users to assess the impact of such items on the entity's performance, if this information is presented together.

5 Other income and expense items [1,9]

This note provides a breakdown of the items included in other income, other gains/(losses), finance income and costs and an analysis of expenses by nature. Information about specific profit or loss items (such as gains and losses in relation to financial instruments) is disclosed in the related notes to the statement of financial position.

AASB101(112)(c)

(a) Other income

		Notes	2024 $'000	2023 $'000
	Rental and sub-lease rental income	8(c)	**7,240**	7,240
	Dividends	(i)	**3,300**	4,300
AASB101(82)(a)	Interest on financial assets held as investments	(ii)	**258**	249
Not mandatory	Other items	4(b) (iii)	**550**	244
			11,348	12,033

(i) Dividends

AASB101(117) AASB9(5.7.1A),(B5.7.1)

Dividends are received from financial assets measured at FVTPL and FVOCI. Dividends are recognised when the right to receive payment is established in profit or loss, unless they clearly represents a recovery of part of the cost of an investment. The group presents dividends recognised in profit or loss as other income.

(a) Other income

(ii) Interest income [7]

AASB101(117) Interest income from financial assets at FVTPL is included in the net fair value gains/(losses) on these assets, see note 5(b). Interest income on financial assets at amortised cost and on financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

AASB9(5.4.1) Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 5(d). Any other interest income is included in other income.

AASB7(20)(b) Total interest income on financial assets that are measured at amortised cost for the year was $1,670,000 and interest income from debt instruments that are measured at FVOCI was $200,000 (2023 – $1,154,000 interest income from financial assets not measured at FVTPL).

(iii) Other items

Government grants

AASB120(39)(b),(c) Export market development grants of $250,000 (2023 – $244,000) are included in the ‘other items’ line item and do not include unfulfilled conditions or other forms of contingency. The group did not benefit directly from any other forms of government assistance.

AASB101(117)

Deferral and presentation of government grants

AASB120(12),(29) Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

AASB120(24),(26) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

(b) Other gains/(losses)

		Notes	2024 $'000	2023 $'000
	Net gain/(loss) on disposal of property, plant and equipment (excluding property, plant and equipment sold as part of the engineering division)	8(a)	**1,620**	(530)
AASB140(76)(d)	Fair value adjustment to investment property	8(c)	**1,350**	1,397
AASB7(20)(a)(i)	Net fair value gains/(losses) on financial assets at FVTPL	7(d)	**955**	(620)
AASB121(52)	Net foreign exchange gains/(losses)	12(b)	**518**	(259)
AASB7(20)(a)(i)	Net fair value gains on derivatives held for trading	12(a)	**11**	(621)
Not mandatory	Other items		**139**	(38)
			4,593	(671)

(i) Capitalised borrowing costs

AASB123(26)(b) The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity’s general borrowings during the year, in this case 7.02% (2023 – 7.45%).

(c) Breakdown of expenses by nature

		Notes	2024 $'000	2023 Restated $'000
Not mandatory	Changes in inventories of finished goods and work in progress	8(f)	**(6,681)**	(5,255)
Not mandatory	Raw materials and consumables used	8(f)	**62,218**	54,108
AASB101(104),(105)	Employee benefits expenses [2]		**56,594**	52,075
AASB101(104),(105)	Depreciation	8(a), 8(b)	**10,374**	9,350
AASB101(104),(105)	Amortisation	8(d), 3(b)	**2,166**	730
AASB101(97)	Impairment of goodwill	8(d)	**2,410**	-
AASB101(97)	Impairment of assets destroyed by fire	4(b)	**1,210**	-
Not mandatory	Other expenses		**27,839**	16,270
Not mandatory	Total cost of goods sold, distribution costs and administrative expenses		**156,130**	127,278

(d) Finance income and costs [3-7]

		Notes	2024 $'000	2023 Restated $'000
	Finance income [7,8]			
	Interest from financial assets held for cash management purposes	a(ii)	**1,261**	905
AASB7(20)(a)(v) AASB9(3.3.3)	Net gain on extinguishment of debt	7(h)	**355**	-
	Finance income		**1,616**	905
	Finance costs [3-6]			
AASB7(20)(b)	Interest and finance charges paid/payable for lease liabilities and financial liabilities not at FVTPL	10(c)	**(6,956)**	(6,367)
AASB137(60)	Provisions: unwinding of discount	8(i)	**(93)**	(78)
AASB7(24C)(b)(iv)	Fair value gain on interest rate swaps designated as cash flow hedges – transfer from OCI	12(b)	**155**	195
AASB121(52)(a)	Net exchange losses on foreign currency borrowings	12(b)	**(1,122)**	(810)
			(8,016)	(7,060)
AASB123(26)(a)	Amount capitalised	(i)	**525**	325
	Finance costs expensed		**(7,491)**	(6,735)
	Net finance costs		**(5,875)**	(5,830)

Other income and expense items

1. This note provides a breakdown of other income, other gains/losses and an analysis of expenses by nature, but it does not show all of the profit or loss amounts that must be disclosed under various accounting standards. Instead, individual profit or loss items are now disclosed together with the relevant information to which they belong. E.g. gains or losses related to various financial instruments held by the group are disclosed together with the amounts recognised in the statement of financial position. We believe that this presentation is more useful for users of the financial statements.

Employee benefits expenses

AASB119(25),(158),(171)

2. Although AASB 119 *Employee Benefits* does not require specific disclosures about employee benefits other than post-employment benefits, other standards might require disclosures, e.g. where the expense resulting from such benefits is material and so would require disclosure under paragraph 97 of AASB 101 *Presentation of Financial Statements*. Similarly, termination benefits might result in an expense needing disclosure in order to comply with paragraph 97 of AASB 101.

Finance costs

3. Finance costs will normally include:

AASB123(5),(6)

   (a) costs that are borrowing costs for the purposes of AASB 123 *Borrowing Costs:*

AASB7(IG13)

      (i) interest expense calculated using the effective interest rate method as described in AASB 9 *Financial Instruments*
      (ii) interest in respect of lease liabilities (see note 8(b)), and
      (iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs

AASB137(60)

   (b) the unwinding of the effect of discounting provisions

AASB132(35),(40)

   (c) dividends on preference shares that are classified as debt

AASB9(B5.4.4)

   (d) the amortisation of discounts and premiums on debt instruments that are liabilities
   (e) interest on tax payable where the interest element can be identified separately, and

AASB5(17)

   (f) the increase in the present value of the costs to sell in relation to assets that are held for sale, where the sale is expected to occur beyond one year.

AASB16(49)

4. Interest expense on lease liabilities must also be presented as a component of finance cost in the statement of profit or loss and other comprehensive income.

AASB121(52)(a)

5. Amounts disclosed under paragraph 3(a)(iii) above shall also be included in the net foreign exchange gain or loss disclosed under paragraph 52(a) of AASB 121 *The Effects of Changes in Foreign Exchange Rates*. VALUE ACCOUNTS Holdings Limited discloses this amount in note 12(b).
6. Costs which might also be classified as finance cost include other costs associated with the entity's management of cash, cash equivalents and debt; such as fair value changes on interest rate hedges, the ineffective portion of cash flow interest rate hedges or a loss on the extinguishment of a liability.

Other income and expense items

Finance income

AASB15(Appendix A)
AASB101(82)(a)

7. The classification of finance income depends on the entity's accounting policy for such items. Where earning interest income is part of the entity's ordinary activities rather than an incidental benefit, the interest income should be included within the main 'revenue' heading and separately disclosed in the statement of profit or loss, if material. In other cases, entities might take the view that finance income is most appropriately included as 'other operating income' or as a separate line item in arriving at operating profit (if disclosed). VALUE ACCOUNTS Holdings Limited includes finance income that arises from treasury activity (such as income on surplus funds invested for the short term) outside operating profit whilst including other types of finance income as operating items. Although entities have some discretion in the way in which finance income is included in the statement of comprehensive income, the presentation policy adopted should be applied consistently and disclosed if material.

AASB7(20)(b)

8. In addition, entities must disclose the total interest revenue (calculated using the effective interest rate method) for financial assets that are measured at amortised cost and those that are measured at FVOCI. This applies regardless of the presentation chosen in the primary financial statements. This requirement is illustrated in note 5(a)(i).

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

9. The following requirements are not illustrated in this publication, because they are not applicable to VALUE ACCOUNTS Holdings Limited:

AASB7(20)(c)

   (a) Where material, entities must separately disclose any fee income arising from financial assets not at fair value through profit or loss and from trust and other fiduciary activities.

6 Income tax [13-16]

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

		2024 $'000	2023 Restated * $'000
AASB112(79),(81)(g)(ii)	**(a) Income tax**		
	Current tax		
AASB112(80)(a)	Current tax on profits for the year	**17,116**	11,899
AASB112(80)(b)	Adjustments for current tax of prior periods	**(369)**	135
	Total current tax expense	**16,747**	12,034
AASB112(80)(c)	*Deferred income tax*		
	Decrease/(increase) in deferred tax assets (see note 8(e))	**(4)**	(1,687)
	(Decrease)/increase in deferred tax liabilities (see note 8(e))	**(177)**	1,399
	Total deferred tax expense/(benefit)	**(181)**	(288)
	Income tax	**16,566**	11,746
	Income tax is attributable to:		
	Profit from continuing operations	**16,182**	11,575
	Profit from discontinued operations	**384**	171
		16,566	11,746

* See note 11(b) for details regarding the restatement as a result of an error.

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

AASB101(122),(125)
AASB-I23(A5)
AASB137(86),(88)

The tax legislation in relation to expenditures incurred in connection with the establishment of the retail division is unclear. The group considers it probable that a tax deduction of $1,933,000 will be available and it has calculated the current tax expense on this basis. However, the group has applied for a private ruling to confirm its interpretation. If the ruling is not favourable, this would increase the group's current tax payable and current tax expense by $580,000 each. The group expects to get a resolution, and therefore certainty about the tax position, before the next interim reporting date.

AASB112(81)(c)(i),(84),(85)

(c) Reconciliation of tax expense and the accounting profit multiplied by Australia's domestic tax rate for 2024 and 2023 [1,2]

		2024 $'000	2023 Restated * $'000
	Profit from continuing operations before income tax	**51,086**	39,617
	Profit from discontinued operations before income tax	**1,111**	570
		52,197	40,187
AASB112(81)(d),(85)	Tax using the Australian tax rate of 30% (2023 – 30%)	**15,659**	12,056
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Goodwill impairment	**723**	-
	Amortisation of intangibles [3]	**92**	158
	Entertainment costs	**61**	64
	Expenses paid to foreign related parties but not taxed overseas	**21**	15
	Employee option plan [4]	**277**	99
	Tax offset for franked dividends	**(9)**	(21)
	Dividends paid to preference shareholders	**378**	378
	Recycling of foreign currency translation reserve on sale of engineering division (see note 15)	**(51)**	-
	Miscellaneous	**198**	35
	Subtotal	**17,349**	12,784
AASB112(85)	Difference in overseas tax rates	**(248)**	(127)
AASB112(80)(b)	Adjustments for current tax of prior periods	**(369)**	135
	Research and development tax credit (i)	**(121)**	(101)
AASB112(80)(f)	Previously unrecognised tax losses used to reduce deferred tax expense (see note 4(e))	**-**	(945)
AASB112(80)(e)	Benefit of previously unrecognised tax losses that can now be recognised and used to reduce current tax expense	**(45)**	-
	Income tax in the statement of profit or loss	**16,566**	11,746

* See note 11(b) for details regarding the restatement as a result of an error.

(i) Accounting for research and development tax credit [5]

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

(d) Amounts recognised directly in equity [6,7]

		Notes	2024 $'000	2023 $'000
AASB112(81)(a),(62A)	Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:			
	Current tax: tax credit for transaction costs of share buy-back	9(a)	**(15)**	-
	Deferred tax: Convertible note and share issue costs	8(e)	**990**	-
			975	-

In addition, the group recognised deferred tax amounts directly in retained earnings as a result of the restatement of an error (see note 11(b)).

(e) Tax losses

		Notes	2024 $'000	2023 $'000
AASB112(81)(e)	Unused tax losses for which no deferred tax asset has been recognised		**1,740**	2,796
	Potential tax benefit @ 30%		**522**	839

The unused tax losses were incurred by a dormant subsidiary that is not likely to generate taxable income in the foreseeable future, and they can be carried forward indefinitely. See note 8(e) for information about recognised tax losses and related significant judgements applied.

(f) Unrecognised temporary differences

		Notes	2024 $'000	2023 $'000
AASB112(81)(f)	Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:			
	Foreign currency translation		**2,190**	1,980
	Undistributed earnings		**1,350**	
			3,540	1,980
AASB112(87) **Not mandatory**	Unrecognised deferred tax liabilities relating to the above temporary differences		**1,062**	594

Temporary differences of $2,190,000 (2023 – $1,980,000) have arisen as a result of the translation of the financial statements of the group's subsidiary in China. However, a deferred tax liability has not been recognised, because the liability will only crystallise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future. [8]

VALUE Retail Limited has undistributed earnings of $1,350,000 (2023 – nil) which, if paid out as dividends, would be subject to tax by the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised, since VALUE ACCOUNTS Holdings Limited is able to control the timing of distributions from this subsidiary and is not expected to distribute these profits in the foreseeable future.

New requirements

(g) OECD Pillar Two model rules [9]

AAS112(88A)

New illustration

The group is within the scope of the OECD Pillar Two model rules, and it applies the AASB 112 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The group will incur top-up taxes due to the Pillar Two legislation that become effective 1 January 2024. Under the legislation, the group is liable to pay a top-up tax for the difference between its GloBE effective tax rate in each jurisdiction and the 15% minimum rate.

AASB112(88B)

New illustration

The group has estimated that the effective tax rates exceed 15% in all jurisdictions in which it operates, except for jurisdiction A where one of its subsidiaries operates. The group's assessment indicates for jurisdiction A that the weighted average effective tax rate based on accounting profit is 8.3% for the annual financial year ended 31 December 2024. Considering the impact of specific adjustments in the Pillar Two legislation, the group recognised a current income tax expense of $400 for the year. This is included in income tax in the statement of profit or loss.

Note - the above disclosures assume that Pillar Two legislation and the supporting regulations have been substantively enacted by 31 December 2024 and are effective for financial years beginning on or after 1 January 2024. See commentary paragraphs 10 – 12 for details.

Income tax

Relationship between tax expense and accounting profit

AASB112(81)(c),(85)

1. Entities can explain the relationship between tax expense (income) and accounting profit by disclosing reconciliations between:
   (a) tax expense and the product of accounting profit multiplied by the applicable tax rate, or
   (b) the average effective tax rate and the applicable tax rate.

   The applicable tax rate can either be the domestic rate of tax in the country in which the entity is domiciled or it can be determined by aggregating separate reconciliations prepared using the domestic rate in each individual jurisdiction. Entities should choose the method that provides the most meaningful information to users.
2. Where an entity uses option (a) above and reconciles tax expense to the tax that is calculated by multiplying accounting profit with the applicable tax rate, the standard does not specify whether the reconciliation should be done for total tax expense or only for tax expense attributable to continuing operations. While VALUE ACCOUNTS Holdings Limited is reconciling total tax expense, it is equally acceptable to use profit from continuing operations as starting point.

Initial recognition exception – subsequent amortisation

3. The amount shown in the reconciliation of prima facie income tax payable to income tax expense as 'amortisation of intangibles' represents the amortisation of a temporary difference that arose on the initial recognition of the asset and for which no deferred tax liability has been recognised in accordance with paragraph 15(b) of AASB 112. The initial recognition exception only applies to transactions that are not a business combination and do not affect either accounting profit or taxable profit.

Taxation of share-based payments

4. For the purpose of these illustrative financial statements, we have assumed that deductions are available for the payments made by VALUE ACCOUNTS Holdings Limited into the employee share trust for the acquisition of the deferred shares (see note 21). In our example, the payments are made and shares acquired upfront, which gives rise to deferred tax liabilities. We have also assumed that no tax deductions can be claimed in relation to the employee option plan. However, this will not apply in all circumstances to all entities. The taxation of share-based payments and the accounting thereof is a complex area and specific advice should be obtained for each individual situation. AASB 112 provides further guidance on the extent to which deferred tax is recognised in profit or loss and in equity.

AASB112(68A)-(68C)

Tax incentives

5. As explained in note 6(c)(i), VALUE ACCOUNTS Holdings Limited is accounting for investment tax credits in the same way as for other tax credits. However, in some circumstances a different accounting treatment might be appropriate. This would be the case in particular for small companies with an aggregated turnover of less than $20m, as the tax incentive for these entities is effectively a government grant and hence should be accounted for in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance.*

Income tax recognised outside profit or loss

AASB101(90)
AASB112(62A),(81)(a),(ab)

6. Under certain circumstances, current and deferred tax is recognised outside profit or loss either in other comprehensive income or directly in equity, depending on the item to which the tax relates to. Entities must disclose separately:
   (a) the amount of income tax relating to each component of other comprehensive income, including reclassification adjustments (either in the statement of comprehensive income or in the notes), and
   (b) the aggregate current and deferred tax relating to items that are charged directly to equity (without being recognised in other comprehensive income).

AASB112(62A)

7. Examples of items that are charged directly to equity are:
   (a) the equity component on compound financial instruments
   (b) share issue costs, and
   (c) adjustments to retained earnings, (for example, as a result of a change in accounting policy).

Income tax

Unrecognised temporary differences

8. The disclosure of unrecognised temporary differences in relation to the overseas subsidiary has been made for illustrative purposes only. The taxation of overseas subsidiaries will vary from case to case and tax advice should be obtained to assess whether there are any potential tax consequences and temporary differences that should be disclosed.

OECD Pillar Two model rules

9. The OECD Pillar Two model rules apply to multinational enterprises that have consolidated revenues (which, as defined by the OECD, include any form of income and are therefore not limited to revenue recognised in accordance with AASB 15) of €750m in at least two out of the last four years. Although this might not be the case for VALUE ACCOUNTS Holdings Limited, for illustrative purposes we have assumed that:
   (a) VALUE ACCOUNTS Holdings Limited is within the scope for the OECD Pillar Two model rules
   (b) Pillar Two legislation has been substantively enacted in Australia before 31 December 2024, and
   (c) the legislation is effective from 1 January 2024.
10. At the cut-off date for this publication (30 September 2024), Pillar Two legislation had been introduced to the Senate but not yet passed. Our illustrative disclosures in note 6(g) assume that the legislation is passed before the end of December 2024 and becomes effective from 1 January 2024. It further assumes that supporting regulations, which include the detailed model rules, will also be issued before the end of December. If this is the case, the legislation will be substantively enacted and effective for financial years beginning on or after 1 January 2024, meaning that entities in the scope of the legislation will need to calculate their Pillar Two tax expenses for the current financial year and provide disclosures along the lines of those illustrated in note 6(g).

AASB112(88C),(88D)

11. Should the effective date of the legislation be deferred such that the legislation is substantively enacted by 31 December 2024 but only effective eg from 1 January 2025, the entity will need to disclose the known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes, including:
   (a) qualitative information such as information about how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist, and
   (b) quantitative information such as
      (i) an indication of the proportion of an entity's profits that might be subject to Pillar two income taxes and the average effective tax rate applicable to those profits or
      (ii) an indication of how the entity's average effective tax rate would have changed if Pillar Two legislation had been in effect.

   If this information is not known or reasonably estimable, entities shall instead disclose a statement to that effect, and information about their progress in assessing the exposure.

   Illustrative disclosures for this situation can be found in our publication *Illustrative consolidated financial statements under IFRS Accounting Standards - December 2024*.
12. If the legislation and supporting regulations should not be substantively enacted by 31 December 2024, and the group is not exposed to Pillar Two legislation in any other country, then there would be no disclosures required.

Income tax

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

13. The following requirements are not illustrated in this publication, because they are not applicable to VALUE ACCOUNTS Holdings Limited:

Reference	Issue not illustrated	Relevant disclosure or reference
AASB112(81)(d)	Changes in the applicable tax rate	Explain the changes (see illustrative disclosure below).
AASB112(81)(e)	Deductible temporary differences and unused tax credits for which no deferred tax asset is recognised	Disclose amount and expiry date.
AASB112(82A), (87A)-(87C)	The payment of dividends will affect the entity's income tax expense (for example, a lower tax rate applies to distributed profits)	Explain the nature of the income tax consequences and disclose the amounts, if they are practicably determinable, and whether there are any potential income tax consequences that are not practicably determinable.
AASB112(81)(i)	Dividends were proposed or declared but not recognised a liability in the financial statements	Disclose the income tax consequences, if any.
AASB112(88)	Tax-related contingent liabilities or contingent assets and changes in tax rates or tax laws enacted after the reporting period	Provide disclosures required under AASB 137 and AASB 110.
AASB112(81)(j)	Business combination: changes in the deferred tax assets of the acquirer recognised as a result of the combination	Disclose the amount of the change.
AASB112(81)(k)	Deferred tax benefits acquired in a business combination but only recognised in a subsequent period	Describe the event or change in circumstances that caused the deferred tax asset to be recognised.

Changes in tax rate and other changes to the tax legislation

AASB112(47),(80)

14. Where changes to the applicable tax rate were substantively enacted during the year, the adjustments to the deferred tax balances appear as another reconciling item in the reconciliation of prima facie income tax payable to income tax expense. The associated explanations could be along the following lines:

    The increase of the Oneland corporate tax rate from 10% to 12% was substantively enacted on 26 June 2024 and will be effective from 1 April 2025. As a result, the relevant deferred tax balances have been remeasured. Deferred tax expected to reverse in the year to 31 December 2025 has been measured using the effective rate that will apply in Oneland for the period (11.5%). For years ending after 31 December 2025, the group has used the new tax rate of 12%.

    Further increase to the Oneland tax rate have been announced which will increase the rate by 1% per annum to 15% by 1 April 2028. However, these changes are expected to be enacted separately each year. As a consequence, they had not been substantively enacted at the reporting date and, so they are not recognised in these financial statements.

    The impact of the change in tax rate has been recognised in tax expense in profit or loss, except to the extent that it relates to items previously recognised outside profit or loss. For the group, such items include in particular remeasurements of post-employment benefit liabilities and the expected tax deduction in excess of the recognised expense for equity-settled share-based payments.

Income tax

Tax consolidation legislation in individual financial statements

UIG1052(16)

15. Where the tax consolidation legislation has been implemented or will be implemented in the current reporting period, the head entity and wholly-owned entities in the tax consolidated group must disclose:
    (a) the relevance of the tax consolidation system to the entity, including the part of the reporting period for which it applies to the entity where it is not applicable for the whole of the reporting period, and the name of the head entity
    (b) the method adopted for measuring the current and deferred tax amounts (see note 2Z(e))
    (c) information about the nature of any tax funding arrangement and any tax sharing agreement, including significant terms and conditions that may affect the amount, timing and uncertainty of future cash flows, and
    (d) the net amount recognised for the period as tax-consolidation contributions by (or distributions to) equity participants, its major components and the accounts affected.
16. As tax consolidation is only relevant to the separate financial statements of a parent entity (where prepared), and to the wholly-owned subsidiaries that are part of the tax consolidated group, the above disclosures are not illustrated in this publication. However, VALUE ACCOUNTS Holdings Limited does explain how the separate parent entity information in note 2Z has been affected by tax consolidation, see note 2Z for details.

7 Financial assets and financial liabilities [1,21,22]

Not mandatory

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

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

Not mandatory
AASB7(8)

The group holds the following financial instruments:

Financial assets *	Notes	2024 $'000	2023 $'000
Financial assets at amortised cost			
Trade receivables	7(a)	**15,662**	8,220
Other financial assets at amortised cost	7(b)	**4,596**	3,471
Cash and cash equivalents	7(e)	**55,083**	30,299
Financial assets at FVOCI	7(c)	**6,782**	7,148
Financial assets at FVTPL	7(d)	**13,690**	11,895
Derivative financial instruments			
Used for hedging	12(a)	**2,162**	2,129
		97,975	63,162

Revised illustration

Financial liabilities	Notes	2024 $'000	2023 $'000
Liabilities at amortised cost			
Trade and other payables *	7(f)	**13,030**	9,801
Liabilities under supplier finance arrangement	7(g)	**670**	480
Borrowings	7(h)	**97,515**	84,595
Lease liabilities	8(b)	**11,501**	11,291
Derivative financial instruments			
Used for hedging	12(a)	**766**	777
Held for trading at FVTPL	12(a)	**610**	621
		124,092	107,565

* Excluding non-financial liabilities. [4]

AASB7(36)(a), AASB7(31),(34)(c)

The group's exposure to various risks associated with the financial instruments is discussed in note 12. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(a) Trade receivables

		31 Dec 2024 $'000	31 Dec 2023 $'000	1 Jan 2023 $'000
	Current assets		18.	19.
AASB15(116)(a) AASB101(77)	Trade receivables from contracts with customers	**16,308**	8,570	5,238
AASB101(77)	Loss allowance (see note 12(c))	**(646)**	(350)	(115)
		15,662	8,220	5,123

AASB101(117)

(i) Classification as trade receivables [2,3]

AASB7(21)
AASB9(5.1.3),(4.1.2),(5.4.1)

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and it therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 12(c).

(ii) Transferred receivables

AASB7(42D)(a)-(c),(e)
AASB9(B4.1.3)

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, VALUE Manufacturing Limited has transferred the relevant receivables to the factor in exchange for cash. However, VALUE Manufacturing Limited has retained substantially all of the risks and rewards of ownership through late payment and credit risk. The group therefore continues to recognise the transferred assets in their entirety in its statement of financial position. The amount repayable under the factoring agreement is presented as secured borrowing.

Revised illustration

The group's accounting policy is to interpret 'held to collect' on the basis of the accounting treatment and the continued recognition of the receivables on the balance sheet. The group therefore considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

The relevant carrying amounts are as follows:

	2024 $'000	2023 $'000
Transferred receivables	**3,250**	-
Associated secured borrowing (bank loans – see note 7(h))	**3,100**	-

Management considers that, in substance, the factor collects the amounts receivable on the entity's behalf and retains the cash in settlement of the separate financing transaction. The group therefore presents the cash inflows received from the factor as financing cash inflows and the subsequent payments by the debtor as both operating cash inflows and financing cash outflows.

(iii) Fair values of trade receivables [12-13]

AASB7(25),(29)(a)
AASB13(97),(93)(b),(d)

Due to the short-term nature of the current receivables, their carrying amount is considered to be a reasonable approximation of their fair value.

(iv) Impairment and risk exposure

AASB7(31),(34)(c)

Information about the impairment of trade receivables and the group's exposure to credit risk and foreign currency risk can be found in notes 12(b) and 12(c).

(b) Other financial assets at amortised cost

AASB101(117)

(i) Classification of other financial assets at amortised cost [2,3]

AASB9(4.1.2)

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

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

See note 25(o) for the remaining relevant accounting policies.

(b) Other financial assets at amortised cost

Financial assets at amortised cost include the following debt instruments:

AASB101(77),(78)(b)
AASB7(6)

	2024			2023		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Loans to related parties (ii)	**-**	**1,300**	**1,300**	-	700	700
Loans to key management personnel (ii)	**166**	**551**	**717**	126	480	606
Debenture assets (v)	**-**	**750**	**750**	-	750	750
Zero coupon bonds (v)	**-**	**460**	**460**	-	425	425
Listed corporate bonds	**-**	**94**	**94**	-	90	90
Other receivables (ii)	**939**	**375**	**1,314**	716	200	916
	1,105	**3,530**	**4,635**	842	2,645	3,487
Less: loss allowance for other financial assets at amortised cost (note 12(c))	**(5)**	**(34)**	**(39)**	-	(16)	(16)
	1,100	**3,496**	**4,596**	842	2,629	3,471

(ii) Other receivables

AASB7(7),(38)

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

AASB124(18)

Further information relating to loans to related parties and key management personnel is set out in note 20.

(iii) Fair values of other financial assets at amortised cost [12-13]

AASB7(25),(6)

Fair value for the following investments was determined by reference to published price quotations in an active market (classified as level 1 in the fair value hierarchy – see note 7(i) for further information).

	2024 $'000	2023 $'000
Debenture assets	**795**	767
Zero coupon bonds	**482**	433
Listed corporate bonds	**150**	100

AASB7(25),(29)(a)
AASB13(97),(93)(b),(d)

Due to the short-term nature of the other current receivables, their carrying amounts are considered to be reasonable approximations of the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different from their carrying amounts. An exception is the loans to key management personnel, which have a fair value of $481,000 as at 31 December 2024, compared to a carrying amount of $551,000 (2023 – fair value of $424,000 and carrying amount of $480,000).

The fair values were calculated based on cash flows discounted using a current market lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk (see note 7(i) below).

(iv) Impairment and risk exposure

Note 12(c) sets out information about the impairment of financial assets and the group's exposure to credit risk.

AASB7(34)

All of the financial assets at amortised cost are denominated in Australian dollar. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk, because the investments will be held to maturity.

(c) Financial assets at fair value through other comprehensive income

AASB101(117)

(i) Classification of financial assets at fair value through other comprehensive income [2,3]

Financial assets at FVOCI comprise:

AASB7(11A)(b),(21)
AASB9(4.1.4),(5.7.5)

- equity securities which are not held for trading and for which the group has irrevocably elected at initial recognition to present changes in fair value in OCI; these are strategic investments and the group considers this classification to be more relevant, and

AASB9(4.1.2A)

- debt securities where the contractual cash flows are solely payments of principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and by selling financial assets.

(ii) Equity investments at fair value through other comprehensive income

AASB7(11A)(a),(c)

Equity investments at FVOCI comprise the following individual investments:

	2024 $'000	2023 $'000
Non-current assets	20.	
Listed securities		
Hardwood Ltd	**-**	1,900
Furniture Suppliers Plc	**870**	-
Furniture Purchasers Inc	**1,305**	975
Sleep Willow Plc	**653**	250
Pine Oak Property Inc	**1,286**	1,001
	4,114	4,126
Unlisted securities	21.	
Softwood Ltd	**690**	1,072
Mahogany Ltd	**460**	550
	1,150	1,622
	5,264	5,748

AASB7(21)
AASB9(B5.7.1)

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings. Note 25(o) sets out the remaining accounting policies.

(iii) Disposal of equity investments

AASB7(11B),(11A)(e)

Since 1 January 2024, the group has sold its shares in Hardwood Ltd as a result of a takeover offer for cash. The shares sold had a fair value of $2,275,000 and the group realised a gain of $646,000, which had already been included in OCI. This gain has been transferred to retained earnings, net of tax of $194,000, see note 9(c).

AASB9(7.2.1)

The group sold its investment in Super Floors Ltd last year, since this investment no longer suited the group's investment strategy. The shares sold had a fair value of $2,143,000 at the time of the sale and the group realised a loss of $548,000, which was transferred to retained earnings, net of tax of $164,000.

(iv) Debt instruments at fair value through other comprehensive income

AASB101(77)

Debt instruments at FVOCI comprise the following investments in listed and unlisted bonds:

	2024 $'000	2023 * $'000
Non-current assets	22.	
Listed bonds	**728**	650
Unlisted debt securities	**790**	750
	1,518	1,400

AASB9(5.7.10)

On disposal of these debt instruments, any related balance within the FVOCI reserve is reclassified to other gains/(losses) within profit or loss.

AASB124(18)

The unlisted debt securities include $250,000 (2023 – $ nil) of securities issued by entities that are controlled by the ultimate parent entity, Lion AG.

(c) Financial assets at fair value through other comprehensive income

(v) Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains/(losses) were recognised in profit or loss and other comprehensive income.

		2024 $'000	2023 $'000
	Gains/(losses) recognised in other comprehensive income (see note 9(c))		
AASB7(20)(a)(vii)	Related to equity investments	**632**	(1,230)
AASB7(20)(a)(viii)	Related to debt instruments	**118**	(228)
		750	(1,458)
AASB7(11A)(d)	Dividends from equity investments held at FVOCI recognised in profit or loss in other income (see note 5(a))		
	Related to investments derecognised during the period	**963**	-
	Related to investments held at the end of the reporting period	**642**	800
		1,605	800

(vi) Non-current assets pledged as security

AASB7(14) See note 24 for information on non-current assets pledged as security by the group.

(vii) Fair value, impairment and risk exposure

AASB13(93) Information about the methods and assumptions used in determining fair value is provided in note 7(i) and information about the loss allowance recognised on debt instruments at FVOCI is provided in note 12(c).

AASB7(34) All of the financial assets at FVOCI are denominated in Australian dollar. For an analysis of the sensitivity of the assets to price and interest rate risk see note 12(b).

(viii) Significant estimates [2]

AASB13(91)(a)
AASB101(125)

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see note 7(i).

(d) Financial assets at fair value through profit or loss

AASB101(117)

(i) Classification of financial assets at fair value through profit or loss [2,3]

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

AASB9(4.1.2)
AASB9(4.1.2A)

- debt instruments that do not qualify for measurement at either amortised cost (see note 7(b)) or FVOCI (see note 7(c))
- equity investments that are held for trading, and

AASB9(5.7.5)

- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

AASB101(77)
AASB7(6),(31)

Financial assets mandatorily measured at FVTPL include the following:

		2024 $'000	2023 $'000
	Non-current assets		
AASB101(77)	Unlisted preference shares [5]	**1,100**	980
AASB101(77)	Contingent consideration (see note 15(c))	**1,290**	-
		2,390	980
	Current assets		
AASB101(77)	US listed equity securities	**5,190**	4,035
AASB101(77)	Australian listed equity securities	**6,110**	6,880
		11,300	10,915
		13,690	11,895

See note 25(o) for the remaining relevant accounting policies.

(ii) Amounts recognised in profit or loss

AASB7(20)(a)(i)

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

	2024 $'000	2023 $'000
Fair value gains (losses) on equity investments at FVTPL recognised in other gains/(losses) (see note 5(b))	**835**	(690)
Fair value gains (losses) on debt instruments at FVTPL recognised in other gains/(losses) (see note 5(b))	**120**	100
Fair value gain on contingent consideration recognised in profit from discontinued operations (see note 15(c))	**90**	-

(iii) Risk exposure and fair value measurements

AASB7(31)
AASB13(93)

Information about the group's exposure to price risk is provided in note 12(b). For information about the methods and assumptions used in determining fair value see note 7(i).

(e) Cash and cash equivalents

		2024 $'000	2023 $'000
	Current assets		
AASB107(45)	Cash at hand	**750**	600
AASB107(45)	Demand deposits	**54,333**	29,699
		55,083	30,299

(i) Reconciliation to cash flow statement

AASB107(45) The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

		2024 $'000	2023 $'000
	Balances as above	**55,083**	30,299
AASB107(8)	Bank overdrafts (see note 7(h))	**(2,650)**	(2,250)
	Balances per statement of cash flows	**52,433**	28,049

(ii) Classification as cash equivalents [2,3]

AASB107(46) Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest or any other form of penalties. See note 25(k) for the group's other accounting policies on cash and cash equivalents.

(iii) Restricted cash [6,7]

AASB107(48) The cash and cash equivalents disclosed above and in the statement of cash flows include $7,314,000 which are held by VALUE Overseas Ltd. These deposits are subject to regulatory restrictions and are therefore not available for general use by the other entities within the group.

(f) Trade and other payables [14,21]

		2024 $'000	2023 $'000
	Current liabilities		
AASB101(77)	Trade payables	**9,330**	7,751
AASB101(77)	Payables under supplier finance arrangement (ii)	**520**	430
	Payroll tax and other statutory liabilities	**1,570**	1,207
AASB15(105)	Refund liabilities (i)	**490**	235
AASB101(77)	Other payables	**3,700**	2,050
	39.	**15,090**	11,243

Trade payables are unsecured and are usually paid within 30 days of recognition. Where trade payables are settled via electronic cash transfer, they are derecognised when the group has no ability to withdraw, stop or cancel the payment, has lost the practical ability to access the cash as a result of the electronic payment instruction, and the risk of a settlement not occurring is insignificant.

AASB7(29)(a) AASB13(97),(93)(b),(d) The carrying amounts of trade and other payables are considered to be reasonable approximations of their fair values, due to their short-term nature. [12-13]

AASB101(117)

(i) Refund liabilities

AASB15(55),(B20)-(B27) Where a customer has a right to return a product within a given period, the group recognises a refund liability for the amount of consideration received for which the entity does not expect to be entitled ($221,000; 2023 – $110,000). The group also recognises a right to the returned goods measured by reference to the former carrying amount of the goods ($76,000 as at 31 December 2024 and $38,000 as at 31 December 2023; see note 8(g)). The costs to recover the products are not material because the customers usually return them in a saleable condition.

Refund liabilities are further recognised for volume discounts payable to wholesale customers ($269,000; 2023 – $125,000). Note 3(c) has further explanations about both types of refund liabilities.

New requirements

(g) Liabilities under supplier finance arrangement[14]

(i) Supplier finance arrangements [8-11]

AASB107(44G)

Supplier finance arrangements are characterised by one or more finance providers offering to pay amounts that an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, when suppliers are paid. These arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date.

AASB107(44H)(a)

On 1 January 2022, the group entered into a supplier finance arrangement ending on 31 December 2025. Under the arrangement, a bank acquires the rights to selected trade receivables from the supplier. The terms and conditions of the arrangement are unchanged from the trade payables from this supplier, other than:

- the due date has been extended to 45 days after the invoice date from the original 30 days, and
- the acquired payables are no longer able to be offset against credit notes received from the supplier.

AASB107(44H)(b)(iii)

Range of payment due dates	**2024**	2023	2022 [10]
Liabilities under supplier finance arrangement	**45 days after invoice date**	45 days after invoice date	45 days after invoice date
Comparable trade payables that are not part of the supplier finance arrangement (same line of business)	**0-30 days after invoice date**	0-30 days after invoice date	0-30 days after invoice date

	Carrying amount of liabilities under supplier finance arrangement	**2024 $'000**	2023 $'000	2022[10] $'000
AASB107(44H)(b)(i)	Liabilities under supplier finance arrangement	**670**	480	460
AASB107(44H)(b)(ii)	of which the supplier has received payment from the finance provider	**460**	370	400

AASB107(44H)(c)

There were no material business combinations or foreign exchange differences that would affect the liabilities under the supplier finance arrangement in either period. There were non-cash transfers from trade payables to liabilities under the supplier finance arrangement of $3,170,000 and $2,570,000 in 2024 and 2023 respectively

AASB7(29)(a)
AASB13(97),(93)(b),(d)

The carrying amounts of liabilities under the supplier finance arrangement are considered to be reasonable approximations of their fair values, due to their short-term nature. [12-13]

(ii) Significant judgement - supplier finance arrangement [8-11]

AASB101(117),(122)

Revised illustration

As disclosed above, given that the only changes are the payment due date changing from 30 days to 45 days after the invoice date and the group no longer being able to offset the acquired payables against the credit notes received from the supplier, management has determined that it is appropriate to present the amounts as a separate line item in the statement of financial position instead of within borrowings.

For the purpose of the cash flow statement, management has determined that the amounts are not part of the working capital used in the entity's principal revenue-producing activities, so it presents the cash outflows to settle the supplier finance liability in financing.

Management considers that the finance provider settles the invoices as a payment agent on behalf of the entity. The payments made by the finance provider are therefore presented as operating cash outflows and financing cash inflows in equal but opposite amounts at the point when the finance provider pays the supplier. When the group subsequently pays the amount outstanding to the finance provider, this is presented as a financing cash outflow. As a consequence, the liabilities under the supplier finance arrangement are included in the net debt reconciliation referred to in note 10(c).

(h) Borrowings [15,21,22]

	2024			2023		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
AASB101(77) *Secured*						
Bank overdrafts	**2,650**	**-**	**2,650**	2,250	-	2,250
Bank loans (i)	**4,250**	**37,535**	**41,785**	2,865	45,500	48,365
Debentures (v)	**-**	**-**	**-**	2,000	2,000	4,000
Other loans	**450**	**8,580**	**9,030**	150	14,100	14,250
Total secured borrowings (i)	**7,350**	**46,115**	**53,465**	7,265	61,600	68,865
AASB101(77) *Unsecured*						
Other borrowings	**1,050**	**-**	**1,050**	730	-	730
Convertible notes (iii)	**-**	**16,815**	**16,815**	-	-	-
Redeemable preference shares (iv)	**-**	**11,000**	**11,000**	-	11,000	11,000
Loans from related parties *	**-**	**15,185**	**15,185**	-	4,000	4,000
Total unsecured borrowings	**1,050**	**43,000**	**44,050**	730	15,000	15,730
Total borrowings	**8,400**	**89,115**	**97,515**	7,995	76,600	84,595

* Further information relating to loans from related parties is set out in note 20.

(i) Secured liabilities and assets pledged as security

AASB7(7),(14)(b) AASB7(42D)

Of the bank loans, $3,100,000 relate to transferred receivables (see note 7(a)(ii)). The remaining bank loans and overdrafts are secured by first mortgages over the group's freehold land and buildings, including those classified as investment properties.

The debentures were secured by a floating charge over the assets of VALUE ACCOUNTS Holdings Limited.

Lease liabilities are effectively secured, because the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

AASB7(14)(a)

The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in note 24.

(ii) Compliance with loan covenants [22]

AASB101(135)(d)

VALUE ACCOUNTS Holdings Limited has complied with the financial covenants of its bank loans during both periods presented, see note 13 for details.

(h) Borrowings [15,21,22]

(iii) Convertible notes [15]

AASB7(17)
AASB101(79)(a)(vii)

VALUE ACCOUNTS Holdings Limited issued 1,500,000 7% convertible notes for $20 million on 23 January 2024. The notes are convertible into ordinary shares of the entity, at the option of the holder, or repayable on 23 January 2028. The conversion rate is two shares for each note held, which is based on the market price per share at the date of the issue of the notes ($6.10), but subject to adjustments for share splits or share consolidations .The convertible notes are presented in the statement of financial position as follows:

	2024 $'000	2023 $'000
Face value of notes issued	**20,000**	-
Other equity securities – value of conversion rights (see note 9(b))	**(3,500)**	-
	16,500	-
Interest expense *	**842**	-
Interest paid	**(527)**	-
Non-current liability	**16,815**	-

* Interest expense is calculated by applying the effective interest rate of 9.6% to the liability component.

AASB132(17),(18),(28),(29), AG31(a)

The initial fair value of the liability portion of the bond was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured.

(iv) Redeemable preference shares [14]

AASB7(7)
AASB101(79)(a)(v)

The redeemable preference shares represent 5,000,000 fully paid 6% cumulative redeemable preference shares. The shares are redeemable at $2.20 per share on 31 December 2031 or by the VALUE ACCOUNTS Holdings Limited at any time before that date. The shares are entitled to dividends at the rate of 6% per annum. If insufficient profits are available in a particular financial year, the dividends accumulate and are payable when sufficient profits are available. The shares participate in a winding up of the company only to the extent of $2.20 per share.

AASB132(17),(18)

Since the shares are mandatorily redeemable on a specified date, they are recognised as liabilities.

(v) Repurchase of debentures

AASB7(7)
AASB9(3.3.3)
AASB7(20)(a)(v)

During the reporting period, VALUE ACCOUNTS Holdings Limited repurchased the remaining outstanding debentures for a lump sum payment of $1,605,000. The carrying amount of the debentures at the time of the payment was $2,000,000 and costs incurred were $40,000, resulting in a net gain on extinguishment of $355,000, which was recognised as finance income in the statement of profit or loss.

(vi) Offsetting

See note 23 for information about the group's offsetting arrangements.

(h) Borrowings [15,21,22]

(vii) Fair value [12-13]

AASB7(25),(29)(a) For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either:

- the interest payable on those borrowings is close to current market rates, or
- the borrowings are of a short-term nature.

Material differences are identified only for the following borrowings:

	2024 Carrying amount $'000	**2024** Fair value $'000	2023 Carrying amount $'000	2023 Fair value $'000
Bank loans	**41,320**	**40,456**	47,900	48,950
Convertible notes	**16,815**	**17,175**	-	-
Redeemable preference shares	**11,000**	**10,475**	11,000	10,860

AASB13(97),(93)(b),(d) The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see note 7(i)) due to the use of unobservable inputs, including own credit risk.

(viii) Risk exposures

AASB7(31) Details of the group's exposure to risks arising from current and non-current borrowings are set out in note 12.

(i) Recognised fair value measurements [16,17]

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

AASB13(93)(b)

Recurring fair value measurements **At 31 December 2024**	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets					
Financial assets at FVTPL					
US listed equity securities	7(d)	**5,190**	**-**	**-**	**5,190**
Australian listed equity securities	7(d)	**6,110**	**-**	**-**	**6,110**
Preference shares – property sector	7(d)	**-**	**1,100**	**-**	**1,100**
Other (contingent consideration)	7(d)	**-**	**-**	**1,290**	**1,290**
Hedging derivatives – interest rate swaps	12(a)	**-**	**453**	**-**	**453**
Hedging derivatives – foreign currency options	12(a)	**-**	**1,709**	**-**	**1,709**
Financial assets at fair value through other comprehensive income (FVOCI)					
Equity securities – property sector	7(c)	**1,286**	**-**	**-**	**1,286**
Equity securities – retail sector	7(c)	**2,828**	**-**	**-**	**2,828**
Equity securities – forestry sector	7(c)	**-**	**-**	**1,150**	**1,150**
Debentures – property sector	7(c)	**378**		**-**	**378**
Debentures – retail sector	7(c)	**350**	**790**	**-**	**1,140**
Total financial assets		**16,142**	**4,052**	**2,440**	**22,634**
Financial liabilities					
Hedging derivatives – foreign currency forwards	12(a)	**-**	**766**	**-**	**766**
Trading derivatives	12(a)	**-**	**275**	**335**	**610**
Total financial liabilities		**-**	**1,041**	**335**	**1,376**

(i) Recognised fair value measurements [16,17]

AASB101(38)

Recurring fair value measurements At 31 December 2023	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets					
Financial assets at FVTPL					
US listed equity securities	7(d)	4,035	-	-	4,035
Australian listed equity securities	7(d)	6,880	-	-	6,880
Preference shares – property sector	7(d)	-	980	-	980
Hedging derivatives – interest rate swaps	12(a)	-	809	-	809
Hedging derivatives – foreign currency options	12(a)	-	1,320	-	1,320
Financial assets at FVOCI					
Equity securities – property sector	7(c)	1,378	-	-	1,378
Equity securities – retail sector	7(c)	2,748	-	-	2,748
Equity securities – forestry sector	7(c)	-	-	1,622	1,622
Debentures – property sector	7(c)	300	-	-	300
Debentures – retail sector	7(c)	100	750	-	1,100
Total financial assets		15,691	3,859	1,622	21,172
Financial liabilities					
Hedging derivatives – foreign currency forwards		-	777	-	777
Trading derivatives	12(a)	-	621	-	621
Total financial liabilities		-	1,398	-	1,398

AASB13(93)(c) There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers into and out of level 3 measurements see (iii) below.

AASB13(95) The group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

AASB13(76),(91)(a) **Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. The quoted market price incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1.

AASB13(81),(91)(a) **Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

AASB13(86) **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where climate risk gives rise to a significant unobservable adjustment.

(ii) Valuation techniques used to determine fair values

AASB13(91)(a),(93)(d) Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- for interest rate swaps – the present value of the estimated future cash flows based on observable yield curves
- for foreign currency forwards – the present value of future cash flows based on the forward exchange rates at the reporting date
- for foreign currency options – option pricing models (for example, Black-Scholes model), and
- for other financial instruments – discounted cash flow analysis.

AASB13(93)(b) All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, a contingent consideration receivable and certain derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk. The group did not change any valuation techniques in determining the level 2 and level 3 fair values.

(i) Recognised fair value measurements [16,17]

(iii) Fair value measurements using significant unobservable inputs (level 3)

AASB13(93)(e)

The following table presents the changes in level 3 items for the periods ended 31 December 2024 and 31 December 2023:

	Unlisted equity securities $'000	Contingent conside-ration $'000	Trading derivatives at FVTPL $'000	Total $'000
Opening balance 1 January 2023	**1,322**	**-**	**-**	**1,322**
Gains recognised in OCI	300	-	-	300
Closing balance 31 December 2023	**1,622**	**-**	**-**	**1,622**
Transfer from level 2	-	-	(365)	(365)
Acquisitions	-	1,200	-	1,200
Disposals	(200)	-	-	(200)
(Losses) recognised in OCI	(272)	-	-	(272)
Gains recognised in discontinued operations *	-	90	-	90
Gains/(losses) recognised in other income *	-	-	30	30
Closing balance 31 December 2024	**1,150**	**1,290**	**(335)**	**2,105**
AASB13(93)(f) * includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period [19]				
2024	**-**	**90**	**15**	**105**
2023	-	-	-	-

(iv) Transfers between levels 2 and 3

AASB13(93)(d),(h)(ii)

The group further assessed the need for transfers between levels in the hierarchy given the uncertain economic environment and considering whether a lack of observable information existed for factors relevant to the value of certain instruments.

AASB13(93)(d)

In 2024 the group transferred a hedging foreign currency forward from level 2 into level 3, since the counterparty for the derivative encountered significant financial difficulties. This resulted in a significant increase to the discount rate, which is not based on observable inputs, because it reflects credit risk specific to the counterparty. Credit risk was not considered to be a significant input factor in previous years.

(i) Recognised fair value measurements[16,17]

(v) Valuation inputs and relationships to fair value

AASB13(93)(d),(99)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements (see (ii) above for the valuation techniques adopted) and how a reasonable change in the input would affect the fair value:.

AASB13(91)(a),(93)(d),(h)(i),(ii),(99)

Description	Fair value at 31 Dec 2024 $'000	Fair value at 31 Dec 2023 $'000	Un-observable inputs *	Range of inputs (probability-weighted average) 2024	Range of inputs (probability-weighted average) 2023	Relationship of unobservable inputs to fair value
Unlisted equity securities	**1,150**	1,622	Earnings growth factor	**2.5%–3.5% (3%)**	2%–3% (2.7%)	Increased earnings growth factor (+50 basis points (bps)) and lower discount rate (-100 bps) would increase FV by $70,000; lower growth factor (-50 bps) and higher discount rate (+100 bps) would decrease FV by $80,000 2023: increasing/decreasing the growth factor and the discount rate by +/- 50bps and 100 bps respectively would change the FV by +$55,000/-$65,000
			Risk-adjusted discount rate	**9%–11% (10%)**	9.5%–11% (10.2%)	
Trading derivatives	**(335)**	(365)	Credit default rate	**25%**	30%	A shift of the credit default rate by +/- 5% results in a change in FV of $30,000 (2023: change in default rate by +/- 6% changed FV by $33,000)
Contingent consideration	**1,290**	n/a	Risk-adjusted discount rate	**14%**	n/a	A change in the discount rate by 100 bps would increase/ decrease the FV by $40,000
			Expected cash inflows	**$2,150,000 – $2,570,000 ($2,360,000)**	n/a	If expected cash flows were 10% higher or lower, the FV would increase/decrease by $35,000

AASB13(93)(h)(i)

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(vi) Valuation processes

AASB13(93)(g)

The finance department of the group includes a team that performs the valuations of financial items required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every six months, in line with the group's half-yearly reporting periods.

See commentary para 21 at the end of this note for guidance on determining the discount rate in times of high economic uncertainty.

The main level 3 inputs used by the group are derived and evaluated as follows:

- Discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk gradings determined by VALUE ACCOUNTS Holdings Limited's internal credit risk management group.
- Earnings growth factors for unlisted equity securities are estimated based on market information for similar types of companies.
- Contingent consideration – expected cash inflows are estimated based on the terms of the sale contract (see note 15) and the entity's knowledge of the business and how the current economic environment is likely to impact it.

Changes in level 2 and level 3 fair values are analysed at the end of each reporting period during the half-yearly valuation discussion between the CFO, AC and the valuation team. As part of this discussion the team presents a report that explains the reason for the fair value movements.

Financial assets and financial liabilities

Disclosing financial assets and financial liabilities in one note

1. Users of financial reports have indicated that they would like to be able to quickly access all of the information about the entity's financial assets and liabilities in one location in the financial report. We have therefore structured our notes such that financial items and non-financial items are discussed separately. However, this is not a mandatory requirement in the accounting standards.

Accounting policies, estimates and judgements

2. As explained on page 73, in our view it is helpful for readers of the financial report if information about accounting policies that are specific to the entity and about significant estimates and judgements is disclosed with the relevant line items, rather than in separate notes. However, this format is also not mandatory.
3. For general commentary regarding the disclosures of accounting policies see note 25. Commentary about the disclosure of significant estimates and judgements is provided in note 11.

Scope of accounting standard for disclosure of financial instruments

AASB132(11)

4. AASB 7 does not apply to the following items, because they are not financial instruments as defined in paragraph 11 of AASB 132:
   (a) prepayments made (right to receive future good or service, not cash or a financial asset)
   (b) tax receivables and payables and similar items (statutory rights or obligations, not contractual), or
   (c) contract liabilities (obligation to deliver good or service, not cash or financial asset).

AASB7(5A)

While contract assets are also not financial assets, they are explicitly included in the scope of AASB 7 for the purpose of the credit risk disclosures. Liabilities for sales returns and volume discounts (see note 7(f)) might be considered financial liabilities on the basis that they require payments to the customer. However, they should be excluded from financial liabilities if the arrangement is executory. VALUE ACCOUNTS Holdings Limited determined this to be the case.

Classification of preference shares

AASB9(4.1.2)(b), (B4.1.7)-(B4.1.26)
AASB101(122)

5. Preference shares must be analysed carefully to determine if they contain features that cause the instrument not to meet the definition of an equity instrument from the issuer's perspective. If such shares meet the definition of equity for the issuer, the holding entity can elect to carry them at FVOCI without recycling to profit or loss if not held for trading. If the shares do not, they must be further analysed to determine the underlying business model and whether the contractual cash flows are solely payments of principal and interest. VALUE ACCOUNTS Holdings Limited undertook this analysis and concluded that the preference shares should be held at fair value through profit or loss, because the shares do not meet the definition of equity and their cash flows relating to interest payments can be deferred and such deferral does not result in interest accruing on the deferred amount (such that the contractual cash flows are not solely payments of principal and interest). Where the classification involves significant judgement and the relevant amounts are material, the entity should consider disclosing the rationale for classifying such shares as debt instruments.

Restricted cash

IFRIC Update April 2023

6. The Committee concluded that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash for the purpose of the presentation in the statement of cash flows, provided that long as the entity can still access those amounts on demand. That is, unless the restrictions change the deposit's nature in a way that it would no longer meet the definition of cash in IAS 7. VALUE ACCOUNTS Holdings Limited has cash that is held by an overseas subsidiary which cannot be used by other entities within the group but is accessible on demand by the subsidiary and is therefore included in cash and cash equivalents in its statement of financial position.
7. The Committee also noted that entities might need to present the restricted cash as a separate line item in the statement of financial position where this is relevant to an understanding of the entity's financial position. Further, restricted cash would normally be classified as current unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Financial assets and financial liabilities

Supplier finance arrangements (SFAs)

8. The group assesses how to present and account for SFAs based on the specific terms and conditions of each arrangement. There is significant judgement involved in both the presentation of liabilities under SFAs and the presentation of cash flows. The judgement involved in determining the most appropriate presentation based on the specific terms of the SFA is further disclosed in note 7(g)(ii).
9. The qualitative information disclosing the terms and conditions of SFAs can be presented on an aggregated basis where the characteristics of the arrangements are similar. Judgement might be required to assess whether a specific arrangement is dissimilar in nature to other arrangements. An arrangement would be dissimilar if it has unusual or unique terms and conditions. For further guidance on the above judgements, see our In depth INT2023-06 *Bringing transparency on supplier finance* on Viewpoint, which explains issues to consider when determining the appropriate presentation and disclosure of such arrangements.
10. Three years have been presented for the above tables, to meet the disclosure requirements as at the beginning and end of both the current and the comparative reporting period..

AASB107R(63)
AASB2023-1

11. The following reliefs are available in the first year of application:
    (a) **Disclosure of comparative information:** comparative information will not be required during the first year that the entity applies the amendments. That is, an entity with a closing reporting date of 31 December 2024 will not need to present comparative information for 2024.
    (b) **Disclosure of certain opening balances:** quantitative disclosures in paragraph 44H(b) of IAS 7 will normally be required at the opening and closing of each reporting period. However, considering the complexity that might exist for disclosures in paragraphs 44H(b)(ii) and (iii) of IAS 7, in the first year of application, entities are provided with transition relief, meaning that disclosures in paragraphs 44H(b)(ii) and (iii) of IAS 7 are only required as of year-end.
    (c) **Interim financial statements:** the required disclosures will only apply for the annual periods during the first year of application. Therefore, the earliest that the new disclosure requirements would be mandated is for an annual reporting period ending 31 December 2024.

    We have elected not to use the reliefs available in (a) and (b) above, but we did use the relief in (c) in the interim financial statements for the six months ended 30 June 2024..

Fair value disclosures: Financial instruments carried at other than fair value

AASB7(25),(29)

12. An entity shall disclose the fair value for each class of financial assets and financial liabilities in a way that permits it to be compared with its carrying amount. However, fair values do not need to be disclosed for the following:
    (a) where the carrying amount is a reasonable approximation of fair value (for example, for cash, short-term trade receivables and payables)
    (b) a contract containing a discretionary participation feature (*as described in AASB 4 Insurance Contracts)* where the fair value of that feature cannot be measured reliably, or
    (c) for lease liabilities.

    Guidance on what are appropriate classes of financial assets and liabilities is given in paragraph 6 of AASB 7, see commentary paragraph 1 to note 12.

Carrying amounts are a reasonable approximation of fair value

13. A statement that the carrying amount of financial assets or financial liabilities are a reasonable approximation of their fair value should only be made if it can be substantiated. That is, entities must have made a formal assessment of the carrying amounts of their financial assets and liabilities in comparison to their fair values and documented this assessment. If the fair values are not a reasonable approximation of the carrying amounts, the fair values must be disclosed.

Financial assets and financial liabilities

Financial liabilities

Terms and conditions of financial instruments

AASB7(7),(31)

14. Entities shall disclose sufficient information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance and the nature and extent of risks arising from these financial instruments. However, the intention of AASB 7 was to decrease the potentially voluminous disclosures that were required by AASB 132 and replace them with shorter but more meaningful information. Under normal circumstances entities will therefore not need to disclose the significant terms and conditions for each of their major borrowings. Having said that, if an entity has a borrowing (or other financial instrument) with unusual terms and conditions, it should provide sufficient information to enable users to assess the nature and extent of risks associated with these instruments.

AASB101R(69)(d),(75A),(17)(c),(76)(d)

15. An entity must classify a liability as non-current if it has a right to defer settlement of the liability for at least 12 months after the reporting period. This applies regardless of whether the entity intends to settle the liability within the next 12 months, and even if it settles the liability before the financial statements are authorised for issue. However, in these cases, the entity might need to disclose information about the timing of the settlement to enable users of its financial statements to understand the impact of the liability on the entity's financial position. We have illustrated this in note 12(d)(ii).

Fair value measurements

Classes of assets and liabilities

AASB13(94)

16. The disclosures in AASB 13 must be made separately for each class of assets and liabilities. Entities shall determine appropriate classes of assets and liabilities by considering:
    (a) the nature, characteristics and risks of the asset or liability, and
    (b) the level of the fair value hierarchy within which the fair value measurement is categorised.

AASB13(94)

17. A class of assets and liabilities will often require greater disaggregation than the line items presented in the statement of financial position. The number of classes might also need to be greater for fair value measurements categorised within level 3 of the hierarchy, because those measurements have a greater degree of uncertainty and subjectivity. Entities shall disclose sufficient information to allow a reconciliation back to the line items disclosed in the statement of financial position.

Unrealised gains and losses relating to recurring level 3 measures

AASB13(93)(f)

18. AASB 13 does not provide guidance on how to calculate the unrealised gains and losses for recurring level 3 measures. A similar requirement previously existed under US GAAP where three methods were acceptable. In our view, all of these methods would be acceptable under Australian Accounting Standards provided that they are consistently applied. The methods are:
    (a) Statement of financial position view: determine unrealised gains and losses as the fair value of the security less its amortised cost base. Under this view, gains and losses are realised at maturity or sale date. Therefore the entire gain or loss is considered unrealised until maturity.
    (b) Statement of profit or loss view: determine unrealised gains and losses as the total gains and losses during the period less the cash received or paid for those items. Under this view, each cash receipt or settlement represents a realised gain or loss in its entirety.
    (c) Cash flow view: first determine any realised gains or losses as the difference between the expected cash flows at the beginning of the period and the actual cash flows at the end of the period. Then determine unrealised gains or losses for items still held at the reporting date as the remaining expected cash flows for future periods at the end of the period less the remaining expected cash flows for future periods at the beginning of the period.

Financial assets and financial liabilities

Impact of high economic uncertainty on fair value measurements and associated disclosures

19. Entities might need to consider the impact of changes in economic conditions on the fair value measurement, having regard to both direct and indirect impacts. The associated disclosures might be affected, for example, where:
    (a) the entity had to change the valuation methodology (for example, from a market multiple approach to a discounted cash flow approach), or change the weighting where multiple valuation techniques are used;
    (b) the sensitivity analysis that is required for recurring fair value measurements categorised within level 3 of the fair value hierarchy has been revised, because there might be additional indirect impacts (for example, changes to the credit risk of counterparties);
    (c) the entity has changed how it determines the discount rates as a consequence of revisiting the systematic and unsystematic risks inherent in an asset (see paragraph 21).

    For guidance, see our In depth INT2022-12 *Navigating IFRS Accounting Standards in periods of rising inflation and interest rates* on Viewpoint.

Determining discount rates in times of high economic uncertainty

20. When determining discount rates in times of high economic uncertainty, entities may also need to consider the systematic and unsystematic risks to ensure that the discount rate and cash flows appropriately reflect the risks inherent to the asset. In this context:
    (a) The systematic risk is measured in relation to the market as a whole. It represents the risk that cannot be reduced through diversification, and it is rewarded with a risk premium or higher level of expected return. This risk is derived from external macroeconomic factors that affect all companies in some way, although in different magnitudes.
    (b) The unsystematic risk reflects the diversifiable risk, which is the risk specific to the particular asset. Factors considered include customer concentration risk, key person risk and regulatory risk. Where relevant, unsystematic risk should be reflected in the asset's cash flows, by using different scenarios with appropriate weightings.

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

21. The following requirements are not illustrated in this publication, because they are not applicable to VALUE ACCOUNTS Holdings Limited:

Financial assets and liabilities at fair value through profit or loss (FVTPL)

	Issue not illustrated	Relevant disclosures or references
AASB7(8)(a),(20)(a)(i)	The entity has financial assets measured at FVTPL of which: • some were designated as such upon initial recognition • some were designated as such in accordance with paragraph 6.7.1 of AASB 9, and • some are mandatorily measured at FVTPL in accordance with the requirements of AASB 9	Disclose each of these financial assets and the associated gains/losses separately. All of VALUE ACCOUNTS Holdings Limited's financial assets are mandatorily measured at FVTPL, so this disclosure does not apply.
AASB7(9)	The entity has designated financial assets at FVTPL which would otherwise be measured at FVOCI or amortised cost	Provide additional disclosures as per paragraph 9 of AASB 7.
AASB7(11)(b)	The entity believes that the disclosures on how credit risk is calculated in relation to financial assets or liabilities designated at FVTPL do not faithfully represent the fair value changes due to credit risk	Disclose the reason for reaching this conclusion and what alternative factors would be relevant.
AASB7(10),(10A),(11)	The entity has financial liabilities designated at FVTPL	A number of additional disclosures apply as set out in paragraphs 8, 10, 10A, 11 and 20 of AASB 7. Some, but not all of these, are illustrated below.

Financial assets and financial liabilities

Financial assets at fair value through other comprehensive income (FVOCI)

Reference	Issue not illustrated	Relevant disclosures or references
AASB7(20)(a)(viii)	A gain or loss recognised on disposal of debt instruments held at FVOCI	Show separately: • the amount of gain or loss recognised in other comprehensive income during the period, and • the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period.

Financial assets and liabilities at amortised cost

Reference	Issue not illustrated	Relevant disclosures or references
AASB7(20A)	Disposal of financial assets at amortised cost	Disclose an analysis of the gain or loss recognised and the reasons for derecognising the financial assets.
AASB7(42N)	Disclosure in future periods for financial assets held at fair value reclassified to be held at amortised cost, where the new carrying amount is deemed to be the current fair value	Disclose the effective interest rate determined at the date of reclassification and the interest revenue or expense recognised, in each period, until the financial asset is derecognised.

Other financial instrument disclosures

Reference	Issue not illustrated	Relevant disclosures or references
AASB7(18),(19)	Defaults and breaches in relation to financial liabilities	Disclose details of defaults (see the illustrative example below).
AASB7(28)	Fair value determined using valuation techniques – gain or loss on initial recognition	Disclose the accounting policy for recognising the difference in profit or loss, the aggregate difference yet to be recognised and why the transaction price was not the best evidence of fair value.
AASB7(20)(c)	Fee income and expense on financial assets and liabilities that are not at FVTPL	Disclose amount, if material.
AASB7(42D)	Transferred financial assets not derecognised in their entirety	Provide additional disclosures where the entity has recognised the assets only to the extent of its continuing involvement and where the counterparty to the liabilities has recourse only to the transferred assets.
AASB7(42E)-(42H)	Transferred assets that are derecognised in their entirety but where the entity has continuing involvement	Various disclosures, see paragraphs 42E–42H of AASB 7 for details.
AASB7(12B)-(12D)	Reclassifications of financial assets from one measurement category to another made in accordance with paragraph 4.4.1 of AASB 9	Various disclosures, see paragraphs 12B–12D of AASB 7 for details.

Financial assets and financial liabilities

Fair value disclosures

	Issue not illustrated	Relevant disclosures or references
AASB7(29)(c),(30)	Fair values are not disclosed for financial liability contracts with discretionary participation features	Disclose information to help users make their own judgements about the extent of possible differences between the carrying amount and the fair value.
AASB13(96)	Financial assets and financial liabilities with offsetting positions in market risk or counterparty credit risk	Disclose the fact that the exception in paragraph 48 of AASB 13 is applied.
AASB13(98)	Financial liabilities with inseparable third-party credit enhancements	Disclose the existence of that enhancement and whether it is reflected in the fair value measurement of the liability.

22. The following illustrative disclosures might be useful where relevant to an entity:

Put option arrangements

(a) Entities that have put option arrangements should consider explaining the accounting for these, because the individual terms and conditions (and hence the accounting) might vary. An illustrative policy could read as follows (but will need to be tailored depending on the specific arrangements):

AASB132(11),(23) The group has written put options over the equity of its XYZ subsidiary which permit the holder to put their shares in the subsidiary back to the group at their fair value on specified dates over a five-year period. The amount that might become payable under the option on exercise is initially recognised at the present value of the redemption amount within borrowings with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interests, adjacent to non-controlling interests in the net assets of consolidated subsidiaries.

The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

Financial liabilities designated at FVTPL

AASB7(B5)(a) (b) Entities that have designated financial assets or financial liabilities as at fair value through profit or loss must disclose the nature of the relevant assets and liabilities and provide additional information in relation to the designation. This could read along the following lines:

AASB7(21)
AASB9(4.3.5) The group has convertible debentures which are classified entirely as liabilities because they were issued in a currency other than the functional currency of the company. Since the instrument contains an embedded derivative, it has been designated as at fair value through profit or loss on initial recognition and as such the embedded conversion feature is not separated. All transaction costs related to financial instruments designated as at fair value through profit or loss are expensed as incurred.

AASB9(5.7.7) The component of fair value changes relating to the company's own credit risk is recognised in OCI. Amounts recorded in OCI related to credit risk are not subject to recycling in profit or loss, but are transferred to retained earnings when realised. Fair value changes relating to market risk are recognised in profit or loss.

Financial assets and financial liabilities

		2024 $'000	2023 $'000
	Carrying amount	**104,715**	88,863
	Includes:		
AASB7(10)(a)	*Cumulative change in fair value of convertible debentures attributable to changes in credit risk, recognised in the FVOCI reserve*	***225***	*210*
	Amount the company is contractually obligated to pay to holders of the convertible debentures at maturity	**102,620**	87,086
AASB7(10)(b)	**Difference between the carrying amount and the amount the company is contractually obligated to pay to holders of the convertible debentures at maturity**	**2,095**	1,777

AASB7(11)(a)
AASB9(B5.7.16)-(B5.7.19)
Revised disclosure

The company determines the amount of fair value changes which are attributable to credit risk, by first determining the changes due to market conditions which give rise to market risk, and then deducting those changes from the total change in fair value of the convertible debentures. Market conditions which give rise to market risk include changes in the benchmark interest rate. The change in fair value of the embedded derivative is excluded in determining the amount to be presented in OCI.

AASB7(11)(b)

The company believes that this approach most faithfully represents the amount of change in fair value due to the company's own credit risk, because the changes in factors contributing to the fair value of the convertible debentures other than changes in the benchmark interest rate are not deemed to be significant.

Defaults and breaches in relation to financial liabilities

AASB7(18)
AASB101(76ZA(b))

(c) Example disclosures for a default in relation to a borrowing could read as follows:

In the third quarter, the group was overdue in paying interest on bank borrowings with a carrying amount of $2,000,000. The group experienced a temporary shortage of cash because cash outflows in the second and third quarters were higher than anticipated due to business expansions. As a result, interest of $75,000 was not paid on the due date of 30 September 2024. The lender granted a period of grace of three months to rectify the breach.

The company has since paid all outstanding amounts (including additional interest and penalties for late payment) during the fourth quarter. At year end, the company complied with all contractual obligations.

Management expects that the company will be able to meet all contractual obligations from borrowings on a timely basis going forward.

8 Non-financial assets and liabilities [1, 33-34]

Not mandatory

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

- specific information about each type of non-financial asset and non-financial liability
  - property, plant and equipment (note 8(a))
  - leases (note 8(b))
  - investment properties (note 8(c))
  - intangible assets (note 8(d))
  - deferred tax balances (note 8(e))
  - inventories (note 8(f))
  - other assets, including assets classified as held for sale (note 8(g))
  - employee benefit obligations (note 8(h))
  - provisions (note 8(i))
- accounting policies, and
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved (note 8(j)).

(a) Property, plant and equipment [4,5]

	Non-current assets	Freehold land $'000	Buildings $'000	Furniture, fittings and equipment $'000	Machinery and vehicles $'000	Assets under construction $'000	Total $'000
	At 1 January 2023 (Restated, see note 11(b))						
AASB116(73)(d)	Cost or fair value	11,350	28,050	27,510	70,860	-	137,770
AASB116(73)(d)	Accumulated depreciation	-	-	(7,600)	(37,025)	-	(44,625)
	Net book amount	11,350	28,050	19,910	33,835	-	93,145
	Year ended 31 December 2023						
AASB116(73)(e)	Opening net book amount	11,350	28,050	19,910	33,835	-	93,145
AASB116(73)(e)(viii)	Exchange differences	-	-	(43)	(150)	-	(193)
AASB116(73)(e)(iv)	Revaluation surplus	2,700	3,140	-	-	-	5,840
AASB116(73)(e)(i),(74)(b)	Additions	2,874	1,490	2,940	4,198	3,100	14,602
AASB116(73)(e)(ii) AASB5(38)	Assets classified as held for sale and other disposals	(424)	-	(525)	(2,215)	-	(3,164)
AASB116(73)(e)(vii)	Depreciation charge	-	(1,540)	(2,030)	(4,580)	-	(8,150)
AASB116(73)(e) AASB116(74)(b)	Closing net book amount	16,500	31,140	20,252	31,088	3,100	102,080
	At 31 December 2023 (Restated, see note 11(b))						
AASB116(73)(d)	Cost or fair value	16,500	31,140	29,882	72,693	3,100	153,315
AASB116(73)(d)	Accumulated depreciation	-	-	(9,630)	(41,605)	-	(51,235)
AASB101(77)	Net book amount	16,500	31,140	20,252	31,088	3,100	102,080
	Year ended 31 December 2024						
AASB101(77), AASB116(73)(e)	Opening net book amount	16,500	31,140	20,252	31,088	3,100	102,080
AASB116(73)(e)(viii)	Exchange differences	-	-	(230)	(570)	-	(800)
AASB116(73)(e)(iv)	Revaluation surplus	3,320	3,923	-	-	-	7,243
AASB116(73)(e)(iii)	Business combinations	800	3,400	1,890	5,720	-	11,810
AASB116(73)(e)(i),(74)(b)	Additions	2,500	2,682	5,313	11,972	3,450	25,917
AASB116(73)(e)(ii) AASB5(38)	Assets classified as held for sale and other disposals	(550)	-	(5,985)	(1,680)	-	(8,215)
AASB116(73)(e)(ix)	Transfers	-	-	950	2,150	(3,100)	-
AASB116(73)(e)(vii)	Depreciation charge	-	(1,750)	(2,340)	(4,380)	-	(8,470)
AASB116(73)(e)(v) AASB136(126)(a),(b)	Impairment loss (ii)	-	(465)	(30)	(180)	-	(675)
AASB116(73)(e)	Closing net book amount	22,570	38,930	19,820	44,120	3,450	128,890
	At 31 December 2024						
AASB116(73)(d)	Cost or fair value	22,570	38,930	31,790	90,285	3,450	187,025
AASB116(73)(d)	Accumulated depreciation and impairment	-	-	(11,970)	(46,165)	-	(58,135)
AASB101(77) AASB116(74)(b)	Net book amount	22,570	38,930	19,820	44,120	3,450	128,890

(a) Property, plant and equipment [4,5]

(i) Non-current assets pledged as security

See note 24 for information on non-current assets pledged as security by the group.

(ii) Impairment loss and compensation

AASB136(130)(a) The impairment loss relates to assets that were destroyed by a fire – see note 4(b) for details. The whole loss was recognised in administrative expenses through profit or loss.

AASB16(74A)(a) An amount of $300,000 (2023 – nil) was received by the group from its insurer, as compensation for damage to the building caused by the fire, which was recognised as other income through profit or loss.

AASB101(117)

(iii) Revaluation, depreciation methods and useful lives [2,3]

AASB116(73)(a) Land and buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to other reserves in shareholders' equity (note 9(c)). All other property, plant and equipment is recognised at historical cost less depreciation.

AASB116(50),(73)(b) Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:

AASB116(73)(c)

- Buildings 25–40 years
- Machinery 10–15 years
- Vehicles 3–5 years
- Furniture, fittings and equipment 3–8 years

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

See note 25(r) for the other accounting policies relevant to property, plant and equipment.

(iv) Significant estimates – valuations of land and buildings [2,3]

Information about the valuation of land and buildings is provided in note 8(j) below.

(v) Carrying amounts that would have been recognised if land and buildings were stated at cost

AASB116(77)(e) If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2024 $'000	2023 $'000
Freehold land		
Cost	**16,100**	13,350
Accumulated depreciation	**-**	-
Net book amount	**16,100**	13,350
Buildings		
Cost	**37,322**	27,790
Accumulated depreciation	**(3,715)**	(1,850)
Net book amount	**33,607**	25,940

(b) Leases

This note provides information for leases where the group is a lessee. For leases where the group is a lessor, see note 8(c).

(i) Amounts recognised in the statement of financial position

AASB16(54) The following amounts are recognised in the statement of financial position relating to leases:

	36.	Notes	2024 $'000	2023 $'000
AASB16(47)(a)	**Right-of-use assets** [6,7]			
AASB16(53)(j)	Buildings		**3,846**	2,994
AASB16(53)(j)	Equipment		**4,678**	5,264
AASB16(53)(j)	Vehicles		**1,232**	1,250
AASB16(53)(j)	Others		**-**	-
			9,756	9,508
AASB16(47)b)	**Lease liabilities**			
	Current		**3,008**	2,777
	Non-current		**8,493**	8,514
			11,501	11,291

AASB16(53)(h) Additions to the right-of-use assets during the 2024 financial year were $2,152,000 (2023 – $3,000,000). [6]

(ii) Amounts recognised in the statement of profit or loss

AASB16(54) The following amounts are recognised in the statement of profit or loss relating to leases:

		Notes	2024 $'000	2023 $'000
AASB16(53)(a)	**Depreciation charge of right-of-use assets**			
	Buildings		**(348)**	(366)
	Equipment		**(1,236)**	(681)
	Vehicles		**(320)**	(153)
		5(c)	**(1,904)**	(1,200)
AASB16(53)(b)	Interest expense (included in finance costs)	5(d)	**(527)**	(505)
AASB16(53)(c)	Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	5(c)	**(120)**	(98)
AASB16(53)(d)	Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	5(c)	**(85)**	(69)
AASB16(53)(e)	Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	5(c)	**(941)**	(750)

AASB16(53)(g) The total cash outflow for leases in 2024 was $3,615,000 (2023 – $2,760,000).

(b) Leases

AASB101(117)

(iii) The group's leasing activities and how leases are accounted for [2,3,8]

AASB16(59)(a),(c)

The group leases various offices, warehouses, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of six months to eight years but they might have extension options as described in (v) below.

AASB16(15)

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

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

AASB16(26)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

AASB101(112)(c)

To determine the incremental borrowing rate, the group: [8,9]

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by VALUE Retail Limited, which does not have recent third-party financing, and
- makes adjustments specific to the lease, (for example, term, country, currency and security).

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

AASB16(38)

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

AASB16(35)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

AASB16(60)

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

See note 25(h) for the other accounting policies relevant to leases.

(iv) Variable lease payments [8,33]

AASB16(59)(b)(i),(B49)

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms with percentages ranging from 5% to 20% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

A 10% increase in sales across all stores in the group with such variable lease contracts would increase total lease payments by approximately $93,000 (2023 – $75,000).

(v) Extension and termination options [8]

AASB16(59)(b)(ii),(B50)

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

(b) Leases

Critical judgements in determining the lease term

AASB16(59)(b)(ii),(B50) In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
- Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the group could replace the assets without significant cost or business disruption.

As at 31 December 2024, potential future cash outflows of $3,000,000 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated) (2023 – $3,570,000).

AASB16(20) The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $150,000 (2023 – decrease of $57,000).

(vi) Residual value guarantees [8]

AASB16(59)(b)(iii), (B51)(a),(c) To optimise lease costs during the contract period, the group sometimes provides residual value guarantees in relation to equipment leases.

Estimating the amount payable under residual value guarantees

AASB16(59)(b)(iii), (B51)(b),(d) The group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. Typically the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the group does not expect to pay anything under the guarantees.

At the end of each reporting period, the expected residual values are reviewed to reflect actual residual values achieved on comparable assets and expectations about future prices. As at 31 December 2024, $220,000 is expected to be payable and is included in calculating the lease liabilities while $350,000 (undiscounted) is not expected to be payable and has hence been excluded from the lease liabilities (2023 – $250,000 and $307,000 respectively).

(c) Investment properties [33]

		2024	2023
		$'000	$'000
	Non-current assets – at fair value		
AASB140(76)	Opening balance at 1 January	**10,050**	8,205
AASB140(76)(a)	Acquisitions	**1,900**	-
AASB140(76)(a)	Capitalised subsequent expenditure	**-**	810
AASB140(76)(c)	Classified as held for sale or disposals	**-**	(112)
AASB140(76)(d)	Net gain/(loss) from fair value adjustment	**1,350**	1,397
AASB140(76)(f)	Transfer (to)/from inventories and owner-occupied property	**-**	(250)
AASB140(76)	Closing balance at 31 December	**13,300**	10,050

(c) Investment properties [33]

AASB140(75)(f)

(i) Amounts recognised in profit or loss for investment properties

		2024 $'000	2023 $'000
AASB140(75)(f)(i) AASB16(90)(b)	Rental income from operating leases	**6,180**	5,165
AASB140(75)(f)(ii)	Direct operating expenses from property that generated rental income	**(807)**	(606)
AASB140(75)(f)(iii)	Direct operating expenses from property that did not generate rental income	**(903)**	(503)
AASB140(75)(f)(iv)	Fair value gain recognised in other gains/(losses)	**1,350**	1,397

AASB101(117)

(ii) Measuring investment property at fair value

AASB140(75)(a)

Investment properties, principally office buildings, are held for long-term rental yields and are not occupied by the group. They are carried at fair value. Changes in fair values are presented in profit or loss as part of other income.

AASB101(117)

(iii) Presenting cash flows [10]

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

(iv) Significant estimate – fair value of investment property

Information about the valuation of investment properties is provided in note 8(j) below.

AASB140(75)(g)

(v) Non-current assets pledged as security

See note 24 for information on non-current assets pledged as security by the group.

AASB140(75)(h)

(vi) Contractual obligations

See note 18 for disclosure of contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

AASB16(92)

(vii) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the group might obtain bank guarantees for the term of the lease. Although the group is exposed to changes in the residual value at the end of the current leases, the group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

AASB16(97) Minimum lease payments receivable on leases of investment properties are as follows:

	2024 $'000	2023 $'000
Within 1 year	**4,265**	4,245
Between 1 and 2 years	**2,580**	2,520
Between 2 and 3 years	**2,490**	2,470
Between 3 and 4 years	**2,070**	2,050
Between 4 and 5 years	**1,980**	2,010
Later than 5 years	**2,370**	2,550
	15,755	15,845

(d) Intangible assets [33,34]

	Non-current assets	Goodwill $'000	Patents, trademarks and other rights $'000	Internally generated software * $'000	Customer contracts $'000	Total $'000
AASB3(B67)(d)(i)	**At 1 January 2023**					
AASB138(118)(c)	Cost	9,700	9,410	2,255	-	21,365
	Accumulated amortisation and impairment	-	(250)	(205)	-	(455)
	Net book amount	9,700	9,160	2,050	-	20,910
AASB138(118)(e)	**Year ended 31 December 2023**					
	Opening net book amount	9,700	9,160	2,050	-	20,910
AASB138(118)(e)(i)	Additions – internal development	-	-	720	-	720
AASB3(B67)(d)(vi) AASB138(118)(e)(vii)	Exchange differences	45	-	-		45
AASB138(118)(e)(vi)	Amortisation charge **	-	(525)	(205)	-	(730)
	Closing net book amount	9,745	8,635	2,565	-	20,945
AASB3(B67)(d)(viii) AASB138(118)(c)	**At 31 December 2023**					
	Cost	9,745	9,410	2,975	-	22,130
	Accumulated amortisation and impairment	-	(775)	(410)	-	(1,185)
AASB101(77)	Net book amount	9,745	8,635	2,565	-	20,945
AASB3(B67)(d)(i) AASB138(118)(e)	**Year ended 31 December 2024**					
	Opening net book amount	9,745	8,635	2,565	-	20,945
AASB138(118)(e)(i)	Additions – internal development	-	-	880	-	880
AASB3(B67)(d)(ii) AASB138(118)(e)(i)	Business combinations (note 14)	1,115	3,020	-	3,180	7,315
AASB3(B67)(d)(vi) AASB138(118)(e)(vii)	Exchange differences	(145)	-	-	-	(145)
AASB3(B67)(d)(v) AASB136(130)(b) AASB138(118)(e)(iv)	Impairment charge ***	(2,410)	-	-	-	(2,410)
AASB138(118)(e)(vi)	Amortisation charge **	-	(525)	(300)	(1,210)	(2,035)
	Closing net book amount	8,305	11,130	3,145	1,970	24,550
AASB3(B67)(d)(viii) AASB138(118)(c)	**At 31 December 2024**					
	Cost	10,715	12,430	3,855	3,180	30,180
	Accumulated amortisation and impairment	(2,410)	(1,300)	(710)	(1,210)	(5,630)
AASB101(77)	Net book amount	8,305	11,130	3,145	1,970	24,550

AASB138(118)(e)(i) * Software consists of capitalised development costs being an internally generated intangible asset.

AASB138(118)(d) ** Amortisation expenses are included in cost of goods sold ($1,050,000; 2023 – $450,000), cost of providing services ($475,000; 2023 – $125,000), marketing expense ($310,000; 2023 – $45,000) and administration expenses ($200,000; 2023 – $110,000).

AASB136(126)(a),(130)(c)(i),(d)(i) *** The carrying amount of the furniture manufacturing and wholesale CGU in China has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. This loss is included in cost of goods sold in the statement of profit or loss.

AASB138(126) VALUE Electronics Group is researching new devices that could replace the current suite of smartphones and tablets. It has incurred research and development expenses of $1,215,000 (2023 – $1,010,000) which are included in administration cost in the statement of profit or loss.

(d) Intangible assets [33,34]

AASB101(117)

(i) Amortisation methods and useful lives [2,3]

AASB138(118)(a),(b)

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

- Patents, trademarks and licences 3–5 years
- IT development and software 3–5 years
- Customer contracts 1–3 years

(ii) Software

AASB101(119)

AASB138(57),(66),(74),(97),(118)(a),(b)

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

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

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

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

(iii) Customer contracts

AASB101(119)

The customer contracts were acquired as part of a business combination (see note 14 for details). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis, based on the timing of projected cash flows of the contracts over their estimated remaining terms.

See note 25(t) for the other accounting policies relevant to intangible assets, and note 25(j) for the group's policy regarding impairments.

AASB101(125)

(iv) Significant estimate: useful life of IT division's intangible assets [2,3]

The group has recently completed the development of software that is used to analyse business processes by the IT consulting division. As at 31 December 2024, the carrying amount of this software was $722,000 (2023 – nil). The group estimates the useful life of the software to be at least five years based on the expected technical obsolescence for similar software. However, the actual useful life might be shorter or longer than five years, depending on technical innovations and competitor actions. If it were only three years, the carrying amount would be $702,000 as at 31 December 2024. If the useful life were estimated to be eight years, the carrying amount would be $732,000.

(v) Impairment tests for goodwill

AASB136(134)

Goodwill is monitored by management at the level of the six operating segments identified in note 2.

AASB136(134)(a)

A segment-level summary of the goodwill allocation is presented below:

2024	Australia $'000	US $'000	China $'000	Europe $'000	Total $'000
IT consulting	-	4,200	-	2,870	7,070
Furniture manufacturing and wholesale	120	-	-	-	120
Electronic equipment	1,115	-	-	-	1,115
	1,235	4,200	-	2,870	8,305

(d) Intangible assets [33,34]

2023	Australia $'000	US $'000	China $'000	Europe $'000	Total $'000
IT consulting	-	4,200	-	3,015	7,215
Furniture manufacturing and wholesale	120	-	2,410	-	2,530
	120	4,200	2,410	3,015	9,745

(vi) Significant estimate: key assumptions used for value in use calculations [33]

AASB136(134)(c),(d)(i),(iii),(iv)

The group tests goodwill for impairment on an annual basis. For the 2024 and 2023 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a three-year period.

Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

AASB136(134)(d)(i)

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them: [11,12]

AASB136(130)(g),(134)(d)(i),(iv),(v)

See the commentary at the end of this note for the impact of:

- inflation on long-term growth rates (para 13) and
- economic uncertainty on determining the WACC (para 14)

	Furniture manufacturing and wholesale	IT consulting		Electronic equipment
2024	**China**	**US**	**Europe**	**Australia**
Sales volume (% annual growth rate)	**2.7**	**3.2**	**4.1**	**2.9**
Sales price (% annual growth rate)	**1.4**	**1.7**	**1.8**	**1.8**
Budgeted gross margin (%)	**47.0**	**60.0**	**55.5**	**40.0**
Other operating costs ($'000)	**9,500**	**8,400**	**5,600**	**1,650**
Annual capital expenditure ($'000)	**1,900**	**500**	**230**	**150**
Long-term growth rate (%)	**3.5**	**2.2**	**2.0**	**3.1**
Pre-tax discount rate (%)	**14.7**	**14.0**	**14.8**	**16.0**
2023				
Sales volume (% annual growth rate)	2.5	3.0	3.9	-
Sales price (% annual growth rate)	1.3	1.6	1.8	-
Budgeted gross margin (%)	44.0	60.0	54.0	-
Other operating costs ($'000)	9,300	8,300	4,350	-
Annual capital expenditure ($'000)	1,850	580	225	-
Long-term growth rate (%)	3.2	2.2	1.8	-
Pre-tax discount rate (%)	13.3	13.4	14.1	-

AASB136(134)(d)(ii),(iv)

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Sales volume	Average annual growth rate over the three -year forecast period; based on past performance and management's expectations of market development.
Sales price	Average annual growth rate over the three -year forecast period; based on current industry trends and including long-term inflation forecasts for each territory.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost-saving measures. The amounts disclosed above are the average operating costs for the three -year forecast period.

(d) Intangible assets [33,34]

Assumption	Approach used to determining values
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value in use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.

AASB136(55)

Customer concentration/dependency – IT consulting CGU – Europe

AASB136(134)(d)(ii)

The IT consulting CGU in Europe generates 20% of its total revenues for each financial year from a key customer in France. The customer contract is for a five-year term, and the customer has been trading with the CGU since 2001. Management has included the renewal of this key customer contract in the value in use calculations to determine the recoverable amount of the CGU.

AASB136(134)(f)

(vii) Significant estimate – impairment charge [2,3]

AASB136(129)(a), (130)(a),(b),(d),(e)

The impairment charge of $2,410,000 arose in the furniture manufacturing and wholesale CGU in China following a decision to reduce the manufacturing output allocated to these operations. This was a result of a redefinition of the group's allocation of manufacturing volumes across all CGUs in order to benefit from advantageous market conditions. Following this decision, the group reassessed the depreciation policies of its property, plant and equipment for this CGU, and it estimated that their useful lives will not be affected following this decision. No class of asset other than goodwill was impaired.

AASB136(130)(e)

As at 31 December 2024, the recoverable amount of the entire CGU was $45,789,000.

(viii) Significant estimate: impact of possible changes in key assumptions

AASB136(134)(f)

Furniture manufacturing and wholesale CGU – China

AASB101(129)(b)
AASB136(134)(f)

If the budgeted gross margin used in the value in use calculation for the furniture manufacturing and wholesale CGU in China had been 5% lower than management's estimates at 31 December 2024 (42% instead of 47%), the group would have had to recognise an impairment against the carrying amount of property, plant and equipment of $1,300,000. The reasonably possible change of 5% reduction in budgeted gross margin represents a reasonably possible reduction in sales price of 0.2% (that is, annual growth rate of 1.2% instead of 1.4%).

If the pre-tax discount rate applied to the cash flow projections of this CGU had been 1% higher than management's estimates (15.7% instead of 14.7%), the group would have had to recognise an impairment against property, plant and equipment of $600,000. In the prior year there were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment write-down in the Chinese furniture manufacturing and wholesale CGU.

IT consulting CGU – Europe

AASB136(134)(f)(i)
AASB101(38)

The recoverable amount of the IT consulting CGU in Europe is estimated to exceed the carrying amount of the CGU at 31 December 2024 by $388,000 (2023 – $463,000).

AASB136(134)(f)(ii), (iii)
AASB101(38)

The recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change as follows:

	2024		2023	
	From	**To**	From	To
Sales volume (% annual growth rate)	**4.1**	**3.5**	3.9	2.5
Budgeted gross margin (%)	**55.5**	**49.0**	54.0	46.0
Long-term growth rate (%)	**2.0**	**1.5**	1.8	1.3
Pre-tax discount rate (%)	**14.8**	**15.5**	14.1	14.9

The directors and management have considered and assessed reasonably possible changes for other key assumptions and they have not identified any instances that could cause the carrying amount of the European IT consulting CGU to exceed its recoverable amount.

(e) Deferred tax balances

(i) Deferred tax assets

		Notes	2024 $'000	2023 $'000
AASB112(81)(g)(i)	**The balance comprises temporary differences attributable to:**			
	Lease liabilities [19-21]	8(b)	**3,450**	3,387
	Tax losses		**3,170**	2,245
	Defined benefit pension obligations	8(h)	**1,317**	783
	Provisions for warranties, restructurings, refunds, restoration obligations and legal claims	8(i)	**1,137**	786
			9,074	7,201
	Other			
	Employee benefits		**914**	822
	Hedging instruments	12(a)	**230**	234
	Loss allowances for financial assets	12(c)	**215**	121
	Derivatives held for trading	12(a)	**183**	186
	Contract liabilities – customer loyalty programme	3(b)	**166**	161
	Contingent liability	8(h)	**143**	-
	Impairment of a building	4	**140**	-
	Refund liabilities	7(f)	**148**	71
	Other		**65**	18
	Subtotal other		**2,204**	1,613
	Total deferred tax assets		**11,278**	8,814
AASB112(74)	Set-off of deferred tax liabilities pursuant to set-off provisions [15,16]	(ii)	**(3,429)**	(3,290)
	Net deferred tax assets		**7,849**	5,524

AASB101(125)
AASB112(82)

Significant estimates [2,3,22,23]

The deferred tax assets include an amount of $1,378,000 which relates to carried-forward tax losses of VALUE Manufacturing Limited. The subsidiary has incurred the losses over the last two financial years since the acquisition of the manufacturing operations in Springfield. They relate to the one-off costs of integrating the operations and will not recur in future. The group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiary. The subsidiary is expected to generate taxable income from 2026 onwards. The losses can be carried forward indefinitely and have no expiry date.

	Movements [17,18]	Lease liabilities $'000	Tax losses $'000	Pension obligation $'000	Pro-visions $'000	Other $'000	Total $'000
AASB112(81)(g)(ii)	**At 1 January 2023**	2,888	1,300	551	610	1,201	6,550
	(Charged)/credited						
AASB112(81)(g)(ii)	- to profit or loss	499	945	(41)	176	108	1,687
	- to other comprehensive income	-	-	273	-	304	577
	At 31 December 2023	3,387	2,245	783	786	1,613	8,814

(e) Deferred tax balances

AASB112(81)(g)(ii)

Movements [17,18]	Lease liabilities $'000	Tax losses $'000	Pension obligation $'000	Pro-visions $'000	Other $'000	Total $'000
At 1 January 2024	3,387	2,245	783	786	1,613	8,814
(Charged)/credited						
AASB112(81)(g)(ii) - to profit or loss	63	(600)	(4)	351	194	4
- to other comprehensive income	-	-	(36)	-	77	41
AASB112(81)(a) - directly to equity	-	-	-	-	60	60
Acquisition of subsidiary	-	1,525	574	-	260	2,359
At 31 December 2024	3,450	3,170	1,317	1,137	2,204	11,278

(ii) Deferred tax liabilities

AASB112(81)(g)(i)

	Notes	2024 $'000	2023 Restated* $'000
The balance comprises temporary differences attributable to:			
Property, plant and equipment	8(a)	**6,243**	4,125
Right-of-use assets [19-21]	8(b)	**2,927**	2,852
Intangible assets	8(d)	**2,375**	770
Investment property	8(c)	**1,124**	719
		12,669	8,466
Other			
Convertible notes	7(g)	**955**	-
Financial assets at FVTPL	7(d)	**804**	441
Hedging instruments	12(a)	**649**	639
Financial assets at FVOCI	7(c)	**173**	142
Investments in associates	16(e)	**131**	113
Prepayments	7(a)	**125**	118
Inventories	8(f)	**120**	-
Non-current asset recognised for costs to fulfil a contract	3(b)	**94**	156
Share-based payments (deferred shares)	21(b)	**51**	22
Other		**114**	13
Subtotal other		**3,216**	1,644
Total deferred tax liabilities		**15,885**	10,110
AASB112(74) Set-off of deferred tax liabilities pursuant to set-off provisions [15,16]	(i)	**(3,429)**	(3,290)
Net deferred tax liabilities		**12,456**	6,820

* See note 11(b) for details regarding the restatement as a result of an error.

Offsetting within tax consolidated group [15,16]

UIG1052(16)(a)

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

(e) Deferred tax balances

Movements [17,18]	Property, plant and equipment $'000	Right-of-use assets $'000	Intangible assets $'000	Investment property $'000	Other $'000	Total $'000
At 1 January 2023 (Restated*)	2,150	2,312	615	300	1,291	6,668
Charged/(credited)						
AASB112(81)(g)(ii) - to profit or loss	223	540	155	419	62	1,399
- to other comprehensive income	1,752	-	-	-	291	2,043
At 31 December 2023	4,125	2,852	770	719	1,644	10,110
Charged/(credited)						
AASB112(81)(g)(ii) - to profit or loss	(379)	75	(255)	405	(23)	(177)
- to other comprehensive income	2,173	-	-	-	425	2,598
AASB112(81)(a) - directly to equity	-	-	-	-	1,050	1,050
Acquisition of subsidiary	324	-	1,860	-	120	2,304
At 31 December 2024	6,243	2,927	2,375	1,124	3,216	15,885

* See note 11(b) for details regarding the restatement as a result of an error.

(f) Inventories [33]

		2024 $'000	2023 $'000
	Current assets		
AASB101(77) AASB102(36)(b)	Raw materials and stores	**6,200**	4,800
AASB102(36)(b)	Work in progress	**5,600**	5,400
AASB102(36)(b)	Finished goods – at cost	**6,663**	8,452
AASB102(36)(c)	Finished goods – at fair value less costs to sell	**1,290**	1,020
AASB102(36)(b)	Land held for development and resale	**2,400**	-
		22,153	19,672

AASB101(117)

(i) Assigning costs to inventories [2,3]

AASB102(23),(25),(36)(a)

The costs of individual items of inventory are determined using weighted average costs. The exception is land held for development and resale where costs are assigned by specific identification and include the cost of acquisition, development and borrowing costs incurred during the development. Volume rebates or discounts are taken into account when estimating the cost of inventory if it is probable that they have been earned and will take effect. See note 25(m) for the group's other accounting policies for inventories.

(ii) Amounts recognised in profit or loss

AASB102(36)(d)

Inventories recognised as an expense during the year ended 31 December 2024 amounted to $55,540,000 (2023 – $34,244,000). These were included in cost of goods sold and cost of providing services (except for $535,000 of inventories destroyed by a fire which are recognised in administrative expense – see note 4).

AASB102(36)(e) AASB136(126)(a)

Write-downs of inventories to net realisable value amounted to $950,000 (2023 – $750,000). These were recognised as an expense during the year ended 31 December 2024 and included in cost of goods sold in the statement of profit or loss.

AASB102(36)(f),(g)

The group reversed $160,000 of a previous inventory write-down in July 2024, because the group sold the relevant goods that had been written down to an independent retailer in Argentina at original cost. The amount reversed has been included in cost of goods sold in the statement of profit or loss.

(g) Other assets and assets classified as held for sale [24]

		2024 $'000	2023 $'000
	Other current assets		
AASB101(77)	Prepayments	**500**	475
AASB101(77)	Right to returned goods (see note 3(b))	**76**	38
		576	513
	Non-current assets held for sale		
	Land	**250**	-
		250	-

(i) Land held for sale

AASB5(41)(a),(b),(d)

In November 2024, the directors of VALUE Manufacturing Limited decided to sell a vacant land area which was originally acquired for an expansion of the Nicetown factory. There are several interested parties and the sale is expected to be completed before the end of June 2025. The land area is presented within total assets of the Australian Furniture manufacturing and wholesale segment in note 2.

See note 15(d) for information about assets and liabilities of a disposal group that were classified as held for sale at 31 December 2023.

(ii) Non-recurring fair value measurements

AASB13(91)(a),(93)(b),(d)
AASB5(41)(c)

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification, resulting in the recognition of a write-down of $22,000 as administrative expenses in the statement of profit or loss. The fair value of the land was determined using the sales comparison approach as described in note 8(j). This is a level 2 measurement under the fair value hierarchy set out in note 7(i).

(h) Employee benefit obligations [24,32]

AASB101(77)

	2024			2023 *		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Leave obligations (i)	**690**	**2,220**	**2,910**	470	2,270	2,740
Share appreciation rights (note 21(d))	**-**	**138**	**138**	-	-	-
Defined pension benefits (ii) [26]	**-**	**3,684**	**3,684**	-	1,900	1,900
Post-employment medical benefits (iii) [26]	**-**	**707**	**707**	-	711	711
Total employee benefit obligations	**690**	**6,749**	**7,439**	470	4,881	5,351

* Restated – see (i) for further information

(i) Leave obligations [25]

The leave obligations cover the group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 25(y).

AASB101(61),(69)(d)

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees who are entitled to pro rata payments in certain circumstances. The entire amount of the provision of $690,000 (2023 – $470,000) is presented as current, since the group does not have an unconditional right, at the end of the reporting period, to defer settlement for any of these obligations beyond 12 months.. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months. [25]

	2024 $'000	2023 $'000
Current leave obligations expected to be settled after 12 months	**344**	272

(h) Employee benefit obligations [24,32]

Reclassification of employee benefit obligations [29]

AASB101(41)

The group previously presented its liabilities for accumulating sick leave and other long-term employee benefit obligations as provisions in the statement of financial position. However, management considers it to be more relevant if all employee benefit obligations are presented in one separate line item in the statement of financial position. Prior year comparatives as at 31 December 2023 have been restated by reclassifying $470,000 from current provisions to current employee benefit obligations, and $2,270,000 from non-current provisions to non-current employee benefit obligations ($440,000 and $2,196,000 respectively as at 1 January 2023).

(ii) Defined benefit pension plans [27,28]

AASB119(139)(a)
AASB101(112)(c)

The group operates defined benefit pension plans in Australia and the US under broadly similar regulatory frameworks. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. In the Australian plans, pensions in payment are generally updated in line with the retail price index, whereas in the US plans, pensions generally do not receive inflationary increases once in payment. With the exception of this inflationary risk in Australia, the plans face broadly similar risks, as described below.

The majority of benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where the group meets the benefit payment obligation as it falls due. Plan assets held in trusts are governed by local regulations and practice in each country, as is the nature of the relationship between the group and the trustees (or equivalent) and their composition. Responsibility for governance of the plans – including investment decisions and contributions schedules – lies jointly with the group and the board of trustees. The board of trustees must be composed of representatives of the group and plan participants in accordance with the plan's regulations.

AASB119(53)

The group also operates a couple of defined contribution plans which receive fixed contributions from group companies. The group's legal or constructive obligation for these plans is limited to the contributions made. The expense recognised in the current period in relation to these contributions was $2,425,000 (2023 – $2,075,000).

Amounts recognised in the statement of financial position

AASB119(140)(a)(i),(ii),(141)

The amounts recognised in the statement of financial position and the movements in the net defined benefit obligation over the year are as follows:

		Present value of obligation $'000	Fair value of plan assets $'000	Total $'000	Impact of minimum funding requirement/ asset ceiling $'000	Net amount $'000
	1 January 2023	**3,479**	**(2,264)**	**1,215**	**120**	**1,335**
AASB119(141)(a)	Current service cost	319	-	319	-	319
AASB119(141)(d)	Past service cost	179	-	179	-	179
AASB119(141)(b)	Interest expense/(income)	214	(156)	58	5	63
	Total amount recognised in profit or loss	712	(156)	556	5	561
AASB119(141)(c)	Remeasurements					
	Return on plan assets, excluding amounts included in interest (income)	-	(85)	(85)	-	(85)
	Loss from change in demographic assumptions	20	-	20	-	20
	Loss from change in financial assumptions	61	-	61	-	61
	Experience losses	641	-	641	-	641
	Change in asset ceiling, excluding amounts included in interest expense	-	-	-	80	80
	Total amount recognised in other comprehensive income	722	(85)	637	80	717

(h) Employee benefit obligations [24,32]

		Present value of obligation $'000	Fair value of plan assets $'000	Total $'000	Impact of minimum funding requirement/ asset ceiling $'000	Net amount $'000
	Total amount recognised in other comprehensive income	722	(85)	637	80	717
AASB119(141)(e)	Exchange differences	(324)	22	(302)	-	(302)
AASB119(141)(f)	Contributions:					
	Employers	-	(411)	(411)	-	(411)
	Plan participants	30	(30)	-	-	-
AASB119(141)(g)	Benefit payments	(127)	127	-	-	-
	31 December 2023	**4,492**	**(2,797)**	**1,695**	**205**	**1,900**
AASB119(141)(a)	Current service cost	751	-	751	-	751
AASB119(141)(d)	Losses on curtailment and settlement	65	-	65		65
AASB119(141)(b)	Interest expense/(income)	431	(308)	123	9	132
	Total amount recognised in profit or loss	1,247	(308)	939	9	948
AASB119(141)(c)	Remeasurements					
	Return on plan assets, excluding amounts included in interest (income)	-	(187)	(187)	-	(187)
	Loss from change in demographic assumptions	32	-	32	-	32
	Loss from change in financial assumptions	121	-	121	-	121
	Experience gains	(150)	-	(150)	-	(150)
	Change in asset ceiling, excluding amounts included in interest expense	-	-	-	100	100
	Total amount recognised in other comprehensive income	3	(187)	(184)	100	(84)
AASB119(141)(e)	Exchange differences	(61)	(25)	(86)	-	(86)
AASB119(141)(f)	Contributions:					
	Employers	-	(908)	(908)	-	(908)
	Plan participants	55	(55)	-	-	-
	Payments from plan:					
AASB119(141)(g)	Benefit payments	(566)	566	-	-	-
AASB119(141)(g)	Settlements	(280)	280	-	-	-
AASB119(141)(h)	Acquired in business combination (see note 14)	3,691	(1,777)	1,914	-	1,914
	31 December 2024	**8,581**	**(5,211)**	**3,370**	**314**	**3,684**

AASB119(141)

One of our Australian plans has a surplus that is not recognised on the basis that future economic benefits are not available to the entity in the form of a reduction in future contributions or a cash refund.

AASB119(139)(c)

In connection with the closure of an engineering division factory concurrent with the October 2023 announcement that VALUE ACCOUNTS Holdings Limited intended to exit that business (see note 15), a curtailment loss was incurred and a settlement arrangement agreed with the plan trustees, effective 31 December 2024, which settled all post-employment retirement benefit plan obligations relating to the employees of that factory. In the prior year, the group made minor amendments to the terms of the plan, resulting in past service cost of $179,000.

(h) Employee benefit obligations [24,32]

AASB119(138)(e) The net liability disclosed above relates to funded and unfunded plans as follows:

	2024 $'000	2023 $'000
Present value of funded obligations	**6,155**	2,943
Fair value of plan assets	**(5,211)**	(2,797)
Deficit of funded plans	**944**	146
Present value of unfunded obligations	**2,426**	1,549
Total deficit of defined benefit pension plans (before asset ceiling)	**3,370**	1,695

AASB101(112)(c) The group has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one-off contributions. The group intends to continue to contribute to the defined benefit section of the plan at a rate of 14% of salaries in line with the actuary's latest recommendations.

AASB119(138)(a) The following table shows a breakdown of the defined benefit obligation and plan assets by country:

	2024			2023		
	Australia $'000	**US $'000**	**Total $'000**	Australia $'000	US $'000	Total $'000
Present value of obligation	**4,215**	**4,366**	**8,581**	1,050	3,442	4,492
Fair value of plan assets	**(2,102)**	**(3,109)**	**(5,211)**	(394)	(2,403)	(2,797)
	2,113	**1,257**	**3,370**	656	1,039	1,695
Impact of the asset ceiling	**314**	**-**	**314**	205	-	205
Total liability	**2,427**	**1,257**	**3,684**	861	1,039	1,900

AASB119(137)(a) As at the last valuation date, the present value of the defined benefit obligation included approximately $3,120,000 (2023 – $1,371,000) relating to active employees, $3,900,000 (2023 – $2,115,000) relating to deferred members and $1,561,000 (2023 – $1,006,000) relating to members in retirement.

(iii) Post-employment medical plans

AASB119(138),(139)(a)
AASB101(112)(c)
AASB119(144)

The group operates a number of post-employment medical benefit schemes, principally in the US. The majority of these plans are unfunded. The method of accounting, significant assumptions and the frequency of valuations are similar to those used for the defined benefit pension schemes set out above with the addition of actuarial assumptions relating to the long-term increase in healthcare costs of 8.0% (2023 – 7.6%) and claim rates of 6% (2023 – 5.2%).

Amounts recognised in the statement of financial position

AASB119(140)(a)(i),(ii),(141) The amounts recognised in the statement of financial position and the movements in the post-employment medical plans over the year are as follows:

		Present value of obligation $'000	Fair value of plan assets $'000	Net amount $'000
	1 January 2023	**708**	**(207)**	**501**
AASB119(141)(a)	Current service cost	107	-	107
AASB119(141)(b)	Interest expense/(income)	25	(13)	12
	Total amount recognised in profit or loss	132	(13)	119
AASB119(141)(c)	Remeasurements			
	Return on plan assets, excluding amounts included in interest (income)	-	(11)	(11)
	Loss from change in demographic assumptions	3	-	3
	Loss from change in financial assumptions	7	-	7
	Experience losses	194	-	194
	Total amount recognised in OCI	204	(11)	193

(h) Employee benefit obligations [24,32]

		Present value of obligation $'000	Fair value of plan assets $'000	Net amount $'000
	Total amount recognised in OCI	204	(11)	193
AASB119(141)(e)	Exchange differences	(31)	2	(29)
AASB119(141)(f)	Employer contributions/premiums paid	-	(73)	(73)
AASB119(141)(g)	Benefit payments from plan	(8)	8	-
	31 December 2023	**1,005**	**(294)**	**711**
	1 January 2024	**1,005**	**(294)**	**711**
AASB119(141)(a)	Current service cost	153	-	153
AASB119(141)(b)	Interest expense/(income)	49	(18)	31
	Total amount recognised in profit or loss	202	(18)	184
AASB119(141)(c)	Remeasurements			
	Return on plan assets, excluding amounts included in interest (income)	-	(33)	(33)
	Loss from change in demographic assumptions	4	-	4
	Loss from change in financial assumptions	10	-	10
	Experience (gains)	(16)	-	(16)
	Total amount recognised in OCI	(2)	(33)	(35)
AASB119(141)(e)	Exchange differences	37	(5)	32
AASB119(141)(f)	Employer contributions/premiums paid:	-	(185)	(185)
AASB119(141)(g)	Benefit payments from plan	(7)	7	-
	31 December 2024	**1,235**	**(528)**	**707**

AASB119(138)(e) The net liability disclosed above relates to funded and unfunded plans as follows:

	2024 $'000	2023 $'000
Present value of funded obligations	**650**	350
Fair value of plan assets	**(528)**	(294)
Deficit of funded plans	**122**	56
Present value of unfunded obligations	**585**	655
Total deficit of post-employment medical plans	**707**	711

(iv) Post-employment benefits (pension and medical)

Significant estimates: actuarial assumptions and sensitivity

AASB119(144) The significant actuarial assumptions were as follows:

	2024		2023	
	Australia	**US**	Australia	US
Discount rate	**5.1%**	**5.2%**	3.5%	5.6%
Salary growth rate	**4.0%**	**4.5%**	4.5%	4.0%
Pension growth rate	**3.0%**	**0%**	3.1%	0%
Long-term increase in health care costs	**-**	**8.0%**	-	7.6%
Claim rates	**-**	**6%**	-	5.2%

(h) Employee benefit obligations [24,32]

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2024		2023	
	Australia	**US**	Australia	US
Retiring at the end of the reporting period:				
Male	**22**	**20**	22	20
Female	**25**	**24**	25	24
Retiring 20 years after the end of the reporting period:				
Male	**24**	**23**	24	23
Female	**27**	**26**	27	26

AASB119(145)(a) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption		**Impact on defined benefit obligation**					
			Increase in assumption			**Decrease in assumption**		
	2024	2023		**2024**	2023		**2024**	2023
Discount rate	**0.50%**	0.3%	**Decrease by**	**8.2%**	6.6%	**Increase by**	**9.0%**	7.2%
Salary growth rate	**0.50%**	0.7%	**Increase by**	**1.8%**	2.3%	**Decrease by**	**1.7%**	2.1%
Pension growth rate	**0.25%**	0.3%	**Increase by**	**4.7%**	5.2%	**Decrease by**	**4.4%**	5.1%
Life expectancy	**+/– 1 year**		**Increase by**	**2.8%**	2.5%	**Decrease by**	**2.9%**	2.7%
Long-term increase in health care costs	**0.5%**	0.4%	**Increase by**	**5.5%**	5.2%	**Decrease by**	**4.8%**	4.3%
Claim rates	**0.5%**	0.4%	**Increase by**	**6.3%**	5.9%	**Decrease by**	**6.8%**	6.4%

AASB119(145)(b) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

AASB119(145)(c) The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(h) Employee benefit obligations [24,32]

Amounts recognised in the statement of financial position

AASB119(142) The major categories of plan assets are as follows:

	31 December 2024 Quoted $'000	Un-quoted $'000	Total $'000	in %	31 December 2023 Quoted $'000	Un-quoted $'000	Total $'000	in %
Equity instruments			**1,824**	**32%**			1,216	39%
Information technology	**502**	**-**	**502**		994	-	994	
Energy	**557**	**-**	**557**		-	-	-	
Manufacturing	**746**	**-**	**746**		194	-	194	
Other	**-**	**19**	**19**		-	28	28	
Debt instruments			**2,161**	**38%**			571	19%
Government	**916**	**-**	**916**		321	-	321	
Corporate bonds (investment grade)	**900**	**-**	**900**		99	-	99	
Corporate bonds (non-investment grade)	**68**	**277**	**345**		41	110	151	
Property			**1,047**	**18%**			943	31%
In US	**-**	**800**	**800**		-	697	697	
In Australia	**-**	**247**	**247**		-	246	246	
Qualifying insurance policies	**-**	**419**	**419**	**7%**	-	190	190	6%
Cash and cash equivalents	**177**	**-**	**177**	**3%**	94	-	94	3%
Investment funds	**111**	**-**	**111**	**2%**	77	-	77	2%
Total	**3,977**	**1,762**	**5,739**	**100%**	1,820	1,271	3,091	100%

AASB119(143) The assets set out in the above table include ordinary shares issued by VALUE ACCOUNTS Holdings Limited with a fair value of $530,000 (2023 – $410,000) and land and buildings occupied by the group with a fair value of $550,000 (2023 – $580,000).

Risk exposure

AASB119(139)(b) Through its defined benefit pension plans and post-employment medical plans, the group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. Both the Australian and US plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term. As the plans mature, the group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The first stage of this process was completed in FY2024 with the sale of a number of equity holdings and the purchase of a mixture of government and corporate bonds. The government bonds represent investments in Australian and US government securities only. The corporate bonds are global securities with an emphasis on Australia and the US. However, the group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the group's long-term strategy to manage the plans efficiently. See below for more details on the group's asset-liability matching strategy.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Inflation risks	Some of the group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit. In the US plans, the pensions in payment are not linked to inflation, so this is a less material risk.
Life expectancy	The majority of the plans' obligations are to provide benefits for the life of the member, and so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the Australian plan, where inflationary increases result in higher sensitivity to changes in life expectancy.

(h) Employee benefit obligations [24,32]

AASB119(146)

In the case of funded plans, the group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

The group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The group has not changed the processes used to manage its risks from previous periods. The group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets in 2024 consists of equities and bonds, although the group also invests in property, bonds, cash and investment (hedge) funds. The group believes that equities offer the best returns over the long term with an acceptable level of risk. The majority of equities are in a globally diversified portfolio of international blue chip entities, with a target of 60% of equities held in Australia and Europe, 30% in the US and the remainder in emerging markets.

(v) Defined benefit liability and employer contributions

AASB119(147)(a)

The group has agreed that it will aim to eliminate the pension plan deficit over the next nine years. Funding levels are monitored on an annual basis and the current agreed contribution rate is 14% of pensionable salaries in Australia and 12% in the US. The next valuation is due to be completed as at 31 December 2025. The group considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

AASB119(147)(b)

Expected contributions to post-employment benefit plans for the year ending 31 December 2025 are $1,150,000.

AASB119(147)(c)

The weighted average duration of the defined benefit obligation is 25.2 years (2023 – 25.8 years). The expected maturity analysis of undiscounted pension and post-employment medical benefits is as follows:

AASB119(147)(c)

	Less than a year $'000	Between 1–2 years $'000	Between 2–5 years $'000	Over 5 years $'000	Total $'000
31 December 2024					
Defined benefit obligation	**628**	**927**	**2,004**	**21,947**	**25,506**
Post-employment medical benefits	**127**	**174**	**614**	**4,775**	**5,690**
Total	**755**	**1,101**	**2,618**	**26,722**	**31,196**
31 December 2023 (AASB101(38))					
Defined benefit obligation	314	450	1,103	12,923	14,790
Post-employment medical benefits	69	88	388	2,591	3,136
Total	383	538	1,491	15,514	17,926

(i) Provisions [32]

AASB101(77)

	2024			2023 *		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Provisions for restoration costs (i)	**225**	**1,573**	**1,798**	-	1,382	1,382
Restructuring costs (i)	**900**	**-**	**900**	-	-	-
Service warranties (i)	**635**	**-**	**635**	920	-	920
Legal claim (i)	**460**	**-**	**460**	320	-	320
Contingent liability (note 14)	**477**	**-**	**477**	-	-	-
	2,697	**1,573**	**4,270**	1,240	1,382	2,622

* Restated – see note 8(h)(i) for further information

(i) Information about individual provisions and significant estimates

Provisions for restoration costs

AASB137(85)(a),(b)

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

Restructuring

AASB137(85)(a),(b)

The reduction in output in the furniture manufacturing and wholesale division (see note 8(d)) resulted in the loss of 155 jobs at two factories. An agreement was reached with the local union representatives in October 2024, which specifies the number of staff involved and the voluntary redundancy compensation package offered by the group, as well as amounts payable to those made redundant. The total estimated staff restructuring costs to be incurred are $1,050,000. Other direct costs attributable to the restructuring, including costs incurred in relation to the termination of supply contracts, are $327,000, and they are fully provided for in the current reporting period. The remaining provision of $900,000 is expected to be fully utilised over the next 12 months.

Service warranties

AASB137(85)(a),(b)

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

AASB101(125)
AASB15(119)(e)

The group generally offers 12 month warranties for its personal computer products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information could differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the group's productivity and quality initiatives, as well as parts and labour costs. As at 31 December 2024, this particular provision had a carrying amount of $330,000 (2023 – $450,000). If claims costs were to differ by 10% from management's estimates, the warranty provisions would be an estimated $33,000 higher or lower (2023 – $45,000 higher/lower).

Legal claim

AASB137(85)(a),(b)

In October 2024, an unfavourable judgement was ruled down against the group in respect of a legal claim made by a customer of the IT consulting segment. However, after taking appropriate legal advice, the directors have decided to appeal against the decision. No payment has been made to the claimant pending outcome of the appeal. If upheld, payment of $860,000 will be required. The recognised provision reflects the management's best estimate of the most likely outcome. The court of appeal is expected to consider this matter in August 2025.

See note 25(x) for the group's other accounting policies relevant to provisions.

(i) Provisions [32]

(ii) *Movements in provisions*

AASB137(84)
Movements in each class of provision during the financial year are set out below:

2024	Provisions for restoration costs $'000	Restructuring obligations $'000	Service warranties $'000	Contingent liability $'000	Legal claim $'000	Total $'000
AASB137(84)(a) Carrying amount a beginning of year	1,382	-	920	-	320	2,622
Acquired through business combination	-	-	-	450	-	450
AASB137(84)(b) Additional provision charged to plant and equipment	350	-	-	-	-	350
Charged/(credited) to profit or loss						
AASB137(84)(b) - additional provisions recognised	-	1,377	268	-	140	1,785
AASB137(84)(d) - unused amounts reversed	-	-	(330)	-	-	(330)
AASB137(84)(e) - unwinding of discount	66	-	-	27	-	93
AASB137(84)(c) Amounts used during the year	-	(477)	(223)	-	-	(700)
AASB137(84)(a) Carrying amount at end of year	1,798	900	635	477	460	4,270

(j) Recognised fair value measurements [30-32]

(i) *Fair value hierarchy*

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in note 7(i).

AASB13(93)(a),(b)

At 31 December 2024	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Investment properties					
Office buildings – West Harbourcity [30]	8(c)	**-**	**-**	**13,300**	**13,300**
Land and buildings [30]					
Manufacturing sites – Australia	8(a)	**-**	**-**	**43,750**	**43,750**
Manufacturing sites – China				**17,750**	**17,750**
Land held for sale	8(g)	**-**	**250**	**-**	**250**
Total non-financial assets		**-**	**250**	**74,800**	**75,050**

AASB101(38)

At 31 December 2023	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Investment properties					
Office buildings – West Harbourcity	8(c)	-	5,135	4,915	10,050
Land and buildings					
Manufacturing sites – Australia	8(a)	-	-	32,487	32,487
Manufacturing sites – China				15,153	15,153
Total non-financial assets		-	5,135	52,555	57,690

AASB13(95)
The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(j) Recognised fair value measurements [30-32]

AASB13(93)(c)

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers into and out of level 3 measurements see (iv) below.

(ii) Valuation techniques used to determine level 2 and level 3 fair values

AASB13(91)(a),(93)(d)
AASB116(77)(a)
AASB140(75)(e)

The group obtains independent valuations for its investment properties at least annually and for its freehold land and buildings related to manufacturing sites (classified as property, plant and equipment) at least every three years.

At the end of each reporting period, management updates its assessment of the fair value of each property, taking into account the most recent independent valuations. Management determines a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available management considers information from a variety of sources including:

- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows, and
- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3 except for land held for resale. The level 2 fair value of land held for resale has been derived using the sales comparison approach. The key inputs under this approach are the price per square metre from current year sales of comparable lots of land in the area (location and size).

(iii) Fair value measurements using significant unobservable inputs (level 3)

AASB13(93)(e)

The following table presents the changes in level 3 items for the periods ended 31 December 2023 and 31 December 2024 for recurring fair value measurements:

AASB101(38)

		Manufacturing sites		
	Office buildings $'000	Australia $'000	China $'000	Total $'000
Opening balance 1 January 2023	3,470	27,043	12,357	42,870
Acquisitions	810	2,584	1,780	5,174
Disposals	(112)	(424)	-	(536)
Reclassification to inventory	(250)	-	-	(250)
Amounts recognised in profit or loss				
Depreciation and impairment	-	(1,100)	(440)	(1,540)
Gains recognised in other income *	997	-	-	997
Gains recognised in other comprehensive income	-	4,384	1,456	5,840
Closing balance 31 December 2023	4,915	32,487	15,153	52,555
Transfer from level 2	5,135	-	-	5,135
Acquisitions	1,900	7,135	2,247	11,282
Disposals	-	(550)	-	(550)
Amounts recognised in profit or loss				
Depreciation and impairment	-	(1,360)	(855)	(2,215)
Gains recognised in other income *	1,350	-	-	1,350
Gains recognised in other comprehensive income	-	6,038	1,205	7,243
Closing balance 31 December 2024	13,300	43,750	17,750	74,800
AASB13(93)(f) * includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period				
2024	**1,350**	**-**	**-**	**1,350**
2023	907	-	-	907

(j) Recognised fair value measurements [31-33]

(iv) Transfers between levels 2 and 3 and changes in valuation techniques

AASB13(93)(d)

The group commenced redevelopment of an office building in Australia during the year. The redevelopment will greatly expand the net lettable area of the building and is expected to be completed in early 2025. Prior to redevelopment, the building was valued using the sales comparison approach based on recent sales of comparable properties in the area. This resulted in a level 2 fair value. On redevelopment, the group had to revise its valuation technique for the property under construction. The revised valuation technique uses significant unobservable inputs. Accordingly, the fair value measurement was reclassified to level 3.

AASB13(93)(d)

The revised valuation technique for the building under construction estimates the fair value of the completed office building and deducts:

- estimated construction and other costs to completion that would be incurred by a market participant, and
- estimated profit margin that a market participant would require to hold and develop the property to completion, based on the state of the property as at 31 December 2024.

Other than described above, there were no changes in valuation techniques during the year.

(v) Valuation inputs and relationships to fair value

AASB13(93)(d),(99)

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements (see (ii) above for the valuation techniques adopted) and how a reasonable change in the input would affect the value:

AASB13(91)(a),(93)(d),(h)(i)

See commentary para 20 at the end of note 7 for the impact of economic uncertainty inflation on fair value

Description	Fair value at 31 December 2024 $'000	Fair value at 31 December 2023 $'000	Unobservable inputs *	Range of inputs (probability-weighted average) 2024	Range of inputs (probability-weighted average) 2023	Relationship of unobservable inputs to fair value
Leased office buildings	7,765	4,915	Discount rate	4% – 5% (4.8%)	3% – 4% (3.6%)	The higher the discount rate and terminal yield, the lower the fair value
			Terminal yield	6% – 7% (6.6%)	5.5% – 6% (5.8%)	
			Capitalisation rate	4% – 4.5% (4.4%)	4% – 4.5% (4.2%)	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
			Expected vacancy rate	9% – 10% (9.2%)	8% – 10% (8.7%)	
			Rental growth rate	3% – 3.6% (3.2%)	2% – 2.5% (2.2%)	The higher the rental growth rate, the higher the fair value
Office building under re-development	5,535	n/a – Level 2 fair value	Estimated cost to completion	$3,230,000 – $3,510,000 ($3,395,000)	n/a	The higher the estimated costs the lower the fair value
			Estimated profit margin required to hold and develop the property to completion	12.5% of property value	n/a	The higher the profit margin required, the lower the fair value
Manufac-turing sites – Australia	43,750	32,487	Discount rate	6% – 7% (6.7%)	8% – 9% (7.7%)	The higher the discount rate and terminal yield, the lower the fair value
			Terminal yield	8% – 9% (8.2%)	9.5% – 10% (9.7%)	

(j) Recognised fair value measurements [31-33]

AASB13(91)(a),(93)(d),(h)(i),(ii)

Description	Fair value at 31 December 2024 $'000	Fair value at 31 December 2023 $'000	Unobservable inputs *	Range of inputs (probability-weighted average) 2024	Range of inputs (probability-weighted average) 2023	Relationship of unobservable inputs to fair value
Manufacturing sites – China	17,750	15,153	Discount rate	10% – 12% (11%)	9% – 10% (9.4%)	The higher the discount rate and terminal yield, the lower the fair value
			Terminal yield	14% – 15% (14.3%)	13% – 14% (13.2%)	

AASB13(93)(h)(i) * There were no significant inter-relationships between unobservable inputs that materially affect fair values.

AASB13(93)(g)

(vi) Valuation processes

AASB140(75)(e) AASB116(77)(a),(b)

The group engages external, independent and qualified valuers to determine the fair value of the group's investment properties at the end of every financial year and for other land and buildings at least every three years. As at 31 December 2024, the fair values of the investment properties have been determined by ABC Property Surveyors Limited. Land and buildings classified as property, plant and equipment as at 31 December 2024 have been valued by management. The last external independent valuation of these land and buildings was performed as at 31 December 2023.

The main level 3 inputs used by the group are derived and evaluated as follows:

- Leased office buildings – discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by ABC Property Surveyors Limited or management based on comparable transactions and industry data.
- Office building under redevelopment – costs to completion and profit margin are estimated by ABC Property Surveyors Limited based on market conditions as at 31 December 2024. The estimates are consistent with the budgets developed internally by the group based on management's experience and knowledge of market conditions.

Changes in level 2 and level 3 fair values are analysed at each reporting date during the half-yearly valuation discussion between the CFO, AC and the valuation team. As part of this discussion the team presents a report that explains the reason for the fair value movements.

Non-financial assets and liabilities

Disclosing non-financial assets and non-financial liabilities in one note

1. Users of financial reports have indicated that they would like to be able to quickly access all of the information about the entity's financial assets and liabilities without having to trawl through various notes in the financial report. We have therefore structured our notes such that financial items and non-financial items are discussed separately. But you should be aware that this is not a mandatory requirement in any of the accounting standards.

Accounting policies, estimates and judgements

2. As explained on page 73, in our view it is helpful for readers of the financial report if information about accounting policies that are specific to the entity and about significant estimates and judgements is disclosed with the relevant line items, rather than in separate notes. However, this format is also not mandatory.
3. For general commentary regarding the disclosures of accounting policies please see note 25. Commentary about the disclosure of significant estimates and judgements is provided in note 11.

Classes of property, plant and equipment

AASB116(37)

4. A class of property, plant and equipment is a grouping of assets of a similar nature and use in the entity's operation. Paragraph 37 of AASB 116 provides the following examples:
   (a) land
   (b) land and buildings
   (c) machinery
   (d) ships
   (e) aircraft

Non-financial assets and liabilities

(f) motor vehicles

(g) furniture and fixtures

(h) office equipment, and

(i) bearer plants.

5. Each entity will have different classes, depending on its individual operations. The number of classes that are separately disclosed also depends on materiality. However, the 'plant and equipment' of an entity will normally include assets of quite different nature and use. It will therefore not be sufficient to provide the information required in AASB 116 only for two classes, being 'land and buildings' and 'plant and equipment'. Rather, entities should provide a further breakdown or, alternatively, use a more specific narrative to illustrate that the entity has only one major class of plant and equipment.

Lease disclosures

Right-of-use assets

AASB101(112)(c)
AASB16(51)

6. AASB 16 only requires disclosure of depreciation expense and additions to right-of-use assets, but not of a full reconciliation of the right-of-use assets held. However, additional disclosures might be necessary to explain significant changes in the amounts of right-of-use assets, for example as a result of foreign exchange movements or modifications to lease agreements.

AASB16(47)(a)
AASB116(73)(e)

7. Where an entity has elected to present right-of-use assets within the same line item as the corresponding underlying assets would be presented if they were owned, it should provide the same disclosures for the right-of-use assets as for the corresponding underlying assets. For example, where the right-of-use assets are presented as property, plant and equipment, they would need to be included in the reconciliation that is required under AASB 116, with the same amount of detail as is required for property, plant and equipment that is owned.

Significant judgements and estimates

AASB101((122),(125)
AASB16(51),(59)

8. The accounting for leases under AASB 16 involves making various judgements and estimates which might need to be disclosed. While we have illustrated some of these in note 8(b), the level of detail provided will depend on the individual circumstances of the entity and the materiality of the amounts involved. For example, the following judgements and estimates may also require explanations:

    (a) how the entity has determined whether a contract is, or contains, a lease

    (b) how the entity has determined the incremental borrowing rate, for example where third-party financing cannot be obtained (or can only be obtained at a significant premium), or by where it adjusted rates to reflect the term, security, value or economic environment

    (c) what the entity considers to be an index or rate in determining lease payments

    (d) how the entity accounts for costs incurred in connection with a lease that are not part of the cost of the right-of-use asset, and

    (e) the interpretation of what constitutes a penalty in determining the lease term and why an entity might have an economic incentive to extend or not to terminate a lease (but see paragraph 9 below).

IFRIC Update
September 2019 and
November 2019

9. The Committee has provided guidance on how to determine the incremental borrowing rate, including how to reflect the payment profile of a lease when determining that rate, and the lease term for specific types of cancellable or renewable leases. Entities should refer to this guidance when making judgements in relation to these issues.

Investment property

10. Normally, cash outflows in respect of the purchase of long-term assets (including property, plant and equipment and investment property) are classified as investing activities. However, paragraph 14 of AASB 107 requires cash flows that are primarily derived from the principal revenue-producing activities of the entity to be classified as operating activities. If the entity with investment property has leasing as its principal revenue-producing activity, the entity could either classify the cash outflow as investing (in line with paragraph 16 of AASB 107) and the rental inflows as operating, or it could treat both the cash inflow and outflow as operating. An accounting policy should be developed and applied on a consistent basis. VALUE ACCOUNTS Holdings Limited has chosen to present the outflows as investing activities and it discloses this in note 8(c).

Non-financial assets and liabilities

Impairment

Impairment testing – disclosure of assumptions

AASB136(132)
AASB136(134)
AASB101(122),(125)

11. An entity is encouraged to disclose the assumptions used to determine the recoverable amount of all significant assets and cash-generating units (CGUs) during the period. However, as a minimum, paragraph 134 of AASB 136 requires an entity to disclose information about the estimates used to measure the recoverable amount of a CGU where goodwill or an intangible asset with an indefinite useful life is included in the carrying amount of that unit. In many cases, the impairment calculations also involve significant estimates and judgements which should be highlighted under paragraphs 122 and 125 of AASB 101.

Prior year recoverable amount calculation

AASB136(136)

12. The most recent detailed calculation made in a preceding period of the recoverable amount of a CGU (group of CGUs) might, in accordance with paragraphs 24 or 99 of AASB 136, be carried forward and used in the impairment test for that CGU (group of CGUs) in the current period provided that specified criteria are met. Where this is the case, the information for that CGU (group of CGUs) that is incorporated into the disclosures required by paragraphs 134 and 135 of AASB 136 relates to the carried forward calculation of recoverable amount.

Impact of inflation and high economic uncertainty on impairment testing

13. The long-term growth rate should be reasonable in comparison to long-term inflation expectations, where a cash flow is prepared on a nominal basis. Nominal long-term growth rates in excess of long-term nominal GDP growth imply that the business will eventually grow at a rate faster than the economy itself. This is unlikely to be appropriate. The long-term growth rate should be corroborated using external evidence. For guidance, see our In depth INT2022-12 *Navigating IFRS Accounting Standards in periods of rising inflation and interest rates*.
14. Where uncertainty in the economic environment has increased or remains high, the established methods for calculating WACC should continue to be used. However, a reassessment of each input into the calculation and assessment of the overall result is needed. In those highly uncertain environments, we would generally expect to continue to see the impact of the economic uncertainty in the inputs (such as long-term risk-free rates) that are used in the calculation of discount rates to increase compared to prior periods.

Deferred tax assets and liabilities

Offsetting

AASB112(74)

15. Deferred tax assets and liabilities shall be offset if, and only if:
    (a) there is a legally enforceable right to set off current tax assets and liabilities, and
    (b) the deferred tax assets and 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 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.

AASB112(76)

16. The circumstances giving rise to a set-off between entities in a consolidated entity are likely to be rare unless the entities are part of a tax consolidated group. As disclosed in note 8(e) we have assumed this to be the case for VALUE ACCOUNTS Holdings Limited.

Disclosure of reconciliation by type of temporary difference

AASB112(81)(g)

17. AASB 112 requires the following disclosures for each type of temporary difference and in respect of each type of unused tax loss and tax credit:
    (a) the deferred tax balances recognised for each period presented; and
    (b) the amounts of deferred tax income or expense recognised in profit or loss, if this is not apparent from the changes in the amounts recognised in the statement of financial position.
18. This information can be presented in various ways. VALUE ACCOUNTS Holdings Limited has chosen to provide the information in the form of a reconciliation by type of temporary difference. However, other formats are equally acceptable, provided that all of the required disclosures are made.

Non-financial assets and liabilities

Deferred tax on right-of-use assets and lease liabilities

AASB112(15),(24)

19. The initial recognition exception of deferred tax assets and liabilities in paragraphs 15 and 24 of AASB 112 excludes transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This is applicable to the recognition of right-of-use assets and lease liabilities in a lease transaction
20. Therefore, entities are required to recognise both a deferred tax asset and a deferred tax liability on the initial recognition of a lease. While these would typically qualify for offsetting in the statement of financial position, the gross amounts will need to be disclosed in the notes. VALUE ACCOUNTS Holdings Limited has illustrated this in note 8(e).

Recognition of deferred tax assets by loss-making entities

AASB112(82)

21. If an entity has incurred a loss in the current or a preceding period and the utilisation of the deferred tax assets is depending on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences, the entity must disclose the amount of the deferred tax assets that are depending on excess future taxable profits and the nature of the evidence that is supporting the recognition of the tax assets.

ESMA Public Statement July 2019
ASIC MR21-129

22. The recognition of deferred tax assets for carried forward tax losses, particularly by loss-making entities, is a focus area for many regulators, including ASIC. The European Securities and Markets Authority (ESMA), has reminded entities of the importance to of assessing thoroughly the nature and extent of the evidence that supports the recognition of deferred tax assets. Disclosures relating to deferred tax assets should be issuer-specific and not boilerplate, and the level of detail provided should be proportionate to the materiality of the assets in the financial statements and the uncertainties and judgements surrounding the recognition of the tax assets.

Assets held for sale

23. There is no requirement in either AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* or AASB 101 *Presentation of Financial Statements* to present assets of a disposal group separately from individual assets held for sale. VALUE ACCOUNTS Holdings Limited has therefore combined the assets of a disposal group with individual assets held for sale as a single line item in the statement of financial position, but it has provided the associated disclosures in separate notes.

Employee benefit obligations

AASB137(1)(c),(5)(d)

24. AASB 137 does not generally apply to employee benefits, because these are dealt with by AASB 119 *Employee Benefits*. However, employee benefits might be classified as provisions in the statement of financial position where either the amounts or the timing of the future payments in respect of these obligations are uncertain. Alternatively, they could either be classified as other payables (where the amount and timing is certain) or, as we have done in this publication, be presented as a separate line item in the statement of financial position. If the amounts recognised in relation to employee benefit obligations are material, entities should consider providing the information required by AASB 137 regardless of how the amounts are presented.

Classification of employee benefits obligations as non-current

AASB101(69)

25. Other long-term employee benefit obligations, which are those that are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the service that gives rise to the benefit, can only be classified in the statement of financial position as a non-current liability if the entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months. This means, e.g. that where employees are entitled to take their long service leave or accrued annual leave within the next 12 months, the obligation relating to them must be recorded as a current liability even though the employees might not be expected to take the leave for a longer period.

AASB119(133)

26. A net post-employment asset or liability will typically have a current and a non-current portion. However, the distinction between the two might be arbitrary and difficult to determine, in particular for funded post-employment plans. The net plan asset or liability is therefore generally presented as a single non-current item for funded post-employment plans. However, if a reliable distinction is possible, separate presentation of the two balances would be appropriate.

Non-financial assets and liabilities

Defined benefit obligations

AASB119(135) 27. There is an overriding objective in AASB 119 *Employee Benefits* that the disclosures for defined benefit plans must:

(a) explain the characteristics of the plans and the associated risks

(b) identify and explain the amounts in the financial statements arising from the plans, and

(c) describe how the plans might affect the amount, timing and uncertainty of the entity's future cash flows.

AASB119(136)-(138) 28. Entities will need to consider on a case-by-case basis how detailed the disclosures will have to be to satisfy these objectives. Additional information or further disaggregation might be necessary in some circumstances. However, preparers should also keep in mind that materiality applies to all of the disclosures required under AASB 119.

Reclassification

AASB101(41) 29. Where an entity has reclassified comparative amounts because of a change in presentation, it must disclose the nature and reason for the reclassification in the notes. To illustrate this disclosure, we have assumed in this publication that VALUE ACCOUNTS Holdings Limited has reclassified its employee obligations in the current year from provisions to a separate line item in the statement of financial position.

Fair value measurements

30. Property assets are often unique and not traded on a regular basis. As a consequence, there is a lack of observable input data for identical assets. Fair value measurements of property assets will therefore often be categorised as 'level 2' or 'level 3' valuations. Whether it is appropriate to classify the fair value as a 'level 2' measurement will depend on the individual facts and circumstances. Examples of 'level 2' inputs include sales price per square metre for similar properties in a similar location in an active market, or property yields derived from the latest transactions in active markets for similar properties. Where significant adjustments to market based data are made, or where other significant inputs are unobservable, the valuation would be categorised as 'level 3'. If the assets are located in a less developed market, this would also be an indication for a 'level 3' classification. Assets classified as level 2 measurements based on recent sales might need to be reclassified in subsequent periods if there have been no more sales of comparable properties in the area.

AASB13(B35)(g)

31. As a typical diversified manufacturing company, VALUE ACCOUNTS Holdings Limited only has a limited number of assets and liabilities that are measured at fair value. For alternative disclosures covering biological assets refer to Appendix F.

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

32. The following requirements are not illustrated in this publication because they are not applicable to VALUE ACCOUNTS Holdings Limited:

Leases

	Issue not illustrated	Relevant disclosures or references
AASB16(47)(a)(ii)	Right-of-use assets included in the same line item as the corresponding underlying assets	Identify which line items include the right-of-use assets.
AASB16(53)(i),(59)(d),(B52)	Sale and leaseback transactions	Disclose gain or loss separately in the notes and consider additional information set out in paragraph B52 of AASB 16.
AASB16(53)(f)	Sub-leasing of right-of-use assets	Disclose income from sub-leasing.
AASB16(54)	Lessee capitalises leasing costs as part of the cost of another asset	Ensure that amounts disclosed in note 8(b) under paragraph 53 of AASB 16 include costs that are included in the carrying amount of another asset.
AASB16(55)	Portfolio of short-term leases at the end of the reporting period is dissimilar to the portfolio of short-term leases held during the year	Disclose lease commitments for short-term leases that are recognised as expenses on a straight-line or other systematic basis.

Non-financial assets and liabilities

Reference	Issue not illustrated	Relevant disclosures or references
AASB16(48),(56)	Right-of-use assets that meet the definition of investment property	Must be presented as investment property. Apply the disclosure requirements of AASB 140 *Investment Property*. Lessees are not required to disclose the depreciation charge, income from sub-leasing, additions and the carrying amount by class of underlying asset at the end of the reporting period in relation to these assets.
AASB16(57)	Right-of-use assets are measured at revalued amount under AASB 116	Provide the disclosures required by paragraph 77 of AASB 116 in relation to these assets.
AASB16(59)(b)(iv)	Leases not yet commenced to which the lessee is committed	Provide the following information about the future cash outflows to which the lessee is potentially exposed.
AASB16(89)-(97) AASB16(90)(a) AASB16(93) AASB16(94)	The entity is a lessor with finance leases	Provide the following information which allows users of the financial statements to assess the effect that leases have on the lessor's financial position, financial performance and cash flows: • selling profit or loss • finance income on the net investment in the lease • income relating to variable lease payments not included in the measurement of the net investment • qualitative and quantitative explanation of significant changes in the carrying amount of the net investment in the lease, and • maturity analysis of lease payments receivable for a minimum of each of the first five years plus a total amount for the remaining years; reconciliation to the net investment in the lease.
AASB16(90)(b) AASB16(95) AASB16(96)	The entity is a lessor with operating leases	Provide the following information which allows users of the financial statements to assess the effect that leases have on the lessor's financial position, financial performance and cash flows: • variable lease payments that do not depend on an index or a rate • for items of property, plant and equipment that are subject to an operating lease, the disclosures required by AASB 116 separately for the assets subject to an operating lease and for those that are held and used by the lessor, and • where applicable, the disclosure required by AASB 136, AASB 138 , AASB 140 and AASB 141.

Non-financial assets and liabilities

Investment property

	Issue not illustrated	Relevant disclosures or references
AASB140(75)(c)	Classification as investment property is challenging.	Disclose criteria used to distinguish investment property from owner-occupied property and property held for sale in the ordinary course of business.
AASB140(77)	Adjustments made to valuations	Disclose reconciliation between valuation obtained and the adjusted valuation.
AASB140(75)(f)	Sale of investment property from a pool of assets measured using the cost model into a pool in which the fair value model is used (paragraph 32C of AASB 140)	Disclose cumulative change in fair value recognised in profit or loss.
AASB16(90)(b)	Variable lease payments that do not depend on an index or a rate and that are recognised as income in the period	Disclose amounts where applicable.
AASB140(78)	Investment property cannot be reliably measured at fair value on a continuing basis	Disclose amounts separately and provide additional information about the property.
AASB140(79)	Entity has elected to use the cost model for measuring its investment property	Disclose additional information such as depreciation methods, useful lives etc.

Intangible assets

	Issue not illustrated	Relevant disclosures or references
AASB138(122)(a)	Intangible assets with indefinite useful lives	Disclose the carrying amount and factors that have played a significant role in assessing that the assets have an indefinite useful life.
AASB138(122)(b)	Individually material intangible assets	Describe the assets and disclose the carrying amount and remaining amortisation period.
AASB138(122)(c)	Intangible assets acquired by way of government grant	Disclose the fair value initially recognised, the current carrying amount and whether the assets are measured at cost or at revaluation.
AASB138(122)(d)	Intangible assets with restricted title and/or pledged as security for liabilities	Disclose existence and carrying amounts.
AASB138(122)(e)	Contractual commitments for the acquisition of intangible assets	Disclose amount.
AASB138(124)	Intangible assets measured under the revaluation model	Provide additional disclosures as set out in paragraph 124 of AASB 138.

Impairment and goodwill

	Issue not illustrated	Relevant disclosures or references
AASB136(126)(b)-(d),(129)	Impairment losses recognised in OCI and reversals of impairment losses	Disclose impairment losses recognised in OCI (by segment where applicable). Disclose reversal of impairment losses (profit or loss and OCI; by segment where applicable).
AASB136(131)	Individual impairment losses or reversals are not material	Provide information about aggregate impairment losses and reversals.
AASB136(133)	Unallocated goodwill	Disclose the amount and the reasons why the goodwill remained unallocated (see example, below).
AASB136(134)	Intangible assets with indefinite useful lives – impairment disclosures	Provide similar disclosures to those illustrated for goodwill in this publication.

Non-financial assets and liabilities

Reference	Issue not illustrated	Relevant disclosures or references
AASB136(134)(e)	Goodwill and intangible assets with indefinite useful lives: recoverable amount is based on fair value less costs of disposal (FVLCOD)	Provide additional information as set out in paragraph 134 of AASB 136. See illustration below.
AASB136(135)	Goodwill and indefinite life intangible assets allocated to multiple CGUs, where the amount allocated to each CGU is not significant	Provide information about impairment testing based on the aggregate carrying amounts.

Other non-financial assets and liabilities

Reference	Issue not illustrated	Relevant disclosures or references
AASB116(74A)(b)	Property, plant and equipment – sale proceeds and related cost incurred from selling items produced while preparing the property, plant and equipment for its intended use	Disclose the amounts of proceeds and cost included in profit or loss and the line item(s) in which they are included in the statement of comprehensive income.
AASB102(36)(h)	Inventories	Disclose amount of inventories pledged as security for liabilities.
AASB102(Aus36.1)	Inventories held by not-for-profit entities	Disclose the information required in paragraph Aus36.1 of AASB 102.
AASB116(Aus77.1) AASB138(Aus124.1)	Property, plant and equipment and intangible assets held by not-for-profit entities and measured at revalued amounts	Not-for-profit entities do not need to disclose the carrying amount that would have been recognised had the assets been carried under the cost model.
AASB119(140)(b)	Defined benefit plans: reimbursement rights	These will need to be separately disclosed in the reconciliation of the amounts recognised in the statement of financial position.
AASB119(148),(149)	Multi-employer and group plans	Provide additional information as specified in paragraphs 148 and 149 of AASB 119.
AASB137(92)	Provisions: information omitted because disclosure would be prejudicial	Disclose that fact, the general nature of the dispute and reasons why further information is not disclosed.
AASB13(93)(i)	Fair value of non-financial assets: highest and best use differs from current use	Disclose that fact and reasons why the asset is used in a manner that differs from its highest and best use.
AASB13(Aus93.1)	Not-for-profit public sector entities that have measured items of property, plant and equipment at fair value which are primarily held for their current service potential rather than to generate future cash flows	These entities have been given relief from some of the disclosure requirements in AASB 13 in relation to measurements categorised within Level 3 of the fair value hierarchy.

33. The following additional illustrative disclosures might be useful where relevant to an entity:

Intangible assets with indefinite useful lives

AASB138(122)(a)

The trademark used to identify and distinguish (product name; carrying amount $2,345,000) has a remaining legal life of five years but is renewable every ten years at little cost and is well established. The group intends to renew the trademark continuously and evidence supports its ability to do so. An analysis of product life cycle studies and market and competitive trends provides evidence that the product will generate net cash inflows for the group for an indefinite period. Therefore, the trademark is carried at cost and not amortised, but it is tested for impairment in accordance with note 25(j).

Unallocated goodwill

AASB136(133)

Shortly before the end of the reporting period, the company acquired XYZ Limited. There was $XX of goodwill recognised on acquisition which is yet to be allocated to one or more CGUs. XYZ's business will be integrated into the South America and North America CGUs, but management has not yet finalised the allocation of the goodwill between the relevant CGUs.

Non-financial assets and liabilities

Recoverable amount is determined using fair value less costs of disposal

AASB136(134)(c)

Management has determined the recoverable amount of the XYZ CGU by assessing the fair value less costs of disposal (FVLCOD) of the underlying assets. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. No impairment was identified.

Management's approach and the key assumptions used to determine the CGU's FVLCOD were as follows:

AASB136(134)(e)(i),(ii)

CGU	Unobservable inputs	Value assigned to key assumption 2024	2023	Approach to determining key assumption
XYZ	Costs of disposal ($'000)	**$250**	$320	Estimated based on the company's experience with disposal of assets and on industry benchmarks.
	Sales volume (%)	**2.7**	3.3	Average annual growth rate over the five-year forecast period, based on past performance and management's expectations of market development.
	Sales price (%)	**1.4**	1.9	Average annual growth rate over the five-year forecast period, based on current industry trends and includes long-term inflation forecasts for each territory.
	Cost reductions from restructuring initiatives ($'000)	**$2,900**	$2,500	Estimated cost reductions are based on management's judgement and past experience with similar restructuring initiatives.
	Cash flow forecast period	**5 years**	5 years	Board approved/reviewed five year forecasts which are prepared by management.
	Post-tax discount rate (%)	**11.7**	11.4	Reflects specific risks relating to the segments and the countries in which the entity operates.
	Long-term growth rate (%)	**2.7**	2.6	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rate is consistent with forecasts included in industry reports.

9 Equity [10]

AASB101(106)(d)

(a) Share capital [1]

		Notes	2024 Shares	2023 Shares	2024 $'000	2023 $'000
	Ordinary shares	(iii)				
AASB101(79)(a)(ii)	Fully paid		**58,098,156**	53,543,075	**83,054**	58,953
AASB101(79)(a)(ii)	Partly paid to $2.88		-	1,250,000	-	3,600
	Calls in arrears		-	-	-	(100)
		(i)	**58,098,156**	54,793,075	**83,054**	62,453
AASB101(79)(a)(ii)	7% non-redeemable participating preference shares fully paid	(ii)	-	500,000	-	1,523
	Total share capital		**58,098,156**	55,293,075	**83,054**	63,976

AASB101(106)(d)

(i) Movements in ordinary shares

	Details	Notes	Number of shares (thousands)	Total $'000
AASB101(79)(a)(iv)	Opening balance 1 January 2023		54,550	61,096
	Employee share scheme issues	21(c)	143	798
	Dividend reinvestment plan issues	(iv)	100	559
AASB101(79)(a)(iv)	Balance 31 December 2023		54,793	62,453
	Dividend reinvestment plan issues	(iv)	94	565
	Final call of $1.12 per share on 1,250,000 partly paid shares	(iii)	-	1,400
	Calls in arrears paid	(iii)	-	100
	Exercise of options – proceeds received	(v)	228	1,203
	Acquisition of subsidiary	14	1,698	9,765
	Rights issue	(vi)	1,285	7,708
			58,098	83,194
AASB132(35),(39)	Less: Transaction costs arising on share issues		-	(200)
AASB112(81)(a)	Deferred tax credit recognised directly in equity		-	60
AASB101(79)(a)(iv)	Balance 31 December 2024		58,098	83,054

Not mandatory

The purpose of the rights issue and the call on partly paid shares was to repay borrowings which had been drawn to finance the establishment of the furniture retail division, expand the Springfield manufacturing facilities, and acquire shares in VALUE Electronics Group. Funds raised from the other share issues were used for general working capital purposes.

AASB101(106)(d)

(a) Share capital [1]

AASB101(106)(d)

(ii) Movements in 7% non-redeemable participating preference share capital

		Notes	Number of shares (thousands)	Total $'000
	Details			
AASB101(79)(a)(iv)	Opening balance 1 January 2023		500	1,523
	Balance 31 December 2023		500	1,523
	Shares bought back on-market and cancelled	(vii)	(500)	(1,350)
	Buy-back transaction costs	(vii)	-	(45)
AASB112(81)(a)	Current tax credit recognised directly in equity	(vii)	-	15
	Transfer to retained earnings	(vii)	-	(143)
AASB101(79)(a)(iv)	Balance 31 December 2024		-	-

(iii) Ordinary shares

AASB101(79)(a)(v)

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. These rights are subject to the prior entitlements of the 6% redeemable preference shares, which are classified as liabilities (see note 7(h)).

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

AASB101(79)(a)(i),(iii)

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

AASB101(79)(a)(ii)

At 31 December 2023 there were 1,250,000 ordinary shares called to $2.88, on which a further $1.12 was outstanding. The outstanding amount, together with calls in arrears of $100,000, was received on 3 November 2024.

(iv) Dividend reinvestment plan

AASB101(79)(a)(vii)

The company has established a dividend reinvestment plan under which holders of ordinary shares can elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a 2.5% discount to the market price.

(v) Options

AASB101(79)(a)(vii)

Information relating to the VALUE Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 21.

(vi) Rights issue

AASB101(106)(d)(iii), (112)(c)

On 10 October 2024 the company invited its shareholders to subscribe to a rights issue of 1,284,916 ordinary shares at an issue price of $6.00 per share on the basis of 1 share for every 10 fully or partly paid ordinary shares held, with such shares to be issued on, and rank for dividends after, 4 December 2024. The issue was fully subscribed.

(vii) Share buy-back

AASB101(106)(d)(iii)

During the fourth quarter of 2024 the company purchased and cancelled all 500,000 7% non-redeemable participating preference shares on-market in order to simplify the company's capital structure. The buy-back and cancellation were approved by the shareholders at the 2023 annual general meeting. The shares were acquired at an average price of $2.70 per share, with prices ranging from $2.65 to $2.73. The total cost of $1,380,000, including $30,000 of after-tax transaction costs, was deducted from preference shareholder equity. Since all of the shares of that class were bought back and cancelled, the remaining balance of $143,000 was transferred to retained earnings. The total reduction in paid-up capital was $1,523,000.

ASX(4.10.18)
Listed entities only

There is no current on-market buy-back.

AASB7(7)
AASB101(79)(a)(v)

The 7% non-redeemable participating preference shares were entitled to dividends at the rate of 7% per annum when sufficient profits were available, but were non-cumulative. They would have participated equally with ordinary shares in a liquidation.

AASB101(106)(d)

(b) Other equity

	Notes	2024 Shares	2023 Shares	2024 $'000	2023 $'000
AASB132(28) Conversion rights – convertible notes	(i)			**3,500**	-
AASB112(81)(a) Deferred tax liability component				**(1,050)**	-
AASB101(79)(a)(vi) AASB132(34) Treasury shares [2]	(ii)	**(120,641)**	(99,280)	**(676)**	(550)
Total other equity				**1,774**	(550)

(i) Conversion right of convertible notes

AASB101(79)(a)(v)

The amount shown for other equity securities is the initial value of the conversion rights relating to the 7% convertible notes, details of which are shown in note 7(h).

(ii) Treasury shares [2]

AASB101(79)(a)(vi)

Treasury shares are shares in VALUE ACCOUNTS Holdings Limited that are held by the VALUE Employee Share Trust for the purpose of issuing shares under the VALUE employee share scheme and the executive short-term incentive (STI) scheme (see note 21(c) for further information). Shares issued to employees are recognised on a first-in-first-out basis.

	Details	**Number of shares**	**$'000**
AASB101(79)(a)(iv)	Opening balance 1 January 2023	(46,916)	(251)
ASX(4.10.22)	Acquisition of shares by the Trust (average price: $5.71 per share)	(52,364)	(299)
	Balance 31 December 2023	(99,280)	(550)
ASX(4.10.22)	Acquisition of shares by the Trust (average price: $5.86 per share)	**(207,636)**	**(1,217)**
	Issue of deferred shares under the executive STI scheme	**40,373**	**216**
	Employee share scheme issue	**145,902**	**875**
AASB101(79)(a)(iv)	Balance 31 December 2024	**(120,641)**	**(676)**

AASB101(106)(d)

(c) Other reserves [3-5]

AASB101(106A)

The following table shows a breakdown of the statement of financial position line item ‘other reserves’ and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

AASB116(77)(f) AASB121(52)(b)		Notes	Revaluation surplus $’000	Financial assets at FVOCI $’000	Hedging $’000	Share-based payments $’000	Transactions with NCI $’000	Foreign currency translation $’000	Total other reserves $’000
	At 1 January 2023		**3,220**	**1,173**	**(203)**	**1,289**	**-**	**1,916**	**7,395**
	Transfer to inventory	12(a)	-	-	339	-	-	-	339
AASB112(81)(ab), AASB101(90)	Deferred tax	8(e)	-	-	(102)	-	-	-	(102)
	Net amount transferred		-	-	237	-	-	-	237
AASB7(11A)(e)	Transfer to retained earnings	7(c)	-	548	-	-	-	-	548
AASB112(81)(ab), AASB101(90)	Deferred tax		-	(164)	-	-	-	-	(164)
	Net amount transferred		-	384	-	-	-	-	384
AASB116(77)(f) AASB7(20)(a)(vii),(24C)(b)(i)	Revaluation – gross	8(a),7(c) 12(a)	5,840	(1,458)	1,496	-	-	-	5,878
AASB112(81)(ab), AASB101(90)	Deferred tax	8(e)	(1,752)	437	(449)	-	-	-	(1,764)
Not mandatory	NCI share in revaluation – gross [6]		(178)	-	-	-	-	-	(178)
Not mandatory	Deferred tax [6]		54	-	-	-	-	-	54
AASB116(41)	Depreciation transfer – gross	9(d)	(334)	-	-	-	-	-	(334)
AASB112(81)(ab), AASB101(90)	Deferred tax		100	-	-	-	-	-	100
AASB128(10)	Revaluation associate	16(e)	100	-	-	-	-	-	100
AASB112(81)(ab), AASB101(90)	Deferred tax	8(e)	(30)	-	-	-	-	-	(30)
AASB101(92),(95) AASB7(24C)(b)(iv)	Reclassification to profit or loss – gross	12(a) 7(c)	-	-	(195)	-	-	-	(195)
AASB112(81)(ab), AASB101(90)	Deferred tax	8(d)	-	-	59	-	-	-	59
AASB128(10)	Currency translation associate	16(e)	-	-	-	-	-	15	15
AASB112(81)(ab), AASB101(90)	Deferred tax		-	-	-	-	-	(5)	(5)
AASB121(52)(b)	Other currency translation differences		-	-	-	-	-	243	243
Not mandatory	NCI share in translation differences [6]		-	-	-	-	-	(133)	(133)
	Other comprehensive income		3,800	(1,021)	911	-	-	120	3,810
	Transactions with owners in their capacity as owners								
	Share-based payment expenses	21	-	-	-	555	-	-	555
	At 31 December 2023		**7,020**	**536**	**945**	**1,844**	**-**	**2,036**	**12,381**

AASB101(106)(d)

(c) Other reserves [3-5]

		Notes	Revaluation surplus $'000	Financial assets at FVOCI $'000	Hedging $'000	Share-based payments $'000	Transactions with NCI $'000	Foreign currency translation $'000	Total other reserves $'000
AASB116(77)(f) AASB121(52)(b)									
	At 1 January 2024		**7,020**	**536**	**945**	**1,844**	**-**	**2,036**	**12,381**
	Transfer to inventory	12(a)	-	-	(44)	-	-	-	(44)
AASB112(81)(ab), AASB101(90)	Deferred tax	8(e)	-	-	13	-	-	-	13
	Net amount transferred		-	-	(31)	-	-	-	(31)
AASB7(11A)(e)	Transfer to retained earnings	7(c)	-	(646)	-	-	-	-	(646)
AASB112(81)(ab), AASB101(90)	Deferred tax		-	194	-	-	-	-	194
	Net amount transferred			(452)	-	-	-	-	(452)
AASB116(77)(f) AASB7(20)(a)(vii),(24C)(b)(i)	Revaluation – gross	8(a),7(c) 12(a)	7,243	750	238	-	-	-	8,231
AASB112(81)(ab), AASB101(90)	Deferred tax	8(e)	(2,173)	(225)	(71)	-	-	-	(2,469)
Not mandatory	NCI share in revaluation – gross [6]		(211)	-	-	-	-	-	(211)
Not mandatory	Deferred tax [6]		63	-	-	-	-	-	63
AASB116(41)	Depreciation transfer – gross	9(d)	(320)	-	-	-	-	-	(320)
AASB112(81)(ab), AASB101(90)	Deferred tax	8(e)	96	-	-	-	-	-	96
AASB128(10)	Revaluation joint venture	16(e)	300	-	-	-	-	-	300
AASB112(81)(ab), AASB101(90)	Deferred tax	8(e)	(90)	-	-	-	-	-	(90)
AASB101(92),(95) AASB7(24C)(b)(iv)	Reclassification to profit or loss – gross	12(a) 7(c)	-	-	(155)	-	-	-	(155)
AASB112(81)(ab), AASB101(90)	Deferred tax	8(e)	-	-	46	-	-	-	46
AASB9(5.5.2)	Impairment of debt instruments at FVOCI	12(c)	-	8	-	-	-	-	8
AASB112(81)(ab), AASB101(90)	Deferred tax	8(e)	-	(2)	-	-	-	-	(2)
AASB128(10)	Currency translation associate	16(e)	-	-	-	-	-	20	20
AASB112(81)(ab), AASB101(90)	Deferred tax		-	-	-	-	-	(6)	(6)
AASB121(52)(b)	Other currency translation differences		-	-	-	-	-	(617)	(617)
AASB101(92),(95) AASB121(52)(b)	Reclassification to profit or loss on disposal of discontinued operation	15	-	-	-	-	-	170	170
AASB121(52)(b)	Net investment hedge	12(b)	-	-	-	-	-	190	190
Not mandatory	NCI share in translation differences [6]		-	-	-	-	-	247	247
	Other comprehensive income		4,908	531	58	-	-	4	5,501
	Transactions with owners in their capacity as owners								
	Share-based payment expenses	21	-	-	-	2,018	-	-	2,018
	Issue of treasury shares to employees	9(b)	-	-	-	(1,091)	-	-	(1,091)
AASB10(23)	Transactions with NCI	16(d)	-	-	-	-	(333)	-	(333)
	At 31 December 2024		**11,928**	**615**	**972**	**2,771**	**(333)**	**2,040**	**17,993**

(c) Other reserves [3-5]

AASB101(79)(b)

(i) Nature and purpose of other reserves [7,8]

Revaluation surplus – property, plant and equipment

AASB116(77)(f) The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the sold asset is transferred to retained earnings, see accounting policy note 25(r) for details.

Financial assets at FVOCI

AASB9(B5.7.1) The group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in note 7(c). These changes are accumulated within the FVOCI reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

AASB9(B5.7.1A) The group also has certain debt instruments measured at FVOCI, as explained in note 7(c)(iv). For these investments, changes in fair value are accumulated within the FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is derecognised or impaired.

AASB101(106)(d),(108) The table below shows how the FVOCI reserve relates to equity securities and debt instruments:

	2024			2023		
	Debt $'000	**Equity $'000**	**Total $'000**	Debt $'000	Equity $'000	Total $'000
As at 1 January	**(70)**	**606**	**536**	90	1,083	1,173
Transfer to retained earnings	**-**	**(646)**	**(646)**	-	548	548
Deferred tax	**-**	**194**	**194**	-	(164)	(164)
Net amount transferred	**-**	**(452)**	**(452)**	-	384	384
Revaluation – gross	**118**	**632**	**750**	(228)	(1,230)	(1,458)
Deferred tax	**(35)**	**(190)**	**(225)**	68	369	437
Impairment	**8**	**-**	**8**	-	-	-
Deferred tax	**(2)**	**-**	**(2)**	-	-	-
Other comprehensive income	**89**	**442**	**531**	(160)	(861)	(1,021)
At 31 December	**19**	**596**	**615**	(70)	606	536

Hedging reserves

AASB9(6.5.11)(d)(i) The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see note 12(b) for details. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 25(p). Amounts are subsequently either transferred to the initial cost of inventory or reclassified to profit or loss as appropriate.

AASB9(6.5.15)(b) The group defers the changes in the forward element of forward contracts and the time value of option contracts in the costs of hedging reserve. These deferred costs of hedging are included in the initial cost of the related inventory when it is recognised, see note 25(p) for further details.

Share-based payments [9]

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised
- the grant date fair value of shares issued to employees
- the grant date fair value of deferred shares granted to employees but not yet vested, and
- the issue of shares held by the VALUE Employee Share Trust to employees.

Transactions with non-controlling interests

This reserve is used to record the differences described in note 25(b)(v) which might arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in OCI as described in note 25(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(d) Retained earnings

AASB101(106)(d)

Movements in retained earnings were as follows:

	Notes	2024 $'000	2023 Restated * $'000
Balance 1 January		**34,503**	20,205
Net profit for the period		**32,626**	26,123
Items of other comprehensive income recognised directly in retained earnings			
Remeasurements of post-employment benefit obligations, net of tax	8(h)	**83**	(637)
Reclassification of gain on disposal of equity instruments at fair value through other comprehensive income, net of tax	7(c)(iii)	**452**	(384)
Dividends	13(b)	**(22,923)**	(11,038)
Transfer from share capital on buy-back of preference shares	9(a)	**143**	-
Depreciation transfer, net of tax	9(c)	**224**	234
Balance 31 December		**45,108**	34,503

AASB101(106)(d)(ii) applies to the items of other comprehensive income recognised directly in retained earnings.

* The amounts disclosed are after the restatement for the correction of the error disclosed in note 11(b).

Equity

Share premium

AASB101(79)(a)

1. AASB 101 requires disclosure of the par value of shares (if any), but it does not prescribe a particular form of presentation for the share premium. VALUE ACCOUNTS Holdings Limited is disclosing the share premium in the notes. However, local company laws may have specific rules. For example, they may require separate presentation in the statement of financial position.

Treasury shares

AASB132(33)

2. AASB 132 states that treasury shares must be deducted from equity and that no gain or loss shall be recognised on the purchase, sale, issue or cancellation of such shares. However, the standard does not specify where in equity the treasury shares should be presented. VALUE ACCOUNTS Holdings Limited has elected to present the shares in 'other equity', but it could also be disclosed them a separate line item in the statement of financial position, deducted from retained earnings or present them in a specific reserve. Depending on local company law, the company might have the right to resell the treasury shares.

CA259A-CA259D
AASB132(34)
AASB101(79)(a)(vi)

Entities that comply with the *Corporations Act 2001* are restricted in their ability to reacquire their own equity instruments and generally have to cancel any shares that were re-acquired, e.g. as the result of a buy-back. However, where shares were acquired by an employee share trust that is consolidated, the shares are not cancelled, but must be separately presented either in the statement of financial position or in the notes as a deduction from equity.

Equity

Other reserves

AASB101(106)(d)

3. An entity shall present, either in the statement of changes in equity or in the notes, for each accumulated balance of each class of other comprehensive income a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing each item of other comprehensive income and transactions with owners. See also commentary paragraphs 2 and 3 to the statement of changes in equity.

AASB101(92),(94)

4. Reclassification adjustments relating to components of other comprehensive income must also be disclosed, either in the statement of comprehensive income or in the notes. VALUE ACCOUNTS Holdings Limited has elected to make both disclosures in the notes.

AASB101(7),(95)

5. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods. They arise, for example, on disposal of a foreign operation and when a hedged forecast transaction affects profit or loss.

6. Where there are non-controlling interests (NCIs) in items that are recognised through other comprehensive income in the reserves, VALUE ACCOUNTS Holdings Limited discloses the gross amounts in the reconciliation of the reserves and then deducts the NCI share. We have done this so that readers can reference the amounts back to the statement of comprehensive income, but we note that this is not required.

AASB101(79)(b)

Nature and purpose

7. A description of the nature and purpose of each reserve within equity must be provided either in the statement of financial position or in the notes. This applies to each reserve, including general reserves, capital profits reserves and any others in existence.

8. In providing a description of the nature and purpose of the reserves it would be appropriate to refer to any restrictions on their distribution or any other important characteristics. In the case of:

AASB116(77)(f)

   (a) the property, plant and equipment revaluation surplus: there is a specific requirement to disclose any restrictions on the distribution of the balance to shareholders, and

AASB138(124)(b)

   (b) the amount of the revaluation surplus that relates to intangible assets; there is a specific requirement to disclose the balance 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.

Transfer from share-based payments reserve to share capital on exercise of options

9. The accounting standards do not distinguish between different components of equity. Although AASB 2 *Share-based Payment* permits entities to transfer an amount from one component of equity to another on the vesting or exercise of options, there is no requirement to do so. VALUE ACCOUNTS Holdings Limited has established a share-based payments reserve but does not transfer any amounts from this reserve on the exercise or lapse of options. However, the credit could also be recognised directly in retained earnings or share capital. The treatment adopted may depend on the tax and company laws applicable in the relevant jurisdictions. Entities with significant share-based payment transactions should explain their policy.

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

10. The following requirements are not illustrated in this publication because they are not applicable to VALUE ACCOUNTS Holdings Limited:

Reference	Issue not illustrated	Relevant disclosures or references
AASB101(80)	Entities without share capital	Disclose information equivalent to that required by paragraph 79(a) of AASB 101.
AASB101(136A),(80A)	Puttable financial instruments	Various disclosures, see paragraphs 136A and 80A of AASB 101.
AASB101(138)(d)	Limited life entities	Disclose the length of the entity's life.
AASB-I19(11)	Entity has issued equity instruments to extinguish financial liabilities	Disclose any gain or loss recognised as separate line item in profit or loss or in the notes.

10 Cash flow information [11]

AASB1054(16)

(a) Reconciliation of profit after income tax to net cash inflow from operating activities [1]

	Note	2024 $'000	2023 $'000
Profit for the period		**35,631**	28,441
Adjustments for:			
Depreciation and amortisation	5(c)	**12,540**	10,080
Impairment of goodwill	4	**2,410**	-
Write-off of assets destroyed by fire	4	**1,210**	-
Non-cash employee benefits expense – share-based payments		**2,156**	1,353
Net (gain)/loss on sale of non-current assets		**(1,620)**	530
Gain on disposal of engineering division	15	**(760)**	-
Fair value adjustment to investment property	8(c)	**(1,350)**	(1,397)
Fair value adjustment to derivatives		**(11)**	621
Fair value (gains) on non-current financial assets at FVTPL	7(d)	**(120)**	-
Share of profits of equity-method investees	16(e)	**(340)**	(355)
Gain on derecognition of contingent consideration payable	14	**(135)**	-
Gain on remeasurement of contingent consideration receivable	15	**(130)**	-
Gain on repurchase of debentures	7(h)	**(355)**	-
Dividend income and interest classified as investing cash flows	5(a),(d)	**(3,558)**	(4,549)
Accrued interest on convertible notes	7(h)	**842**	-
Net exchange differences		**604**	479
Change in operating assets and liabilities, net of effects from business combinations and sale of engineering division:			
(Increase) in trade receivables		**(6,470)**	(4,647)
Decrease/(increase) in contract assets		**1,258**	(1,220)
(Increase) in inventories		**(1,340)**	(1,832)
Decrease/(increase) in financial assets at FVTPL		**465**	(1,235)
Decrease/(increase) in deferred tax assets		**134**	(710)
Decrease in other operating assets		**2**	5,202
Increase/(decrease) in trade and other creditors		**1,339**	(6)
Increase in contract liabilities		**457**	870
(Decrease)/increase in other operating liabilities		**(494)**	(1,846)
Increase/(decrease) in income taxes payable		**304**	(128)
(Decrease)/increase in deferred tax liabilities		**(313)**	421
Increase in other provisions		**1,281**	652
Net cash inflow from operating activities		**43,637**	30,724

(b) Non-cash investing and financing activities [2,3]

	2024 $'000	2023 $'000
Acquisition of retail store furniture and fittings from lessor as lease incentive (note 8(a))	**-**	950

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

- acquisition of right-of-use assets – note 8(b)
- partial settlement of a purchase consideration through the issue of shares – note 14
- deferred settlement of part proceeds of the sale of the engineering division – note 15
- dividends satisfied by the issue of shares under the dividend reinvestment plan – note 13(b), and
- options and shares issued to employees under the VALUE Employee Option Plan and employee share scheme for no cash consideration – note 21.

(c) Net debt reconciliation [4-8]

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Net debt	**2024 $'000**	2023 $'000
Cash and cash equivalents (note 7(e))	**55,083**	30,299
Liquid investments (i)	**11,300**	10,915
Bank overdrafts (note 7(h))	**(2,650)**	(2,250)
Borrowings (excluding bank overdraft; note 7(h))	**(94,865)**	(82,345)
Liabilities under supplier finance arrangement (note 7(g))	**(520)**	(430)
Lease liabilities (note 8(b))	**(11,501)**	(11,291)
Net debt	**(43,153)**	(55,102)

		Liabilities from financing activities				Other assets		
AASB107(44A)-(44E)		Borrowings $'000	Supplier finance (iii)[9] $'000	Leases $'000	Sub-total $'000	Cash/ bank overdraft $'000	Liquid invest-ments (i) $'000	Total $'000
	Net debt as at 1 January 2023	(80,056)	(460)	(9,629)	(90,145)	21,573	10,370	(58,202)
AASB107(44B)(a)	Financing cash flows	(1,911)	30	1,338	(543)	6,260	1,235	6,952
AASB107(44B)(e)	New leases	-	-	(3,000)	(3,000)	-	-	(3,000)
AASB107(44B)(c)	Foreign exchange adjustments	(810)	-	-	(810)	216	-	(594)
AASB107(44B)(d)	Changes in fair values	-	-	-	-	-	(690)	(690)
AASB107(44B)(e)	Other changes							
Revised illustration	Liabilities under supplier finance arrangement transferred from trade payables	-	(2,570)	-	(2,570)	-	-	(2,570)
Revised illustration	Payments to suppliers by the bank under supplier finance arrangement (presented as operating cash flows within 'Increase/(decrease) in trade and other creditors')	-	2,520	-	2,520	-	-	2,520
	Interest expense	(5,822)	-	(505)	(6,327)	(40)	-	(6,367)
	Interest payments (presented as operating cash flows)	6,254	-	505	6,759	40	-	6,799
	Net debt as at 31 December 2023	**(82,345)**	**(480)**	**(11,291)**	**(94,116)**	**28,049**	**10,915**	**(55,152)**

(c) Net debt reconciliation [4-8]

AASB107(44A)-(44E)

	Liabilities from financing activities				Other assets		
	Borrowings $'000	Supplier finance (iii)[9] $'000	Leases $'000	Sub-total $'000	Cash/ bank overdraft $'000	Liquid invest-ments (i) $'000	Total $'000
Net debt as at 31 December 2023	**(82,345)**	**(480)**	**(11,291)**	**(94,116)**	**28,049**	**10,915**	**(55,152)**
AASB107(44B)(a) Financing cash flows	(12,569)	(90)	1,942	(10,717)	24,632	(465)	13,450
AASB107(44B)(e) New leases	-	-	(2,152)	(2,152)	-	-	(2,152)
AASB107(44B)(c) Foreign exchange adjustments	(1,122)	-	-	(1,122)	(248)	15	(1,355)
AASB107(44B)(d) Changes in fair values	-	-	-	-	-	835	835
AASB107(44B)(e) Other changes					-	-	
Revised illustration Liabilities under supplier finance arrangement transferred from trade payables	-	(3,170)	-	(3,170)	-	-	(3,170)
Revised illustration Payments to suppliers by the bank under supplier finance arrangement (presented as operating cash flows within 'Increase/(decrease) in trade and other creditors')	-	3,070	-	3,070	-	-	3,070
Interest expense	(6,394)	-	(527)	(6,921)	(35)	-	(6,956)
Interest payments (presented as operating cash flows)	7,565	-	527	8,092	35	-	8,127
Net debt as at 31 December 2024	**(94,865)**	**(670)**	**(11,501)**	**(107,036)**	**52,433**	**11,300**	**(43,303)**

(i) Liquid investments comprise current investments that are traded in an active market, being the group's financial assets held at fair value through profit or loss (see note 7(d)).

(ii) Other changes include non-cash movements, such as including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid and transfers from trade payables to liabilities under a supplier finance arrangement.

New Requirement

(iii) Financing cash flows under a supplier finance arrangement include proceeds received under a supplier finance arrangement of $3,070,000 (2023 -- $2,520,000) and repayments to a financial institution under a supplier finance arrangement of $2,980,000 (2023 – $2,550,000). These financing cash flows are presented separately in the consolidated statement of cash flows.

Cash flow information

Reconciliation to cash generated from operations

AASB1054(16)

1. Entities that use the indirect method for their statement of cash flows will not need to disclose a reconciliation in their notes, if the reconciliation from profit to cash generated from operations is shown in the cash flow statement. See Appendix E for an example of cash flow statement prepared using the indirect method. However, in that example the detailed reconciliation is also disclosed in the notes.

Non-cash investing and financing activities – information to be disclosed

AASB107(43)

2. Investing and financing transactions that do not require the use of cash or cash equivalents shall be disclosed in a way that provides all of the relevant information about the investing and financing activities.

AASB107(44)

3. Other examples of transactions or events that would require disclosure under paragraph 43 of AASB 107 include the following:
   (a) acquisitions of assets by assuming directly related liabilities, such as purchase of a building by incurring a mortgage to the seller, and
   (b) conversion of debt to equity.

Cash flow information

Net debt reconciliation

AASB107(44A)
AASB107(44E)

4. Entities must explain changes in their liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. While the standard does not prohibit including other assets or liabilities in the reconciliation, entities shall separately identify the changes in liabilities arising from financing activities where they have chosen to do so, as illustrated in note 10(c).

AASB107(44D),(BC19)

5. AASB 107 is also flexible in terms of how the information required by new paragraph 44A is presented. Specifically, entities do not need to provide a reconciliation from opening to closing balances but they could provide the information in other ways.

IFRIC agenda decisions on Disclosure of Changes in Liabilities Arising from Financing Activities September 2019

6. However, entities should carefully consider the disclosure and disaggregation requirements in IAS 1 and IAS 7.
7. An entity preparing a tabular reconciliation should provide the following:
   (a) A reconciliation of changes in liabilities from financing. If an entity also chooses to define, and reconcile a different 'net debt measure', this does not remove the requirement for the entity to identify and reconcile the changes in its liabilities arising from financing activities.
   (b) Disclosure of changes in liabilities arising from financing activities separately from the changes in any other assets or liabilities.
   (c) Information that enables users to link the items included in the reconciliation to the opening and closing balance in the statement of financial position.
   (d) Appropriate disaggregation, for example by presenting separately material reconciling items and not aggregating dissimilar items.
   (e) Additional disclosure, where necessary to explain the items in the reconciliation.

AASB107(44C)

8. Changes in financial assets must be included in the disclosure if the cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities. This could apply, for example, to assets that hedge liabilities arising from financing activities.

Supplier finance arrangements (SFAs)

ED317
AASB107(43),(44A)

9. As explained in the commentary on the statement of cash flows (paragraphs 7 and 8 on page 70), for the purpose of this publication we have assumed that a gross presentation of cash flows relating to supplier finance arrangements (that is gross operating cash outflow and financing cash inflow) is appropriate. However, this might not always be the case. Where no cash flows occur for the entity when the financial institution settles the invoices by paying the supplier, the entity should disclose this as a non-cash financing transaction and also identify it as a non-cash change in the reconciliation of the liabilities from financing activities. For further guidance see our In depth INT2023-06 *Bringing transparency on supplier finance* on Viewpoint.

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

AASB107(Aus20.2)

10. Not-for-profit entities that highlight the net cost of services in their statement of comprehensive income must disclose a reconciliation of cash flows arising from operating activities to net cost of services as reported in the statement of comprehensive income.

Risk

Not mandatory

This section of the notes discusses the group's exposure to various risks and shows how these could affect the group's financial position and performance.

11 Critical estimates, judgements and errors

AASB101(122),(125)

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

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to final outcomes deviating from estimates and assumptions made. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

(a) Significant estimates and judgements [1-2]

The areas involving significant estimates or judgements are:

- estimation of current tax payable and current tax expense in relation to an uncertain tax position – note 6(b)
- estimated fair value of certain financial assets – notes 7(c) and 7(i)
- presentation of liabilities under supplier finance arrangement – note 7(g)
- estimation of fair values of land and buildings and investment property – notes 8(a) and 8(c)
- estimation uncertainties and judgements made in relation to lease accounting – note 8(b)
- estimated goodwill impairment – note 8(d)
- estimated useful life of intangible asset – note 8(d)
- estimation of defined benefit pension obligation – note 8(h)
- estimation of provision for warranty claims – note 8(i)
- estimation of fair values of contingent liabilities and contingent purchase consideration in a business combination – note 14
- recognition of revenue and allocation of transaction price – note 3
- recognition of deferred tax asset for carried-forward tax losses – note 8(e)
- impairment of financial assets – note 12(c)
- consolidation decision and classification of a joint arrangement – note 16

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

Recent developments that could affect estimates and judgements

When preparing their financial report, entities should also consider the impact of the following developments on any significant estimates or judgements made:

- Inflation and high interest rates – see In depth INT2022-12 *Navigating IFRS Accounting Standards in periods of rising inflation and interest rates*.
- Effects of climate change – see Appendix H for more detail on possible considerations for estimates and judgements that might be effected for specific line items
- Geopolitical conflicts – see In depth INT2024-04 *Accounting implications of geopolitical conflicts*.

(b) Correction of material error in calculating depreciation

AASB108(49)(a)

In September 2024, a subsidiary discovered a computational error in calculating depreciation on some of its equipment. The error resulted in a material understatement of depreciation recognised for the 2023 and prior financial years and a corresponding overstatement of property, plant and equipment on the statement of financial position.

AASB108(49)(b)(i),(c)

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Statement of financial position (extract)	31 December 2023 $'000	Increase/ (Decrease) $'000	31 December 2023 (Restated) $'000	31 December 2022 $'000	Increase/ (Decrease) $'000	1 January 2023 (Restated) $'000
Property, plant and equipment	103,630	(1,550)	102,080	94,445	(1,300)	93,145
Deferred tax liability (AASB112(81)(a))	(7,285)	465	(6,820)	(4,745)	390	(4,355)
Net assets	**117,084**	**(1,085)**	**115,999**	**95,818**	**(910)**	**94,908**
Retained earnings	(35,588)	1,085	(34,503)	(21,115)	910	(20,205)
Total equity	**(117,084)**	**1,085**	**(115,999)**	**(95,818)**	**910**	**(94,908)**

	2023 $'000	Profit Increase/ (Decrease) $'000	2023 (Restated) $'000
Statement of profit or loss (extract)			
Cost of goods sold	(64,909)	(250)	(65,159)
Profit before income tax	**39,867**	**(250)**	**39,617**
Income tax expense	(11,650)	75	(11,575)
Profit from discontinued operation	399	-	399
Profit for the period	**28,616**	**(175)**	**28,441**
Profit is attributable to:			
Owners of VALUE ACCOUNTS Holdings Limited	26,298	(175)	26,123
Non-controlling interests	2,318	-	2,318
	28,616	**(175)**	**28,441**
Statement of comprehensive income (extract)			
Profit for the period	28,616	(175)	28,441
Other comprehensive income for the period	3,665	-	3,665
Total comprehensive income for the period	**32,281**	**(175)**	**32,106**
Total comprehensive income is attributable to:			
Owners of VALUE ACCOUNTS Holdings Limited	29,705	(175)	29,530
Non-controlling interests	2,576	-	2,576
	32,281	(175)	**32,106**

AASB108(49)(b)(ii)

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for basic and diluted earnings per share was a decrease of $0.4 cents and $0.3 cents per share respectively.

Further, some of the amounts disclosed in note 5(c) and note 6(a) were restated as a result. Depreciation expense for the prior year increased by $250,000, and deferred tax expense decreased by $75,000.

(c) Revision of useful lives of plant and equipment [3]

AASB108(39)
AASB116(76)

During the year the estimated total useful lives of certain items of plant and equipment used in the manufacture of furniture at a subsidiary were revised. The net effect of the changes in the current financial year was an increase in depreciation expense of $980,000.

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

Year ending 31 December	**$'000**
2025	740
2026	(610)
2027	(460)
2028	(650)

Critical estimates, judgements and errors

Disclosure not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

Sources of estimation uncertainty

AASB-I14(10)

1. The recognition of a net defined benefit asset might also warrant additional disclosures. E.g. the entity should explain any restrictions on the current realisability of the surplus and the basis used to determine the amount of the economic benefits available.

Significant judgements

AASB101(123)

2. Examples of significant judgements that might require disclosures are judgements made in determining:
   (a) when substantially all of the significant risks and rewards of ownership of financial assets and lease assets are transferred to other entities
   (b) whether, in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue
   (c) whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding
   (d) whether an asset should be classified as held-for-sale or an operation meets the definition of a discontinued operation
   (e) whether multiple assets should be grouped to form a single cash-generating unit (where this would affect whether an impairment is recognised), or
   (f) whether there are material uncertainties about the entity's ability to continue as a going concern.

Change of accounting estimate in final interim period

AASB134(26)

3. If an estimate of an amount reported in an interim period is changed significantly during the final interim period of the annual reporting period but separate financial statements are not published for that final interim period, the nature and amount of that change in estimate shall be disclosed in a note in the annual reporting period.

12 Financial risk management [1,2, 20,21]

Risk management disclosures might need to be updated for the impacts of high economic uncertainty – see commentary paras 18 and 19 at the end of this note.

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit or loss information has been included where relevant to add further context.

AASB7(21A)(a),(21C),(31),(32),(33)

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Australian dollar	Cash flow forecasting Sensitivity analysis	Foreign currency forwards and foreign currency options
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, debt instruments and contract assets	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit Investment guidelines for debt instruments
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

AASB7(33)(b) The group's risk management is predominantly controlled by the central group treasury department under policies approved by the board. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

AASB7(21A)(c) Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans and inventory at the fixed foreign currency rate for the hedged purchases.

(a) Derivatives [3,4,20]

AASB7(24A)(b) The group has recognised the following derivative financial instruments in the following line items in the statement of financial position:

		2024 $'000	2023 $'000
	Current assets [3-5]		
AASB101(77) AASB7(24A)(a)	Foreign currency options – cash flow hedges ((b)(i))	**1,709**	1,320
AASB101(77) AASB7(24A)(a)	Interest rate swaps – cash flow hedges ((b)(ii))	**145**	97
AASB7(24A)(b)	Total current derivative financial instrument assets	**1,854**	1,417
	Non-current assets [3-5]		
AASB101(77) AASB7(24A)(a)	Interest rate swaps – cash flow hedges ((b)(ii))	**308**	712
AASB7(24A)(b)	Total non-current derivative financial instrument assets	**308**	712
	Current liabilities [3-5]		
AASB101(77)	Foreign currency forwards – held for trading ((b)(i))	**610**	621
AASB101(77) AASB7(24A)(a)	Foreign currency forwards – cash flow hedges ((b)(i))	**766**	777
AASB7(24A)(b)	Total current derivative financial instrument liabilities	**1,376**	1,398

(a) Derivatives [3,4,20]

AASB101(117)

(i) Classification of derivatives [21]

AASB101(66),(68)

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

The full fair value of hedging derivatives is classified as a non-current asset or liability where the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability where the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The group's accounting policy for its cash flow hedges is set out in note 25(p). Further information about the derivatives used by the group is provided in note 12(b) below.

(ii) Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives see note 7(i).

(iii) Hedging reserves

AASB7(24E)(a),(24F)

The group's hedging reserves disclosed in note 9(c) relate to the following hedging instruments:

		Cash flow hedge reserve				
		Cost of hedging reserve * $'000	Intrinsic value of options $'000	Spot component of currency forwards $'000	Interest rate swaps $'000	Total hedge reserves $'000
AASB7(24B)(b)(ii)	**Opening balance 1 January 2023**	**(25)**	**109**	**(287)**	**-**	**(203)**
AASB7(24E)(b),(c)	Add: change in fair value of hedging instrument recognised in OCI	-	1,353	(935)	1,005	1,423
AASB7(24C)(b)(i),(24E)(a)	Add: costs of hedging deferred and recognised in OCI	73	-	-	-	73
AASB7(24E)(a)	Less: transferred directly to the cost of inventory – not included in OCI	36	(339)	642	-	339
AASB7(24C)(b)(iv)	Less: reclassified from OCI to profit or loss	-	-	-	(195)	(195)
	Less: deferred tax	(33)	(304)	88	(243)	(492)
	Closing balance 31 December 2023	**51**	**819**	**(492)**	**567**	**945**
AASB7(24E)(b),(c)	Add: change in fair value of hedging instrument recognised in OCI for the year	-	746	(218)	(202)	326
AASB7(24C)(b)(i),(24E)(a)	Add: costs of hedging deferred and recognised in OCI	(88)	-	-	-	(88)
AASB7(24E)(a)	Less: transferred directly to the cost of inventory – not included in OCI	(73)	(159)	188	-	(44)
AASB7(24C)(b)(iv)	Less: reclassified from OCI to profit or loss – included in finance costs (see note 5(d))	-	-	-	(155)	(155)
	Less: deferred tax	48	(176)	9	107	(12)
	Closing balance 31 December 2024	**(62)**	**1,230**	**(513)**	**317**	**972**

AASB7(22B)(c)

* The amount deferred in the costs of hedging reserve includes $34,000 in respect of time value of options and $28,000 in respect of forward points (2023 – $54,000 in respect of forward points). All of these deferred costs relate to hedges of are in respect of transaction-related items, namely forecast inventory purchases. They are therefore transferred directly to the cost of inventory on initial recognition of the inventory.

AASB7(24C)(b)(iv)

There were no reclassifications from the cash flow hedge reserve to profit or loss during the period in relation to the foreign currency forwards and options.

(iv) Amounts recognised in profit or loss

In addition to the amounts disclosed in the reconciliation of hedging reserves above, the following amounts were recognised in profit or loss in relation to derivatives:

		2024 $'000	2023 $'000
AASB7(20)(a)(i)	Net gain/(loss) on foreign currency forwards not qualifying as hedges included in other gains/(losses)	**11**	(621)
AASB7(24C)(b)(ii),(iii)	Hedge ineffectiveness of foreign currency forwards – amount recognised in other gains/(losses)	**4**	2

(a) Derivatives [3,4,20]

Hedge effectiveness [6]

AASB7(22B)(b) Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument.

For hedges of foreign currency purchases, the group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness.

AASB7(23D) In hedges of foreign currency purchases, ineffectiveness might arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of Australia or the derivative counterparty.

AASB7(22B)(b) The group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The group does not hedge 100% of its loans, and so therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. Since all critical terms matched during the year, there is an economic relationship.

AASB7(22B)(c),(23D) Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It might occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

AASB7(24C)(b)(ii) Hedge ineffectiveness in relation to the interest rate swaps was negligible for 2024 and 2023.

AASB7(33)

(b) Market risk

AASB7(21C)

(i) Foreign exchange risk [7,8]

Exposure

AASB7(22A)(c),(31),(34)(c) The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	31 December 2024			31 December 2023		
	USD $'000	**EUR $'000**	**RMB $'000**	USD $'000	EUR $'000	RMB $'000
Trade receivables	**5,150**	**2,025**	**-**	4,130	945	
Bank loans	**(18,765)**	**-**	**(1,509)**	(8,250)	-	-
Trade payables	**(4,250)**	**-**	**-**	(5,130)	-	-
Foreign currency forwards						
buy foreign currency (cash flow hedges)	**11,519**	**-**	**-**	10,613	-	-
buy foreign currency (held for trading)	**12,073**	**-**	**-**	11,422	-	-
Foreign currency options	**10,000**	**-**	**-**	8,000	-	-

AASB121(52)(a) The aggregate net foreign exchange gains/losses recognised in profit or loss were:

		2024 $'000	2023 $'000
AASB121(52)(a)	Net foreign exchange gain/(loss) included in other gains/(losses)	**518**	(259)
AASB123(6)(e)	Exchange losses on foreign currency borrowing included in finance costs	**(1,122)**	(810)
AASB121(52)(a)	Total net foreign exchange (losses) recognised in profit before income tax for the period	**(604)**	(1,069)

AASB7(33)

(b) Market risk

Instruments used by the group

AASB7(33)(b),(22A)(a) The group operates internationally and is exposed to foreign exchange risk, primarily the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable US dollar expenditures. The risk is hedged with the objective of minimising the volatility of the Australian currency cost of highly probable forecast inventory purchases.

AASB7(22A)(b),(c) The group treasury's risk management policy is to hedge between 65% and 80% of forecast US dollar cash flows for inventory purchases up to one quarter in advance, subject to a review of the cost of implementing each hedge. For the year ended 31 December 2024, approximately 80% of inventory purchases were hedged in respect of foreign currency risk. At 31 December 2024, 90% of forecasted US dollar inventory purchases during the first quarter of 2025 qualified as 'highly probable' forecast transactions for hedge accounting purposes (for 2023, approximately 85% of inventory purchases were hedged and 93% of the purchases qualified as 'highly probable' as at 31 December 2023).

The US dollar-denominated bank loans are expected to be repaid with receipts from US dollar-denominated sales. The foreign currency exposure of these loans has therefore not been hedged.

AASB7(22B)(a) The group uses a combination of foreign currency options and foreign currency forwards to hedge its exposure to foreign currency risk. Under the group's policy the critical terms of the forwards and options must align with the hedged items.

AASB9(6.5.16) The group only designates the spot component of foreign currency forwards in hedge relationships. The spot component is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the discounted spot market exchange rate is defined as the forward points. It is discounted, where material.

AASB9(6.5.15) The intrinsic value of foreign currency options is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the discounted spot market exchange rate is defined as the time value. It is discounted, where material.

AASB101(117)
AASB7(21) The changes in the forward element of the foreign currency forwards and the time value of the options that relate to hedged items are deferred in the costs of hedging reserve.

AASB7(7),(21) The group also entered into foreign currency forwards in relation to projected purchases for the next 12 months that do not qualify as 'highly probable' forecast transactions and hence do not satisfy the requirements for hedge accounting (economic hedges). The foreign currency forwards are subject to the same risk management policies as all other derivative contracts. However, they are accounted for as held for trading with gains (losses) recognised in profit or loss.

Hedge of net investment in foreign entity

AASB7(22A) In 2024, VALUE ACCOUNTS Holdings Limited has entered into a bank loan amounting to $1,699,000 which is denominated in Chinese renminbi (RMB) and which was taken out to fund an additional equity investment in the Chinese subsidiary. The loan has been designated as a hedge of the net investment in the subsidiary and there was no ineffectiveness.

Effects of hedge accounting on the financial position and performance

The effects of the foreign currency-related hedging instruments on the group's financial position and performance are as follows:

		2024 $'000	2023 $'000
AASB7(24A)(b)	*Foreign currency options*		
AASB7(24A)(a)	Carrying amount (current asset)	**1,709**	1,320
AASB7(24A)(d)	Notional amount	**10,000**	8,000
AASB7(23B)(a)	Maturity date	**January 2025 – March 2025**	Jan 2024 – April 2024
AASB7(22B)(c)	Hedge ratio*	**1:1**	1:1
AASB7(24A)(c)	Change in intrinsic value of outstanding hedging instruments since inception of the hedge	**596**	1,353
AASB7(24B)(b)(i)	Change in value of hedged item used to determine hedge ineffectiveness	**(596)**	(1,353)
AASB7(23B)(b)	Weighted average strike rate for outstanding hedging instruments	**US$0.9612:AUD$1**	US$0.8543:AUD$1

AASB7(22B)(c) * The foreign currency forwards and options are denominated in the same currency as the highly probable future inventory purchases (US$), and so the hedge ratio is 1:1.

AASB7(33)

(b) Market risk

		2024 $'000	2023 $'000
AASB7(24A)(b)	*Foreign currency forwards*		
AASB7(24A)(a)	Carrying amount (current liability)	**(766)**	(777)
AASB7(24A)(d)	Notional amount	**11,519**	10,612
AASB7(23B)(a)	Maturity date	**January 2025 – March 2025**	January 2024 – March 2024
AASB7(22B)(c)	Hedge ratio *	**1:1**	1:1
AASB7(24A)(c)	Change in discounted spot value of outstanding hedging instruments since inception of the hedge	**(218)**	(935)
AASB7(24B)(b)(i)	Change in value of hedged item used to determine hedge ineffectiveness	**222**	937
AASB7(23B)(b)	Weighted average hedged rate for outstanding hedging instruments (including forward points)	**US$0.9612:AUD$1**	US$0.9428:AUD$1

AASB7(22B)(c) * The foreign currency forwards and options are denominated in the same currency as the highly probable future inventory purchases (US$), and so the hedge ratio is 1:1.

		2024	2023
AASB7(24A)(b)	*Net investment in foreign operation*		
AASB7(24A)(a)	Carrying amount (non-current borrowings)	**(1,509)**	-
AASB7(24A)(d)	RMB carrying amount	**RMB 6,946,000**	-
AASB7(22B)(c)	Hedge ratio	**1:1**	-
AASB7(24A)(c)	Change in carrying amount of bank loan as a result of foreign currency movements since 1 January, recognised in OCI – see note 9(c)	**190**	-
AASB7(24B)(b)(i)	Change in value of hedged item used to determine hedge effectiveness	**(190)**	-
AASB7(23B)(b)	Weighted average hedged rate for the year (including forward points)	**RMB5.93214:AUD$1**	

Sensitivity

AASB7(40)(a),(b),(c) As shown in the table on page 176 above, the group is primarily exposed to changes in US/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US dollar-denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

	Impact on post-tax profit		Impact on other components of equity	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000
US/AUD exchange rate – increase 9% (2023 – 10%) *	**(1,494)**	(1,004)	**(806)**	(743)
US/AUD exchange rate – decrease 9% (2023 – 10%) *	**1,223**	822	**660**	608

* Holding all other variables constant

Profit was more sensitive to movements in the Australian dollar/US dollar exchange rates in 2024 than in 2023 because of the increased amount of US dollar denominated borrowings. Equity was more sensitive to movements in the Australian dollar/US dollar exchange rates in 2024 than in 2023 because of the increased amount of foreign currency forwards. The group's exposure to other foreign exchange movements is not material.

AASB7(33)

(b) Market risk

AASB7(21C)

(ii) Cash flow and fair value interest rate risk [9]

AASB7(22A)(a),(b),(33)(a),(b)

The group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. Group policy is to maintain at least 50% of its borrowings at fixed rate using floating-to-fixed interest rate swaps to achieve this when necessary. Generally, the group enters into long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the group borrowed at fixed rates directly. During 2024 and 2023, the group's borrowings at variable rate were mainly denominated in Australian dollar and US dollars.

The group's borrowings and receivables are carried at amortised cost. The borrowings are periodically contractually repriced (see below) and to that extent are also exposed to the risk of future changes in market interest rates.

AASB7(22A)(c),(34)(a)

The exposure of the group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	2024 $'000	**% of total loans**	2023 $'000	% of total loans
Variable rate borrowings	**54,689**	**56%**	50,150	59%
Fixed rate borrowings – repricing or maturity dates:				
Less than 1 year	**4,735**	**5%**	3,895	5%
1 – 5 years	**26,626**	**27%**	19,550	23%
Over 5 years	**11,465**	**12%**	11,000	13%
	97,515	**100%**	84,595	100%

An analysis by maturities is provided in note 12(d) below. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

Instruments used by the group

AASB7(22B)(a),(23B)

Swaps currently in place cover approximately 18% (2023 – 17%) of the variable loan principal outstanding. The fixed interest rates of the swaps range between 7.8% and 8.3% (2023 – 9.0% and 9.6%) and the variable rates of the loans are between 0.5% and 1.0% above the 90 day benchmark interest rate which at the end of the reporting period was 8.2% (2023 – 9.4%).

AASB7(22B)(a)

The swap contracts require settlement of net interest receivable or payable every 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the group's financial position and performance are as follows:

Reference		**2024 $'000**	2023 $'000
AASB7(24A)(b)	*Interest rate swaps*		
AASB7(24A)(a)	Carrying amount (current and non-current asset)	**453**	809
AASB7(24A)(d)	Notional amount	**10,010**	8,440
AASB7(23B)(a)	Maturity date	**2029**	2028
AASB7(22B)(c)	Hedge ratio	**1:1**	1:1
AASB7(24A)(c)	Change in fair value of outstanding hedging instruments since 1 January	**(202)**	1,005
AASB7(24B)(b)(i)	Change in value of hedged item used to determine hedge effectiveness	**202**	1,005
AASB7(23B)(b)	Weighted average hedged rate for the year	**8.1%**	9.3%

AASB7(33)

(b) Market risk

Sensitivity

AASB7(40)(a) Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings and the fair value of debt instruments at fair value through other comprehensive income.

	Impact on post-tax profit		Impact on other components of equity	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000
Interest rates – increase by 70 basis points (2023 – 60 bps) *	**138**	(18)	**(90)**	(16)
Interest rates – decrease by 100 basis points (2023 – 80 bps) *	**(127)**	96	**129**	22

* Holding all other variables constant

AASB7(21C)

(iii) Price risk

Exposure

AASB7(33)(a) The group's exposure to equity securities price risk arises from investments held by the group and classified in the statement of financial position either as at fair value through other comprehensive income (FVOCI) (note 7(c)) or at fair value through profit or loss (FVTPL) (note 7(d)).

AASB7(33)(b) To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board.

The majority of the group's equity investments are publicly traded and they are included either in the Australian Securities Exchange 200 Index or the NYSE International 100 Index.

Sensitivity

AASB7(40)(a),(b) The table below summarises the impact of increases/decreases of these two indexes on the group's equity and post-tax profit for the period. The analysis is based on the assumption that the equity indexes had increased by 9% and 7% respectively or decreased by 6% and 5% with all other variables held constant, and that all of the group's equity instruments moved in line with the indexes.

	Impact on post-tax profit		Impact on other components of equity	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000
Australian Securities Exchange 200 – increase 9% (2023 – 7.5%)	**385**	361	**284**	266
NYSE International 100 – increase 7% (2023 – 6.5%)	**254**	184	**-**	-
Australian Securities Exchange 200 – decrease 6% (2023 – 4%)	**(257)**	(193)	**(189)**	(177)
NYSE International 100 – decrease 5% (2023 – 3.5%)	**(182)**	(99)	**-**	-

The table shows what would be the impact on post-tax profit relating to equity securities at FVTPL and the impact on other components of equity relating to equity securities at FVOCI.

Amounts recognised in profit or loss and other comprehensive income

The amounts recognised in profit or loss and other comprehensive income in relation to the various investments held by the group are disclosed in note 7.

(c) Credit risk

AASB7(33)(a),(b)

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

AASB7(35B)

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted as counterparties.

AASB7(34)(c)

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

For derivative financial instruments, management has established limits so that, at any time, less than 10% of the fair value of favourable contracts outstanding are with any individual counterparty.

The group's investments in debt instruments are considered to be low risk investments. The credit ratings of the issuer are monitored for credit deterioration.

AASB7(15)(b), (36)(a),(b)

(ii) Security

For some trade receivables the group might obtain security in the form of guarantees or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

(iii) Impairment of financial assets [21]

The group has four types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory and from the provision of consulting services
- contract assets relating to IT consulting contracts
- debt instruments carried at amortised cost, and
- debt instruments carried at FVOCI.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Trade receivables and contract assets [10]

AASB101(117),AASB7(21)
AASB9(5.5.15)

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

AASB7(35F)(c)

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

AASB7(35G)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2024 or 1 January 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

(c) Credit risk

On that basis, the loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows for both trade receivables and contract assets:

AASB7(35N)

	31 December 2024	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Expected loss rate	1.8%	5%	16%	52%	
AASB7(35K)(a)	Gross carrying amount – trade receivables	13,627	1,428	893	360	16,308
AASB7(35K)(a)	Gross carrying amount – contract assets	1,547	-	-	-	1,547
	Loss allowance	**273**	**71**	**143**	**187**	**674**

AASB7(35N)

	31 December 2023	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Expected loss rate	1.4%	5%	14%	46%	
AASB7(35K)(a),(6)	Gross carrying amount – trade receivables	6,815	975	480	300	8,570
AASB7(35K)(a),(6)	Gross carrying amount – contract assets	2,597	-	-	-	2,597
	Loss allowance	132	49	67	138	386

AASB7(35H)(b)(iii) The loss allowances for trade receivables and contract assets as at 31 December reconcile to the opening loss allowances as follows:

		Contract assets		Trade receivables	
		2024 $'000	2023 $'000	**2024 $'000**	2023 $'000
	Opening loss allowance as at 1 January	**36**	30	**350**	115
	Increase in loan loss allowance recognised in profit or loss during the year	**-**	6	**846**	635
AASB7(35I)(c)	Receivables written off during the year as uncollectible	**-**	-	**(530)**	(345)
AASB7(35I)(c)	Unused amount reversed	**(8)**	-	**(20)**	(55)
	Closing loss allowance at 31 December	**28**	36	**646**	350

AASB7(35F)(e) Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Debt instruments [11]

AASB7(35F)(a)(i) All of the entity's debt instruments at amortised cost and FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

(c) Credit risk

Other financial assets at amortised cost

AASB101(117) Other financial assets at amortised cost include debenture assets, zero coupon bonds and listed corporate bonds, loans to related parties and key management personnel and other receivables.

The loss allowance for other financial assets at amortised cost as at 31 December reconciles to the opening loss allowance as follows:

AASB7(35H)(a)

		Related parties $'000	Key management personnel $'000	Debentures and bonds $'000	Other receivables $'000	Total $'000
	Opening loss allowance as at 1 January 2023	**-**	**1**	**4**	**2**	**7**
AASB7(20)(a)(vi)	Increase in the allowance recognised in profit or loss during the period	2	1	3	3	9
	Closing loss allowance as at 31 December 2023	2	2	7	5	16
AASB7(20)(a)(vi)	Increase in the allowance recognised in profit or loss during the period	2	1	17	3	23
	Closing loss allowance as at 31 December 2024	**4**	**3**	**24**	**8**	**39**

Debt instruments at fair value through other comprehensive income

AASB101(117) AASB9(5.5.2) Debt instruments at FVOCI include listed and unlisted debt securities. The loss allowance for debt instruments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

AASB7(35H)(a) AASB7(16A) The loss allowance for debt instruments at FVOCI as at 31 December reconciles to the opening loss allowance as follows:

		$'000
	Loss allowance as at 1 January and 31 December 2023	-
AASB7(20)(a)(viii)	Increase in loan loss allowance recognised in profit or loss during the year	8
	Closing loss allowance as at 31 December 2024	**8**

(iv) Significant estimates and judgements

Impairment of financial assets

AASB9(5.5.17) AASB101(125) The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history and existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables above.

(v) Net impairment losses on financial and contract assets recognised in profit or loss

Not mandatory During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets:

		2024 $'000	2023 $'000
	Impairment losses		
	- movement in loss allowance for trade receivables and contract assets	**(846)**	(641)
	Impairment losses on other financial assets	**(23)**	(9)
	Reversal of previous impairment losses	**28**	55
AASB7(20)(a)(vi)	Impairment losses on financial assets at amortised cost	**(841)**	(595)
AASB7(20)(a)(viii)	Impairment losses on financial assets at FVOCI	**(8)**	-
AASB101(82)(ba)	Net impairment losses on financial and contract assets	**(849)**	(595)

AASB15(113)(b) Of the above impairment losses, $739,000 (2023 – $607,000) relate to receivables arising from contracts with customers (see note 3).

(c) Credit risk

(vi) Financial assets at fair value through profit or loss

AASB7(36)

The entity is also exposed to credit risk in relation to debt instruments that are measured at FVTPL. The maximum exposure at the end of the reporting period is the carrying amount of these investments ($2,390,000; 2023 – nil).

(d) Liquidity risk

AASB7(33)(a),(b), (39)(c),(B11E), (B11F)

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the group held demand deposits at call of $44,657,000 (2023 – $24,093,000) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

As disclosed in note 7(g), the group has entered into a supplier finance arrangement with a finance provider on 1 January 2022 which ends on 31 December 2025. This has improved the group's working capital. The finance provider is in good financial condition and the group has no significant concentration of liquidity risk with this finance provider.

AASB7(34)(a)

Management monitors rolling forecasts of the group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (note 7(e)) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the group in accordance with practice and limits set by the group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Financing arrangements [16]

AASB7(7),(34)(a)
AASB107(50)(a)

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2024 $'000	2023 $'000
Floating rate		
- Expiring within one year (bank overdraft and bill facility)	**12,400**	10,620
- Expiring beyond one year (bank loans)	**9,470**	8,100
	21,870	18,720

AASB7(7),(39)(c)
AASB107(50)(a)

The bank overdraft facilities can be drawn at any time and can be terminated by the bank without notice. The unsecured bill acceptance facility can be drawn at any time and is subject to annual review. Subject to the continuance of satisfactory credit ratings, the bank loan facilities can be drawn at any time in either Australian dollar or US dollars and they have an average maturity of 6.5 years (2023 – 6.9 years). [17,21]

(ii) Maturities of financial liabilities [12-15]

AASB7(39)(a),(b),(B11B)

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

(a) all non-derivative financial liabilities, and

(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

AASB7(B11D)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, because the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

AASB7(39(a),(B11B)

The group's trading portfolio of derivative instruments with a negative fair value has been included at its fair value of $610,000 (2023 – $621,000) within the 'less than 6 months' time bucket. This is because the contractual maturities are not essential for an understanding of the timing of the cash flows. These contracts are managed on a net fair value basis rather than by maturity date.

AASB7(39)(a),(b),(B11)

	Contractual maturities of financial liabilities [12-15] **At 31 December 2024**	**Less than 6 months $'000**	**6 – 12 months $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Total contractual cash flows $'000**	**Carrying amount (assets)/ liabilities $'000**
	Non-derivatives							
	Trade payables	**13,030**	**-**	**-**	**-**	**-**	**13,030**	**13,030**
Revised illustration	Liabilities under supplier finance arrangement	**670**	**-**	**-**	**-**	**-**	**670**	**670**
	Borrowings *	**4,439**	**4,639**	**9,310**	**46,195**	**40,121**	**104,704**	**97,515**
AASB16(58)	Lease liabilities **	**1,455**	**1,456**	**2,911**	**5,337**	**2,340**	**13,499**	**11,501**
	Total non-derivatives	**19,594**	**6,095**	**12,221**	**51,532**	**42,461**	**131,903**	**122,716**
	Derivatives							
	Trading derivatives	**610**	**-**	**-**	**-**	**-**	**610**	**610**
	Gross settled (foreign currency forwards – cash flow hedges)							
	(inflow)	**(17,182)**	**(13,994)**	**-**	**-**	**-**	**(31,176)**	**-**
	outflow	**17,521**	**14,498**	**-**	**-**	**-**	**32,019**	**766**
	Total derivates	**949**	**504**	**-**	**-**	**-**	**1,453**	**1,376**
	At 31 December 2023							
	Non-derivatives							
	Trade payables	9,801	-	-	-	-	9,801	9,801
Revised illustration	Liabilities under supplier finance arrangement	480	-	-	-	-	480	480
	Borrowings	4,513	4,118	9,820	44,476	30,235	93,162	84,595
	Lease liabilities **	1,174	1,174	2,415	6,845	2,017	13,625	11,291
	Total non-derivatives	15,968	5,292	12,235	51,321	32,252	117,068	106,167
	Derivatives							
	Trading derivatives	621	-	-	-	-	621	621
	Gross settled (foreign currency forwards – cash flow hedges)							
	(inflow)	(11,724)	(6,560)	-	-	-	(18,284)	-
	outflow	11,885	7,228	-	-	-	19,113	777
	Total derivates	782	668	-	-	-	1,450	1,398

AASB7(B10A)(a)
AASB101R(75A)

* Of the $46.195m disclosed in the 2024 borrowings time band 'Between 2 and 5 years', the group is considering early repayment of $5,000,000 in the first quarter of the 2025 financial year (2023 – nil).

** The amounts disclosed for the lease liabilities include cash flows relating to extension options if they have been included in the lease term, and therefore in the measurement of the lease liability as disclosed in note 8(b)(v).

Financial risk management

Classes of financial instruments

AASB7(6),(B1)-(B3)

1. Where AASB 7 requires disclosures by class of financial instrument, the entity shall group its financial instruments into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. The classes are determined by the entity and are therefore distinct from the categories of financial instruments specified in AASB 9. As a minimum, the entity should distinguish between financial instruments measured at amortised cost and those measured at fair value, and treat as separate class any financial instruments outside the scope of AASB 9. The entity shall provide sufficient information to permit reconciliation to the line items presented in the statement of financial position. Guidance on classes of financial instruments and the level of required disclosures is provided in Appendix B to AASB 7.

Level of detail and selection of assumptions – information through the eyes of management

AASB7(34)(a)

2. The disclosures in relation to the financial risk management of an entity should reflect the information provided internally to key management personnel. As such, the disclosures that will be provided by an entity, their level of detail and the underlying assumptions used will vary greatly from entity to entity. The disclosures in these illustrative financial statements are only one example of the kind of information that might be disclosed and entities should consider carefully what might be appropriate in their individual circumstances.

Derivative financial instruments

Classification as current or non-current

AASB101(BC38I),(BC38J)
AASB101(66),(69),(71)
AASB9(Appendix A)

3. The classification of financial instruments as held for trading under AASB 9 does not mean that they must necessarily be presented as current in the statement of financial position. Rather, the requirements of paragraph 66 of AASB 101 should be applied in determining classification. This means that financial assets, including portions of financial assets expected to be realised within 12 months of the reporting date, should only be presented as current assets if realisation within 12 months is expected. Otherwise they should be classified as non-current.

4. Similar to financial assets, where a portion of a financial liability is due expected to be settled within 12 months of the reporting date, and settlement cannot be deferred for at least 12 months following the reporting date, that portion should be presented as a current liability; the remainder should be presented as a non-current liability.

5. The treatment of hedging derivatives will be similar. This suggests that hedging derivatives should be split into current and non-current portions. However, as an alternative, the full fair value of hedging derivatives could be classified as current if the hedge relationships are for less than 12 months and as non-current if those relationships are for more than 12 months.

Disclosing how hedge ineffectiveness was determined for the current period

AASB7(24A)(c),(24B)(b)(i),(BC35LL)

6. AASB 7 requires the disclosure of the change in the fair value of the hedging instrument and the hedged item used as the basis for recognising hedge ineffectiveness for the period. For cash flow hedging relationships that span multiple reporting periods, the ineffectiveness for the period is calculated as the difference between the cumulative ineffectiveness as at the reporting date (based on the 'lesser of' the cumulative change in the fair value of the hedging instrument and the hedged item since inception of the hedge relationship), and the cumulative ineffectiveness reported in prior periods. It might therefore be useful to disclose additional information such as the cumulative amounts recognised as ineffectiveness in prior periods as well as the impact of the 'lesser-of assessment' (if applicable) to illustrate how the ineffectiveness for the current reporting period was calculated.

Financial risk management

Market risk

Foreign currency risk

AASB7(B23)

7. Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation-related risks are therefore not included in the assessment of the entity's exposure to currency risks. Translation exposures arise from financial and non-financial items held by an entity (for example, an investment into a foreign subsidiary) with a functional currency different from the group's presentation currency. However, foreign currency-denominated inter-company receivables and payables which do not form part of a net investment in a foreign operation would be included in the sensitivity analysis for foreign currency risks, this is because, even though the balances eliminate in the consolidated statement of financial position, the effect on profit or loss of their revaluation under AASB 121 is not fully eliminated.
8. For the purpose of AASB 7, currency risk does also not arise from financial instruments that are non-monetary items. VALUE ACCOUNTS Holdings Limited has therefore excluded its US dollar-denominated equity securities from the analysis of foreign exchange risk. The foreign currency exposure arising from investing in non-monetary financial instruments is reflected in the other price risk disclosures as part of the fair value gains and losses.

Interest rate risk – fixed rate borrowings

9. Sensitivity to changes in interest rates is normally only relevant to financial assets or financial liabilities bearing floating interest rates. However, sensitivity will also be relevant to fixed rate financial assets and financial liabilities which are remeasured to fair value.

Credit risk

AASB15(107),(108)

10. The impairment rules in AASB 9 also apply to contract assets. A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis as financial assets that are within the scope of AASB 9.

AASB9(5.5.3),(5.5.4)

AASB9(5.4.1)(b)

11. If there is a significant increase in credit risk in relation to any of the debt instruments since initial recognition, the group would need to recognise lifetime expected credit losses for those instruments, but would continue to calculate interest revenue on the gross carrying amount of the asset. If there is objective evidence of impairment, lifetime expected credit losses must be recognised and interest revenue will be calculated on the net carrying amount (that is, net of credit allowance). In these cases, additional disclosures will be required similar to those that are illustrated for customer loans on page 191 onwards.

Liquidity risk

Maturity analysis

AASB7(B11B)

12. All financial liabilities must be included in the maturity analysis. The analysis should generally be based on contractual maturities. However, for derivative financial liabilities the standard provides entities with a choice to base the maturity grouping on expected rather than contractual maturities, provided that the contractual maturities are not essential for an understanding of the timing of the cash flows. This could be the case for derivative contracts that are held for trading. For contracts such as interest rate swaps in a cash flow hedge of a variable rate financial asset or liability and for all loan commitments, the remaining contractual maturities will be essential for an understanding of the timing of the cash flows. These contracts must therefore be grouped based on their contractual maturities.

AASB7(39),(B11D)

13. The amounts disclosed should be the amounts expected to be paid in future periods, determined by reference to the conditions existing at the end of the reporting period. However, AASB 7 does not specify whether current or forward rates should be used. For floating rate financial liabilities and foreign currency-denominated instruments, the use of forward interest rates and forward foreign exchange rates might be conceptually preferable, but the use of a spot rate at the end of the period is also acceptable. Whichever approach is adopted (that is, current/spot rate or forward rate at the reporting date), it should be applied consistently.

AASB7(B11C)(c)

14. The specific time buckets presented are not mandated by the standard but are based on what is reported internally to the key management personnel. For financial guarantee contracts, the maximum amount of the guarantee must be allocated to the earliest period in which the guarantee could be called.

Financial risk management

15. Since the amounts included in the maturity tables are the contractual undiscounted cash flows, including principal and interest payments, these amounts will not reconcile to the amounts disclosed in the statement of financial position. This is in particular as far as borrowings or derivative financial instruments are concerned. Entities can choose to add a column with the carrying amounts which ties into the statement of financial position and a reconciling column if they so wish, but this is not mandatory.

Financing arrangements

AASB107(50)(a)
AASB7(39)(c)

16. Committed borrowing facilities are a major element of liquidity management. Entities should therefore consider providing information about their undrawn facilities. AASB 107 *Statement of Cash Flows* also recommends disclosure of undrawn borrowing facilities that might be available for future operating activities and to settle capital commitments, indicating any restrictions on the use of these facilities.

Terms and conditions of financial instruments

AASB7(7),(31)
PS 2

AASB101(76ZA)

17. Entities shall disclose sufficient information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance and the nature and extent of risks arising from these financial instruments. However, the intention of AASB 7 was to decrease the potentially voluminous disclosures that were required by AASB 132 and replace them with shorter but more meaningful information. Under normal circumstances entities are therefore not required to disclose the significant terms and conditions for each of their major borrowings. Nevertheless, if an entity has a borrowing or other financial instrument with unusual terms and conditions, some information should be provided to enable users to assess the nature and extent of risks associated with these instruments. An entity might have classified a liability from loan arrangements as non-current, but the right to defer settlement is subject to complying with covenants within 12 months after the reporting date. Certain disclosures are required under paragraph 76ZA of AASB 101; this is so that the reader can understand the risks that the liability becomes repayable within 12 months. The non-mandatory Practice Statement 2 *Making Materiality Judgements* provides guidance on assessing the materiality of information about covenants , see paragraphs 81–83.

Impact of high economic uncertainty on risk management disclosures

18. High economic uncertainty might also affect the financial risk management disclosures. For example:

AASB7(40),(41)

    (a) Sensitivity disclosures would need to be updated if the magnitude of a reasonably possible change in interest rates is materially different from that disclosed in the previous annual financial statements. Where there are changes in expected volatility, prior year disclosures should not be restated. An entity could choose, however, to present additional sensitivity information for the comparative period in addition to the required comparative figures from the prior year.

AASB7(34)(c),(B8)

    (b) Concentration risk disclosures might need to be updated where entities have made changes to cash deposits and deposit facilities.

AASB7(35M)

    (c) Credit risk rating disclosures required for loan loss allowances (illustrated in the commentary on page 191) might need to be revised to reflect changed credit ratings.

AASB7(39)(c),(B11F)

    (d) Liquidity risk disclosures might need to reflect changes to the availability of financing and the condition of the financial institution that is providing finance, in particular where the entity is relying on supplier finance arrangements. Increasing margin calls on derivatives requiring the posting of collateral can also pose a significant liquidity risk that might need to be disclosed. Entities might further be impacted where contractual terms include inflation-linked interest rates, for example in leasing contracts. If such contractual terms give rise to significant liquidity risk, entities should provide quantitative disclosures of their collateral and contractual arrangements to explain how this liquidity risk is managed.

    (e) Increased concentration of liquidity risks might arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets.

AASB7(B11F)(d),(IG18)

AASB7(32)

19. AASB 7 does not limit disclosure of risks to only credit risk, liquidity risk and market risk. Hence, an entity might need to provide specific disclosures relating to inflation risk, if this information is not already captured in other market risk disclosures. For example, if an entity has an inflation-linked financial instrument, the sensitivity of such an instrument to changes in inflation rates should be disclosed.

Financial risk management

Disclosure not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

20. The following requirements are not illustrated in this publication, because as they are not applicable to VALUE ACCOUNTS Holdings Limited:

General financial risk management disclosures

Reference	Issue not illustrated	Relevant disclosures or references
AASB7(15)	Collateral held by the entity which can be sold or re-pledged	Disclose the fair value of the collateral held, the fair value of collateral sold or re-pledged and whether it must be returned, and the terms and conditions associated with the collateral.
AASB7(35),(42)	Quantitative data is unrepresentative of the entity's risk exposure	Provide further information as necessary.
AASB7(39)(a),(B10)(c),(B11C)(c) AASB9(Appendix A)	Financial guarantee contract (maturity table)	This must be included in the maturity table in the earliest time bucket in which it can be called. The existence of such contracts will also need to be discussed in the context of the credit risk disclosures.

Hedge accounting disclosures

Reference	Issue not illustrated	Relevant disclosures or reference
AASB7(22C)	The entity has designated a specific risk component of an asset in a hedge relationship (for example, the movement in crude oil price of a barrel of crude oil)	Provide information about how the entity has determined the risk component that is designated as the hedged item and how this component relates to the item in its entirety. See paragraph 21 below for a disclosure example.
AASB7(23C)	The entity frequently resets hedging relationships (dynamic hedging)	Provide the additional disclosures required by paragraph 23C of AASB 7.
AASB7(24B),(24C)	The entity has designated fair value hedges	Provide the disclosures required by paragraphs 24B(a) and 24C(a) of AASB 7.
AASB7(23F) AASB7(24C)(b)(iv) AASB7(24C)(b)(v)	The entity designated forecast future transactions in hedge relationships which are no longer expected to occur	Provide the information required by paragraph 23F of AASB7. The entity would also need to disclose: • any amount reclassified from the cash flow hedge reserve and/or costs of hedging reserve into profit or loss as a reclassification adjustment, differentiating between amounts reclassified due to future transactions no longer being expected to occur and amounts that have been transferred because the hedged item has affected profit or loss, and • the line item in the statement of comprehensive income containing the reclassification adjustment.
AASB7(24C)(b)(vi)	Designate net positions in hedge relationships	Disclose the hedging gains or losses recognised in a separate line item in the statement of comprehensive income.

Financial risk management

	Issue not illustrated	Relevant disclosures or reference
AASB7(24G)-(30)	The entity has a credit derivative to manage the credit risk of a financial instrument and has designated the financial instrument, or a proportion of it, as measured at FVTPL	Provide the information required by paragraphs 24G to 30 of AASB 7.
AASB7(24B)(b)(iii)	Cessation of hedging relationships during the year	Disclose the balances remaining in the cash flow hedge reserve and the foreign currency translation reserve for any hedge relationships which have been terminated.
AASB7(23E)	There are new sources of hedge ineffectiveness emerging in the hedge relationship that are not already disclosed in note 12(a)	Disclose the new sources of hedge ineffectiveness by risk category and explain the nature of the ineffectiveness.
AASB7(24D)	The entity believes that the volume of hedge relationships at the end of the reporting period are unrepresentative of normal volumes during the period	Disclose that fact and the reason why the entity believes that volumes are unrepresentative.

Impairment disclosures

	Issue not illustrated	Relevant disclosures or reference
AASB7(35F)-(35M)	The entity has adopted the general expected credit loss model for material financial assets, for example, in relation to customer loans	Provide the disclosures required by paragraphs 35F – 35M of AASB 7, see illustration in paragraph 21 below.
AASB7(35F)(f),(35I)(b),(35J)	The entity has financial assets which are subject to the impairment requirements of AASB 9 and which have had modifications to their contractual cash flows	Provide the disclosures required by paragraphs 35F(f), 35I(b) and 35J of AASB 7.
AASB7(35H)(c) AASB7(35I)(a)	The entity has purchased or originated financial assets which are credit impaired	Disclose the information required by paragraphs 35H(c) and 35I of AASB 7.
AASB7(35K)	The entity has received collateral or other credit enhancements in relation to its financial assets	Explain the effect of the collateral and other credit enhancements on the amounts arising from expected credit losses by disclosing the information set out in paragraph 35K of AASB 7.
AASB7(35L)	Financial assets written off during the period but still subject to enforcement activity	Disclose the contractual amount outstanding.
AASB7(36)	The entity has financial assets that are within the scope of AASB 7 but which are not subject to the impairment requirements of AASB 9	Disclose the amount that best represents the maximum exposure to credit risk and describe any collateral held as security and other credit enhancements and their financial effect.
AASB7(35E)	The entity believes that the credit risk disclosures are not sufficient to meet the objective of paragraph 35B of AASB 7	Provide additional disclosures relevant to the users of the financial statements.

Financial risk management

21. The following disclosure examples might be useful where relevant to an entity:

AASB101(117)

Accounting policy for fair value hedges

AASB9(6.5.8)

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other gains/(losses).

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

Designation of a specific risk component of an asset in a hedge relationship

AASB7(22C)

The company purchases fuel for use in its manufacturing process. The fuel supplier charges the company for fuel delivered based on a formula which includes the spot price of Brent Crude oil at the delivery date. The future purchases of fuel are subject to market price risk, which the company hedges using Brent Crude oil futures with critical terms matching the terms of the forecast purchase.

Brent Crude oil is a separately identifiable component of the forecast purchase, because as it is explicitly specified in the supply contract price. Since there is a market for Brent Crude oil futures, the exposure is considered to be reliably measurable.

Accordingly, the Brent Crude oil futures are designated as cash flow hedges of the forecast purchases of fuel.

Historically, the Brent Crude oil component has accounted for 80% of the cost of fuel supplied.

Credit risk disclosures – customer loans, general expected credit loss model applied

AASB7(35F)(a)

The company considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

AASB9(B5.5.17)

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

AASB7(35F)(b)

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial risk management

AASB7(35F)(e)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The company categorises a loan or receivable for write off when a debtor fails to make contractual payments more than 120 days past due. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

(i) Loans to customers

AASB7(35F)(a)

The company uses three categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit rating companies, such as S&P Global, Moody's and Fitch.

A summary of the assumptions underpinning the company's expected credit loss model is as follows

AASB7(35F)(b),(d)-(e)
AASB7(35G)(a)

Category	Company definition of category	Basis for recognition of expected credit loss provision
Performing	Loans whose credit risk is in line with original expectations	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1).
Underperforming	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above for more detail)	Lifetime expected losses (stage 2).
Non-performing (credit impaired)	Interest and/or principal repayments are 60 days past due or it becomes probable that a customer will enter bankruptcy	Lifetime expected losses (stage 3).
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off.

Interest-bearing loans are provided to small business customers to assist them with new business start-up costs as part of the company's ongoing support for local entrepreneurs. The company does not require the small business customers to pledge collateral as security against the loan.

Financial risk management

AASB7(35G)(b)

Over the term of the loans, the company accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the company considers historical loss rates for each category of customers and it adjusts for forward-looking macroeconomic data. The company provides for credit losses against loans to customers as follows:

AASB7(35G)(a),(35M)

Company internal credit rating as at 31 December 2024 **	External credit rating *	Expected credit loss rate	Gross carrying amount (stage 1) $'000	Gross carrying amount (stage 2) $'000	Gross carrying amount (stage 3) $'000
High	AAA	0.9%	45,776	123	-
	AA	1.3%	31,668	80	-
	A	2.2%	14,117	221	-
Moderate	BBB	7.3%	679	325	-
	BB	10.0%	140	223	-
	B	12.2%	67	54	-
Low	CCC	14.0%	44	252	-
	CC	18.0%	13	134	-
	C	30.0%	-	78	-
Credit impaired	D	50.0%	-	-	20

AASB7(35M)

* or equivalent internal rating

** Information for the comparative period would also need to be provided as per AASB 101 paragraph 38.

AASB7(35G)(c)

No significant changes to estimation techniques or assumptions were made during the reporting period.

AASB7(35H)

The loss allowance for loans to customers as at 31 December 2023 and 31 December 2024 reconciles to the opening loss allowance for that provision as follows:

		Performing $'000	Under-performing $'000	Non-performing $'000	Total $'000
AASB101(38)	Opening loss allowance as at 1 January 2023	666	12	162	840
AASB7(35H)(b)(i)	Individual financial assets transferred to under-performing (lifetime expected credit losses)*	(xx)	xx	-	xx
AASB7(35H)(b)(ii)	Individual financial assets transferred to non-performing (credit-impaired financial assets)	-	(x)	x	-
AASB7(35I)(a)	New financial assets originated or purchased	xxx	-	-	xxx
AASB7(35I)(c)	Write-offs	-	-	(xx)	(xx)
AASB7(35I)(c)	Recoveries	(x)	(x)	(x)	(x)
	Change in risk parameters **	xx	-	-	Xx
	Other changes	xx	xx	xx	xxx
	Loss allowance as at 31 December 2023	**721**	**82**	**192**	**995**
AASB7(35H)(b)(i)	Individual financial assets transferred to under-performing (lifetime expected credit losses)*	(25)	33	-	8
AASB7(35H)(b)(ii)	Individual financial assets transferred to non-performing (credit-impaired financial assets)	-	(2)	2	-
AASB7(35I)(a)	New financial assets originated or purchased	367	-	-	367
AASB7(35I)(c)	Write-offs	-	-	(109)	(109)
AASB7(35I)(c)	Recoveries	(14)	(5)	(12)	(31)
	Change in risk parameters**	53	-	-	53
	Other changes	6	5	5	16
	Closing loss allowance as at 31 December 2024	**1,108**	**113**	**78**	**1,299**

* The increase in the loss allowance of 8 is due to moving assets being measured at 12-month expected credit losses to lifetime expected credit losses.

AASB7(35I)(d)

** The increase in the loss allowance is due to an increase in the probability of default (PD) used to calculate the 12-month expected credit loss for the performing loans.

Financial risk management

AASB7(35L)

Loans with a contractual amount of $60,000 written off during the period are still subject to enforcement activity.

AASB7(35K)(a)

The gross carrying amount of loan receivables, and thus the maximum exposure to loss, is as follows:

	31 December 2024 $'000	31 December 2023 $'000
Performing	**91,560**	xxx
Underperforming	**1,421**	xxx
Non-performing	**499**	xxx
Loans written off	**20**	xxx
Total gross loan receivables	**93,500**	xxx
Less: loan loss allowance	**(1,299)**	xxx
Less: write-off	**(10)**	xxx
Loan receivables net of expected credit losses	**92,191**	xxx

13 Capital management

(a) Risk management [1]

AASB101(134), (135),(136)

The group's objectives when managing capital are to:

- to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group could adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio:

Net debt as per note 10(c)

divided by

Total 'equity' (as shown in the statement of financial position, including non-controlling interests).

AASB101(134), (135),(136)

During 2024, the group's strategy, which was unchanged from 2023, was to maintain a gearing ratio within 25% to 50% and a B credit rating. The credit rating was unchanged and the gearing ratios at 31 December 2024 and 31 December 2023 were as follows:

	2024 $'000	2023 Restated $'000
Net debt	**43,303**	55,152
Total equity	**157,391**	115,999
Net debt to equity ratio	**28%**	48%

AASB101(135)(c)

The net debt to equity ratio decreased from 48% to 28% as a result of the rights issue (see note 9(a)) and tighter monitoring of trade payables, which has resulted in an increase of operating cash flows and cash held by the group at the end of the year.

(i) Loan covenants [1-3,8]

AASB101(135)(d)
AASB101(76ZA)(a)

Under the terms of the major major bank loan, which has a carrying amount of $35,000 (2023 – $37,000), the group is required to comply with the following financial covenants at the end of each annual and interim reporting period:

- the gearing ratio must be not more than 50%, and
- the ratio of net finance cost to adjusted EBITDA must be not more than 10%.

The group has complied with these covenants throughout the reporting period. As at 31 December 2024, the ratio of net finance cost to adjusted EBITDA was 8% (10% as at 31 December 2023).

AASB101(76ZA)(b)

There are no indications that VALUE ACCOUNTS Holdings Limited would have difficulties complying with the covenants when they will be next tested as at the 30 June 2025 interim reporting date. [6]

(b) Dividends [4,7,8]

		2024 $'000	2023 $'000
	(i) Ordinary shares		
AASB101(107)	Final dividend for the year ended 31 December 2023 of 21 cents (2022 – 10 cents) per fully paid share	**11,506**	5,455
AASB101(107)	Interim dividend for the year ended 31 December 2024 of 20 cents (2023 – 10 cents) per fully paid share	**11,310**	5,476
	(ii) 7% non-redeemable participating preference shares		
AASB101(107)	Annual dividend of 7% (2023 – 7%) on the face value of the shares	**107**	107
AASB101(107)	Total dividends provided for or paid	**22,923**	11,038
	Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 31 December 2024 and 2023 were as follows:		
	Paid in cash	**22,357**	10,479
AASB107(43)	Satisfied by issue of shares	**566**	559
		22,923	11,038

(iii) Dividends not recognised at the end of the reporting period [5]

AASB101(137)(a) AASB110(12) **Dates not mandatory**	In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 22 cents per fully paid ordinary share (2023 – 21 cents). The aggregate amount of the proposed dividend expected to be paid on 10 April 2025 out of retained earnings at 31 December 2024, but not recognised as a liability at year end, is	**12,782**	11,506

(iv) Franking credits [6,9-12]

The final dividends recommended after 31 December 2024 will be fully franked out of existing franking credits, or out of franking credits arising from the payment of income tax in the year ending 31 December 2025.

AASB1054(13)

	Consolidated		Parent entity	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2023 - 30%)	**20,531**	15,480	**12,510**	9,465

AASB1054(14)

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

The consolidated amounts include franking credits that would be available to the parent entity, VALUE ACCOUNTS Holdings Limited, if distributable profits of subsidiaries were paid as dividends.

Capital management

Capital risk management

AASB101(134),(135),(76ZA)

1. Capital is not defined in any of the Australian Accounting Standards. Entities must describe what they manage as capital based on the type of information that is provided internally to the key management personnel. It therefore depends on the individual entity as to whether capital includes interest-bearing debt or not. If such debt is included, however, and the loan agreements include capital requirements such as financial covenants that must be satisfied, then these need to be disclosed under paragraphs 76ZA and 135(d) of AASB 101 *Presentation of Financial Statements*.

Capital management

AASB101(76ZA)6

2. In December 2022, the AASB made amendments to AASB 101 which require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:
   (a) the carrying amount of the liability
   (b) information about the covenants (including the nature of the covenants and when the entity is required to comply with them), and
   (c) facts and circumstances, if any, that indicate that the entity might have difficulty complying with the covenants.

   The amendments apply to financial years beginning on or after 1 January 2024. We have revised the disclosure in note 13(a) to reflect early adoption of these requirements.

Dividends

Parent versus consolidated information

4. The dividends disclosed in this note are only those paid by the parent entity and do not include dividends paid by subsidiaries to non-controlling interests. AASB 101 requires disclosure of the dividends recognised as distribution to owners during the period (paragraph 107). The term 'owners' is generally used in AASB 101 in the context of owners of the parent entity (for example, paragraphs 81B and 106). The focus of the financial statements is still on the parent entity shareholders and on that basis a disclosure of dividends per share is only relevant for the owners of the parent entity. This disclosure also correlates to the disclosure of the number of shares issued as required under paragraph 79 of AASB 101. Holders of non-controlling interests will receive their dividend information from the separate financial statements of the relevant subsidiaries.

Dates of payment

AASB1039(30)(b)(i)

5. Disclosure of the actual or expected dates of payment of dividends is not mandatory in the full financial statements. These disclosures are required in a concise financial report, however, where such a report is prepared.

Franking credits

AASB1054(14)

6. AASB 1054 *Australian Additional Disclosures* does not specify whether the disclosure of franking credits available for use in subsequent reporting periods should be made on a consolidated basis or for the parent entity only. The consolidated amounts show the total amount of franking credits available if distributable profits of subsidiaries were paid as dividends. However, we believe that information about the parent entity only amount is also relevant, as it is the parent entity that will be declaring the dividends in the first place.

Disclosure not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

7. The following requirements are not illustrated in this publication, because they are not applicable to VALUE ACCOUNTS Holdings Limited:

	Issue not illustrated	Relevant disclosures or references
AASB101(137)(b)	Cumulative preference dividends not recognised	Disclose amount.
AASB-I17(15)-(17)	Dividends in the form of non-cash assets	Various disclosures, see Interpretation 17 and the illustrative example below for details.
	Franking credits could be significantly affected by the possible future payment or refund of tax following a retrospective change in legislation	Consider explaining this fact.
AASB1054(12)	The company also has New Zealand imputation credits	NZ imputation credits must be separately disclosed.
AASB1054(15)	There are different classes of investors with different entitlements to imputation credits	Explain the nature of those entitlements for each class, where relevant.
AASB101(76ZA)(b)	Entity might have difficulties complying with covenants after the reporting date	Disclose the facts and circumstances that indicate that the entity might have difficulty complying with the covenants.

Capital management

8. The following illustrative disclosure might be useful where relevant to an entity:

Difficulties complying with covenants

AASB101(76ZA)(b)

Where there are indications that an entity might have difficulty complying with covenants, and that there is therefore a risk that a non-current liability might become repayable within 12 months after the reporting period, the entity might disclose something along the following lines:

> The group temporarily expects rising costs for some of its business operations in the coming months due to recent unexpected supply chain disruptions in some jurisdictions in which it operates. The group does not consider it realistic or have the practical ability to pass additional costs arising from alternative supply sources to its customers through price increases in the short term. As a result, the entity expects to experience a temporary decrease in adjusted EBITDA and there is a risk that the group will not comply with applicable debt covenants for its major bank loan at the next compliance date (that is, 30 June 2025), in which case the bank loan will become immediately repayable. The group is currently in negotiations with the lender to revise the covenants related to adjusted EBITDA of this bank loan, which has a carrying amount of $35,000,000 (2023: $37,000,000).

Non-cash dividends

AASB-I17(11),(14),(15),(16)

Where an entity distributes non-cash assets to its owners, an explanation could read as follows:

> In November 2024, XYZ Limited declared a non-cash dividend in the form of all of the shares held in its subsidiary, ABC Limited, to its shareholders. The dividend was measured at the fair value of the subsidiary ($2,500,000). The difference between the fair value of the shares and their carrying amount ($1,800,000) is presented in the statement of profit or loss as other income ($700,000).

Franking account legislation for certain companies

9. While companies that are effectively wholly-owned by non-residents or tax-exempt bodies (‘exempting entities’) are required to maintain a franking account, Australian resident shareholders of these companies may not obtain a tax offset or franking credits, except in limited circumstances.
10. Furthermore, an exempting entity which ceases to be effectively wholly-owned by non-residents or tax exempt bodies (referred to as a ‘former exempting entity’) is required to maintain an ‘exempting account’ in addition to a franking account. In effect, the exempting account will be the franking account balance at the date of ownership change adjusted for subsequent tax payments and refunds attributable to the period before the change in ownership. The franking account balance will only reflect franking credits and debits arising from tax payments, refunds and dividends attributable to the period after change in ownership. A former exempting entity is able to frank dividends with credits from either the exempting account or the franking account.
11. Resident shareholders of such companies are not entitled to a tax offset or credits on exempting account dividends, except in limited circumstances. Non-resident shareholders may continue to receive the benefit of ‘franked’ or ‘exempted’ dividends by way of an exemption from withholding tax.

Capital management

12. It is suggested that companies affected by the above should include either of the following additional disclosures on the availability of franking credits:

Exempting company

Income tax legislation denies Australian resident shareholders of companies which are effectively wholly-owned by non-residents and/or tax exempt bodies (‘exempting entities’) from obtaining franking credit benefits, except in limited circumstances. Non-resident shareholders will continue to receive the benefit of franked dividends by way of an exemption from withholding tax. This legislation applies to VALUE ACCOUNT Exempting Limited.

Former exempting company

As VALUE ACCOUNT Exempting Limited ceased to be effectively wholly-owned by non-residents and/or tax exempt bodies (referred to as ‘former exempting entity’), special rules apply to establish an ‘exempting account’ in addition to a new franking account. In effect, the ‘exempting account is the franking account balance at the date of ownership change adjusted for subsequent tax payments and refunds attributable to the period before the change in ownership. The franking account balance will only reflect franking credits and debits arising from tax payments, refunds and dividends attributable to the period after the change in ownership. A former exempting entity is able to frank dividends with credits from either the exempting account or the franking account.

Resident shareholders of such companies are not entitled to a tax offset or credits on ‘exempting account’ dividends, except in limited circumstances. Non-resident shareholders will continue to receive the benefit of ‘franked’ dividends by way of an exemption from withholding tax. Certain non-resident shareholders may receive the benefit of exempted dividends by way of exemption from withholding tax.

This legislation applies to the VALUE ACCOUNT Exempting Limited and the amount of franking credits and exempting credits available for the subsequent financial year are as follows:

Franking credits available for the subsequent financial year	$_____	$_____
Exempting credits available for the subsequent financial year	$_____	$_____

Group structure

Not mandatory

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

- changes to the structure that occurred during the year as a result of business combinations and the disposal of a discontinued operation
- transactions with non-controlling interests, and
- interests in joint operations.

A list of significant subsidiaries is provided in note 16. This note also discloses details about the group's equity-accounted investments.

14 Business combinations [2]

(a) Summary of acquisition

AASB3(B64)(a)-(d)

On 1 April 2024 VALUE ACCOUNTS Holdings Limited acquired 70% of the issued share capital of VALUE Electronics Group, a manufacturer of electronic equipment. The acquisition has significantly increased the group's market share in this industry and it complements the group's existing IT consultancy division.

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

		$'000
AASB3(B64)(f)	Purchase consideration (refer to (b) below):	
	Cash paid	**3,000**
	Ordinary shares issued	**9,765**
	Contingent consideration	**135**
AASB107(40)(a)	Total purchase consideration	**12,900**

AASB3(B64)(f)(iv),(m)

The fair value of the 1,698,000 shares issued as part of the consideration paid for VALUE Electronics Group ($9.765m) was based on the published share price on 1 April 2024 of $5.78 per share. Issue costs of $50,000 which were directly attributable to the issue of the shares have been netted against the deemed proceeds.

AASB3(B64)(i)
AASB107(40)(d)

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

		Fair value $'000
	Cash	**1,550**
	Trade receivables	**780**
	Inventories	**1,140**
	Land and buildings	**4,200**
	Plant and equipment	**7,610**
	Deferred tax asset	**2,359**
	Intangible assets: trademarks	**3,020**
	Intangible assets: customer contracts	**3,180**
	Trade payables	**(470)**
	Contract liabilities – consulting contracts	**(300)**
	Bank overdraft	**(1,150)**
	Contingent liability	**(450)**
	Deferred tax liability	**(2,304)**
	Post-employment benefit obligations	**(1,914)**
	Other employee benefit obligations	**(415)**
	Net identifiable assets acquired	**16,836**
AASB3(B64)(o)(i)	Less: non-controlling interests	**(5,051)**
	Add: goodwill	**1,115**
	Net assets acquired	**12,900**

AASB3(B64)(e),(k)

The goodwill is attributable to the workforce and an increase in market share. It will not be deductible for tax purposes.

AASB101(38)

There were no acquisitions in the year ended 31 December 2023. [1]

(i) Significant estimate: contingent consideration

AASB3(B64)(g)(i)

In the event that certain pre-determined sales volumes are achieved by the acquired business for the year ended 31 December 2024, additional consideration of up to $1,000,000 might be payable in cash on 1 September 2025.

AASB3(B64)(g)(ii),(iii)

The potential undiscounted amount payable under the agreement is between $0 for sales below $10,000,000 and $1,000,000 for sales above $18,000,000. The fair value of the contingent consideration of $135,000 was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 6% and assumed probability-adjusted sales of VALUE Electronics Group of between $12,000,000 and $12,500,000.

(a) Summary of acquisition

AASB3(B67)(b) As at 31 December 2024, the contingent consideration has been derecognised, because the actual sales revenue achieved by VALUE Electronics Group was below $10,000,000. A gain of $135,000 was included in other income.

(ii) Significant judgement: contingent liability

AASB3(B64)(j)
AASB137(85)
AASB3(B67)(c)

A contingent liability of $450,000 was recognised on the acquisition of VALUE Electronics Group for a pending lawsuit in which the entity is a defendant. The claim has arisen from a customer alleging defects on products supplied to them. It is expected that the courts will have reached a decision on this case by June 2025. The potential undiscounted amount of all future payments that the group could be required to make if there was an adverse decision related to the lawsuit is estimated to be between $250,000 and $700,000. As at 31 December 2024, there has been no change in the amount recognised (except for the unwinding of the discount of $27,000) for the liability in April 2024, since there has been no change in the probability of the outcome of the lawsuit.

AASB3(B64)(h)

(iii) Acquired receivables

The fair value of acquired trade receivables is $780,000. The gross contractual amount for trade receivables due is $807,000, with a loss allowance of $27,000 recognised on acquisition.

(iv) Accounting policy choice for non-controlling interests

AASB3(B64)(o)(i) The group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in VALUE Electronics Group, the group elected to recognise the non-controlling interests at their proportionate share of the acquired net identifiable assets. See note 25(i) for the group's accounting policies for business combinations.

(v) Revenue and profit contribution

AASB3(B64)(q) The acquired business contributed revenues of $3,850,000 and net profit of $1,405,000 to the group for the period from 1 April to 31 December 2024.

If the acquisition had occurred on 1 January 2024, consolidated pro-forma revenue and profit for the year ended 31 December 2024 would have been $212,030,000 and $38,070,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged on the assumption that the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2024, together with the consequential tax effects.

(b) Purchase consideration – cash outflow

		2024 $'000	2023 $'000
	Cash outflow, to acquire subsidiary, net of cash acquired		
AASB107(40)(b)	Cash consideration	**3,000**	-
AASB107(40)(c)	Less: balances acquired		
	Cash	**1,550**	-
	Bank overdraft	**(1,150)**	-
		400	-
	Net outflow of cash – investing activities	**2,600**	-

Acquisition-related costs

AASB3(B64)(m) Acquisition-related costs of $750,000 that were not directly attributable to the issue of shares are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

Business combinations

Comparatives

AASB101(38)

1. Under AASB 101, comparative information must be given for all numerical information reported in the financial statements, including narratives. However, AASB 3 does not separately require comparative information in respect of business combinations. In our view, the AASB 3 disclosures are required only for business combinations occurring during the period. This means that in the period following the combination, the disclosures required in paragraph B64 of AASB 3 do not need to be repeated. However, the disclosures that are required in relation to a prior business combination in paragraph B67 of AASB 3 must be made.

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

Additional disclosures

2. The following requirements are not illustrated in this publication, because they are not applicable to VALUE ACCOUNTS Holdings Limited:

	Issue not illustrated	Relevant disclosures or references
AASB3(B64)(g)	The entity has recognised an indemnification asset	Disclose the amount recognised on acquisition, a description of the arrangement and the basis for determining the amount of the payment, and information about the range of outcomes as specified in AASB 3.
AASB3(B64)(l),(52)	Transactions that are recognised separately from the business combination	Disclose a description of the transaction and how it was accounted for, the amounts recognised and other information as specified in AASB 3.
AASB3(B64)(n)	The entity has made a bargain purchase	Disclose the gain recognised and explain why the transaction resulted in a gain.
AASB3(B64)(p)	The business combination was achieved in stages	Disclose the acquisition-date fair value of the equity interest held immediately before the acquisition and the gain or loss recognised as a result of remeasuring the equity interest to fair value.
AASB3(B67)(a)	The initial accounting for the business combination is incomplete	Explain why the initial accounting is incomplete, which items are affected and any adjustments recognised during the reporting period.
AASB3(B67)(e)	The entity has recognised a gain or loss in the current reporting period relating to identifiable assets acquired or liabilities assumed in a business combination from the current or a prior period	Disclose the amount and provide an explanation of the gain or loss.
AASB3(63)	The objectives of AASB 3 are not satisfied with the required disclosures	Provide additional explanations as necessary.

15 Discontinued operations [3]

(a) Description

AASB5(41)(a),(b),(d) On 30 October 2023 the group announced its intention to exit the engineering business and it initiated an active program to locate a buyer for its German subsidiary, VALUE Engineering GmbH. The associated assets and liabilities were consequently presented as held for sale in the 2023 financial statements.

AASB5(30) The subsidiary was sold on 28 February 2024 with effect from 1 March 2024, and it is reported in the current period as a discontinued operation. Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

(b) Financial performance and cash flow information [1,2]

The financial performance and cash flow information presented below are for the two months ended 28 February 2024 (2024 column) and the year ended 31 December 2023.

		2024 $'000	2023 $'000
AASB5(33)(b)(i)	Revenue (note 3)	**4,200**	26,460
AASB5(33)(b)(i)	Other gains/(losses) (revaluation of contingent consideration receivable, see (c) below)	**90**	-
AASB5(33)(b)(i)	Expenses	**(3,939)**	(25,890)
AASB5(33)(b)(i)	Profit before income tax	**351**	570
AASB5(33)(b)(ii) AASB112(81)(h)(ii)	Income tax expense	**(105)**	(171)
	Profit after income tax of discontinued operations	**246**	399
AASB12(19)(b)	Gain on sale of the subsidiary after income tax (see (c) below)	**481**	-
	Profit from discontinued operations	**727**	399
AASB5(38)	Exchange differences on translation of discontinued operations	**170**	58
	Other comprehensive income from discontinued operations	**170**	58
AASB5(33)(c)	Net cash inflow from operating activities	**1,166**	710
AASB5(33)(c)	Net cash inflow/(outflow) from investing activities (2024 includes an inflow of $3,110,000 from the sale of the division)	**3,110**	(190)
AASB5(33)(c)	Net cash (outflow) from financing activities	**-**	(280)
	Net increase in cash generated by the discontinued operations	**4,276**	240

(c) Details of the sale of the subsidiary

		2024 $'000	2023 $'000
	Consideration received or receivable:		
AASB107(40)(b)	Cash	**3,110**	-
	Fair value of contingent consideration	**1,200**	-
AASB107(40)(a)	Total disposal consideration	**4,310**	-
	Carrying amount of net assets sold	**(3,380)**	-
	Gain on sale before income tax and reclassification of foreign currency translation reserve	**930**	-
AASB5(38)	Reclassification of foreign currency translation reserve	**(170)**	-
AASB112(81)(h)(i)	Income tax expense on gain	**(279)**	-
AASB12(10)(b)(iv),(19)	**Gain on sale after income tax**	**481**	-

(c) Details of the sale of the subsidiary

AASB132(11) In the event that operations of the subsidiary achieve certain performance criteria during the period from 1 March 2024 to 28 February 2026 as specified in an 'earn out' clause in the sale agreement, additional cash consideration of up to $2,400,000 will be receivable. At the time of the sale the fair value of the consideration was determined to be $1,200,000. It has been recognised as a financial asset at fair value through profit or loss (see note 7(d)).

AASB5(35) At year end, the fair value was re-estimated to be $1,290,000. The gain of $90,000 is presented in discontinued operations net of related income tax, see analysis in (a) above.

AASB107(40)(d) The carrying amounts of assets and liabilities as at the date of sale (28 February 2024) were:

	28 February 2024 $'000
Property, plant and equipment	**1,660**
Trade receivables	**1,200**
Inventories	**950**
Total assets	**3,810**
Trade payables	**(390)**
Employee benefit obligations	**(40)**
Total liabilities	**(430)**
Net assets	**3,380**

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

AASB5(38) The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2023:

		2024 $'000	2023 $'000
AASB101(77)	Assets classified as held for sale		
	Property, plant and equipment	**-**	1,995
	Trade receivables	**-**	1,570
	Inventories	**-**	1,390
	Total assets of disposal group held for sale	**-**	4,955
AASB101(77)	Liabilities directly associated with assets classified as held for sale		
	Trade payables	**-**	(450)
	Employee benefit obligations	**-**	(50)
	Total liabilities of disposal group held for sale	**-**	(500)

AASB5(38) The cumulative foreign exchange losses recognised in other comprehensive income in relation to the discontinued operation as at 31 December 2023 were $170,000.

Discontinued operations

Restating prior periods

AASB5(34)
1. An entity must re-present the disclosures for discontinued operations for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented. The discontinued operations presented in the statement of comprehensive income and statement of cash flows in the comparative period should therefore include all operations that have been discontinued by the end of the most recent reporting period. This means that the statements of comprehensive income and cash flows for the comparative period should show as discontinued operations both those reported as discontinued in the previous period together with those classified as discontinued in the current period. This will ensure that the amounts disclosed in the statement of comprehensive income and cash flows for continuing operations are comparable and provide a more useful basis for predicting future results.

AASB5(40)
2. In contrast, the information in the statement of financial position for the prior year is neither restated nor remeasured.

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

3. The following requirements are not illustrated in this publication, because they are not applicable to VALUE ACCOUNTS Holdings Limited:

	Issues not illustrated	Relevant disclosures or references
AASB5(36),(42)	Asset or disposal group is no longer classified as held for sale	Reclassify the results previously presented as discontinued operations and provide appropriate explanations.
AASB5(41)(c)	Gains or losses recognised as a result of a remeasurement to fair value less costs to sell	Disclose the gain or loss recognised following the remeasurement and where the gain or loss is presented in the statement of profit or loss.
AASB12(19)	Loss of control over subsidiary but retained an investment	Disclose gain or loss attributable to measuring any investment retained in the former subsidiary at its fair value at the date when control is lost and the line item(s) in profit or loss in which the gain or loss is recognised (if not presented separately).
AASB107(40)(c)	Subsidiary (or business) had cash or cash equivalents at the time of the disposal	Disclose amount of cash and cash equivalents over which control was lost.
AASB-I17	Information about dividends in the form of non-cash assets	Provide details as required by Interpretation 17.

16 Interests in other entities [4,5]

(a) Material subsidiaries [1]

AASB12(10)(a)

The group's principal subsidiaries at 31 December 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business of each entity.

AASB12(10)(a)(i),(ii)
AASB124(13)
AASB12(12)(a)-(d)

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group 2024	2023	Ownership interest held by non-controlling interests 2024	2023	Principal activities
		%	%	%	%	
VALUE Retail Limited *	Australia	**100**	100	**-**	-	Furniture retail stores
VALUE Manufacturing Limited (note 16(c))	Australia	**90**	85	**10**	15	Furniture manufacture
VALUE Electronics Group	Australia	**70**	-	**30**	-	Electronic equipment manufacture
VALUE Overseas Ltd (i),(ii)	China	**45**	45	**55**	55	Furniture manufacture
VALUE Consulting Inc	US	**100**	100	**-**	-	IT consulting
VALUE Development Limited *	Australia	**100**	100	**-**	-	Development of residential land
VALUE Engineering GmbH	Germany	**-**	100	**-**	-	Engineering business; see note 15

ASIC2016/785

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with ASIC instrument 2016/785. For further information refer to note 2Y.

AASB101(122)

AASB12(7)(a),(9)(b)

(i) Significant judgement: consolidation of entities with less than 50% ownership

Management has concluded that the group controls VALUE Overseas Ltd, even though it holds less than half of the voting rights of this subsidiary. This is because the group is the largest shareholder with a 45% equity interest while the remaining shares are widely dispersed. An agreement signed between the shareholders grants VALUE ACCOUNTS Holdings Limited the right to appoint, remove and set the remuneration of management responsible for directing the relevant activities. A 67% majority vote is required to change this agreement, which cannot be achieved without the group's consent, since the group holds 45% of the voting rights.

(ii) Significant restrictions

AASB12(10)(b)(i),(13)

Cash and short-term deposits held in Asian countries (including China) are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from those countries, other than through normal dividends.

AASB12(13)(c)

The carrying amount of the assets included within the consolidated financial statements to which these restrictions apply is $650,000 (2023 – $410,000).

(b) Non-controlling interests (NCI)

AASB12(12)(g)
AASB12(B11)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

AASB12(B10)(b)

Summarised statement of financial position	VALUE Manufacturing Limited		VALUE Overseas Ltd		VALUE Electronics Group	
	31 Dec 2024 $'000	31 Dec 2023 $'000	**31 Dec 2024 $'000**	31 Dec 2023 $'000	**31 Dec 2024 $'000**	31 Dec 2023 $'000
Current assets	**13,870**	13,250	**11,500**	9,800	**7,875**	-
Current liabilities	**12,570**	7,595	**10,570**	8,300	**1,200**	-
Current net assets	**1,300**	5,655	**930**	1,500	**6,675**	4.
Non-current assets	**28,010**	22,910	**15,570**	12,730	**18,900**	-
Non-current liabilities	**5,800**	3,400	**12,735**	10,748	**10,100**	-
Non-current net assets	**22,210**	19,510	**2,835**	1,982	**8,800**	-
Net assets	**23,510**	25,165	**3,765**	3,482	**15,475**	-
Accumulated NCI	**2,751**	3,775	**2,071**	1,914	**4,641**	-

AASB12(12)(f) (Accumulated NCI)

AASB12(B10)(b)

Summarised statement of comprehensive income	VALUE Manufacturing Limited		VALUE Overseas Ltd		VALUE Electronics Group	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000
Revenue	**30,200**	27,800	**14,100**	14,450	**3,850**	-
Profit for the period	**10,745**	7,900	**2,412**	2,062	**1,405**	-
Other comprehensive income	**1,265**	830	**(447)**	243	**-**	-
Total comprehensive income	**12,010**	8,730	**1,965**	2,305	**1,405**	-
Profit allocated to NCI	**1,257**	1,185	**1,327**	1,134	**422**	-
Dividends paid to NCI	**1,262**	935	**925**	893	**830**	-

AASB12(12)(e) (Profit allocated to NCI)
AASB12(B10)(a) (Dividends paid to NCI)

AASB12(B10)(b)

Summarised cash flows	VALUE Manufacturing Limited		VALUE Overseas Ltd		VALUE Electronics Group	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000
Cash flows from operating activities	**2,989**	2,780	**1,203**	1,160	**980**	-
Cash flows from investing activities	**(1,760)**	(1,563)	**(584)**	(859)	**(870)**	-
Cash flows from financing activities	**390**	(950)	**256**	330	**(235)**	-
Net increase/ (decrease) in cash and cash equivalents	**1,619**	267	**875**	631	**(125)**	-

(c) Transactions with non-controlling interests

AASB12(10)(b)(iii),(18)

On 21 October 2024, the group acquired an additional 5% of the issued shares of VALUE Manufacturing Limited for $1,500,000. Immediately prior to the purchase, the carrying amount of the existing 15% non-controlling interest in VALUE Manufacturing Limited was $3,501,000. The group recognised a decrease in non-controlling interests of $1,167,000 and a decrease in equity attributable to owners of the parent of $333,000. The effect on the equity attributable to the owners of VALUE ACCOUNTS Holdings Limited during the year is summarised as follows:

	2024 $'000	2023 $'000
Carrying amount of non-controlling interests acquired	**1,167**	-
Consideration paid to non-controlling interests	**(1,500)**	-
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(333)**	-

There were no transactions with non-controlling interests in 2023.

(d) Joint operations [2]

AASB12(7)(b),(21)(a)

A subsidiary has a 50% interest in a joint arrangement called the Fernwood Partnership which was set up as a partnership together with House of Cards Constructions Limited to develop properties for residential housing in regional areas in the south of Australia.

AASB12(21)(a)(iii)

The principal place of business of the joint operation is in Australia.

(i) Significant judgement: classification of joint arrangements

AASB12(7)(c)

The joint venture agreements in relation to the Fernwood Partnership require unanimous consent from all parties for all relevant activities. The two partners have direct rights to the assets of the partnership and they are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in note 25(b)(iii).

(e) Interests in associates and joint ventures

Set out below are the associates and joint ventures of the group as at 31 December 2024 that are considered, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business of each entity, and the proportion of ownership interest is the same as the proportion of voting rights held.

AASB12(21)(a),(b)(i),(iii)

Name of entity	Place of business/ country of incorporation	% of ownership interest 2024	% of ownership interest 2023	Nature of relationship	Measurement method	Quoted fair value 2024	Quoted fair value 2023	Carrying amount 2024	Carrying amount 2023
		%	%			**$'000**	$'000	**$'000**	$'000
Big Hide Pet SA	France	**15**	15	Associate (1)	Equity method	**585**	560	**568**	540
Cuddly Bear Limited	Australia	**35**	35	Associate (2)	Equity method	**495**	505	**492**	490
Squirrel Ltd	Australia	**40**	40	Joint Venture (3)	Equity method	**- ***	- *	**2,340**	1,900
Immaterial associates (iv) below								**375**	345
Total equity-accounted investments								**3,775**	3,275

AASB12(21)(a)(ii)

(1) Big Hide Pet SA is a manufacturer of specialised furniture for the hospitality industry, including cafés and restaurants. Its product range complements the group's commercial furniture range and provides access to markets not previously serviced by the group.

(2) Cuddly Bear Limited develops residential land. It is a strategic investment which utilises the group's knowledge and expertise in the development of residential land but at the same time, it limits the group's risk exposure through a reduced equity holding.

(3) Squirrel Ltd distributes computer software to wholesale customers in the Australian market. It is a strategic investment for the group which complements the services provided by the IT consulting segment.

* Private entity – no quoted price available.

(i) Significant judgement: existence of significant influence

AASB12(9)(e)

Through the shareholder agreement, VALUE ACCOUNTS Holdings Limited is guaranteed two seats on the board of Big Hide Pet SA and it participates in all significant financial and operating decisions. The group has therefore determined that it has significant influence over this entity, even though it only holds 15% of the voting rights.

(e) Interests in associates and joint ventures

(ii) Commitments and contingent liabilities in respect of associates and joint ventures

		2024 $'000	2023 $'000
AASB12(23)(a),(B18)	*Commitments – joint ventures*		5.
AASB12(B19)(a)	Commitment to provide funding for joint venture's capital commitments, if called	**250**	200
AASB12(23)(b)	*Contingent liabilities – associates*		
	Share of contingent liabilities incurred jointly with other investors of the associate	**150**	120
	Contingent liabilities relating to liabilities of the associate for which the company is severally liable	**-**	80
	Contingent liabilities – joint ventures		
	Share of joint venture's contingent liabilities in respect of a legal claim lodged against the entity	**200**	180
		350	380

(iii) Summarised financial information for associates and joint ventures [3,6]

AASB12(21)(b)(ii),(B14)

The tables below provide summarised financial information for the group's material joint ventures and associates. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not VALUE ACCOUNTS Holdings Limited's share of those amounts. The amounts have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policies

AASB12(B12),(B13)		**Big Hide Pet SA**		**Cuddly Bear Limited**		**Squirrel Ltd**	
	Summarised statement of financial position	**31 Dec 2024**	31 Dec 2023	**31 Dec 2024**	31 Dec 2023	**31 Dec 2024**	31 Dec 2023
		$'000	$'000	**$'000**	$'000	**$'000**	$'000
AASB12(B12)(b)(i)	Current assets						
AASB12(B13)(a)	Cash and cash equivalents	*****	*	*****	*	**300**	275
	Other current assets	*****	*	*****	*	**1,700**	1,475
	Total current assets	**1,333**	1,083	**243**	371	**2,000**	1,750
AASB12(B12)(b)(ii)	Non-current assets	**5,754**	5,083	**1,834**	1,800	**7,350**	6,500
AASB12(B12)(b)(iii)	Current liabilities						
AASB12(B13)(b)	Financial liabilities (excluding trade payables)	*****	*	*****	*	**150**	250
	Other current liabilities	*****	*	*****	*	**1,100**	625
	Total current liabilities	**583**	400	**271**	171	**1,250**	875
AASB12(B12)(b)(iv)	Non-current liabilities						
AASB12(B13)(c)	Financial liabilities (excluding trade payables)	*****	*	*****	*	**1,900**	2,250
	Other non-current liabilities	*****	*	*****	*	**350**	375
	Total non-current liabilities	**2,717**	2,166	**400**	600	**2,250**	2,625
	Net assets	**3,787**	3,600	**1,406**	1,400	**5,850**	4,750
AASB12(B14)(b)	**Reconciliation to carrying amounts:**						
	Opening net assets 1 January	**3,600**	2,967	**1,400**	1,286	**4,750**	4,500
	Profit for the period	**322**	400	**34**	171	**625**	550
	Other comprehensive income	**132**	767	**-**	-	**750**	-
	Dividends paid	**(267)**	(534)	**(28)**	(57)	**(275)**	(300)
	Closing net assets	**3,787**	3,600	**1,406**	1,400	**5,850**	4,750
	Group's share in %	**15%**	15%	**35%**	35%	**40%**	40%
	Group's share in $'000	**568**	540	**492**	490	**2,340**	1,900
	Goodwill	**-**	-	**-**	-	**-**	-
	Carrying amount	**568**	540	**492**	490	**2,340**	1,900

(e) Interests in associates and joint ventures

AASB12(B12),(B13)

	Summarised statement of comprehensive income	Big Hide Pet SA 2024	Big Hide Pet SA 2023	Cuddly Bear Limited 2024	Cuddly Bear Limited 2023	Squirrel Ltd 2024	Squirrel Ltd 2023
		$'000	$'000	**$'000**	$'000	**$'000**	$'000
AASB12(B12)(b)(v)	Revenue	**8,733**	8,400	**2,657**	2,457	**10,038**	9,800
AASB12(B13)(e)	Interest income	*	*	*	*	**-**	-
AASB12(B13)(d)	Depreciation and amortisation	*	*	*	*	**(2,800)**	(1,890)
AASB12(B13)(f)	Interest expense	*	*	*	*	**(340)**	(280)
AASB12(B13)(g)	Income tax expense	*	*	*	*	**-**	-
AASB12(B12)(b)(vi)	**Profit from continuing operations**	**322**	400	**34**	171	**625**	550
AASB12(B12)(b)(vii)	Profit from discontinued operations	**-**	-	**-**	-	**-**	-
	Profit for the period	**322**	400	**34**	171	**625**	550
AASB12(B12)(b)(viii)	Other comprehensive income	**132**	767	**-**	-	**750**	-
AASB12(B12)(b)(ix)	Total comprehensive income	**454**	1,167	**34**	171	**1,375**	550
AASB12(B12)(a)	Dividends received from associates and joint venture entities	**40**	80	**10**	20	**110**	120

* Shading indicates disclosures that are not required for investments in associates. [3]

(iv) Individually immaterial associates

AASB12(21)(c),(B16)

In addition to the interests in associates disclosed above, the group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

	2024 $'000	2023 $'000
Aggregate carrying amount of individually immaterial associates	**375**	345
Aggregate amounts of the group's share of:		
Profit from continuing operations	**30**	15
Post-tax profit or loss from discontinued operations	**-**	-
Other comprehensive income	**-**	-
Total comprehensive income	**30**	15

Interests in other entities

Listing of significant subsidiaries

AASB12(10)(a),(4)

1. AASB 12 requires entities to disclose information about the composition of the group. This information can be provided in different ways (for example, by identifying major subsidiaries as we have done in this note. However, preparers of financial statements should consider what level of detail is necessary to satisfy the overall disclosure objective of the standard. Useful information should not be obscured by including a large amount of insignificant detail (for example, a complete listing of all subsidiaries within the group). It might also not always be necessary to disclose the principal activity of each subsidiary.

Joint operations – summary of assets employed/liabilities incurred

AASB101(112)(c)

2. If an entity has significant interests in joint operations, it should consider disclosing the group's interests in the assets employed and liabilities incurred in relation to these joint operations. This information will assist users in assessing the extent and financial impact of the joint operations and it might – in certain circumstances – be required on the basis that it is relevant to an understanding of the financial statements (paragraph 112(c) of AASB 101).

Summarised financial information of associates and joint ventures

3. The disclosure requirements in relation to summarised financial information of joint ventures are more onerous than those for interests in associates. Where certain information is not required for interests in associates, the relevant parts of the table have been shaded. We have chosen this form of presentation primarily to illustrate the similarities and differences in the disclosures for associates and joint ventures. This form of presentation might not be suitable for all entities.

Interests in other entities

Entities classified as held for sale

AASB12(5A),(B17)

4. The disclosure requirements of AASB 12 also apply to interests in entities that are classified as held for sale, except for the summarised information in paragraphs B10 to B16 of AASB 12.

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

5. The following requirements are not illustrated in this publication, because they are not applicable to VALUE ACCOUNTS Holdings Limited:

	Issue not illustrated	Relevant disclosures or references
AASB12(7),(9)(a)	Holding more than 50% of voting rights without control	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.
AASB12(14)-(17)	Consolidated structured entities	Provide information as specified in paragraphs 14–17 of AASB 12. Entities such as employee share trusts will often qualify as structured entities. To the extent that they are significant, the disclosures in AASB 12 should therefore be considered in this context. Note 21(b) illustrates the disclosures that would apply to the VALUE Employee Share Trust.
AASB12(11),(22)(b)	Subsidiaries, associates or joint ventures with different reporting dates	Disclose the reporting date and the reasons for using a different date or period.
AASB12(21)(c),(B16)	Individually immaterial joint ventures	Disclose the same information as illustrated in note 16(e) for immaterial associates.
AASB12(22)(a)	Significant restrictions – associates or joint ventures	Disclose the nature and extent of the restrictions on the ability of a joint venture or associate to transfer funds in the form of cash dividends, or to repay loans or advances made by the entity.
AASB12(22)(c)	Unrecognised share of losses of joint ventures and associates	Disclose the unrecognised amounts both for the reporting period and cumulatively.
AASB12(B15)	Interests in associates and joint ventures measured at fair value	The summarised financial information that must be provided for each material associate or joint venture can be presented based on non-Australian Accounting Standards compliant financial statements if preparation of Australian Accounting Standards compliant financial statements would be impracticable or cause undue cost.
AASB12(B17)	Interest in subsidiary, associate or joint venture classified as held for sale	Summarised financial information does not need to be provided for associates or joint ventures that are held for sale.
AASB12(B19)(b)	Commitment to acquire another party's ownership interest in a joint venture	Disclose as part of the disclosures of unrecognised commitments.
AASB12(24)-(31)	Information about unconsolidated structured entities	Various disclosures, see paragraphs 24–31 of AASB 12 for details.
AASB12(9A),(9B),(19A)-(19G),(25A)	Investment entities – information about unconsolidated subsidiaries	Various disclosures, see paragraphs (9A), (9B), (19A)–(19G) and (25A) of AASB 12 for details.

Interests in other entities

6. While this is not required under AASB 12, readers of the financial statements might find it useful if the note for equity-accounted investments also provides a reconciliation of the aggregate carrying amounts from opening to closing balances. This could look as follows:

	2024 $'000	2023 $'000
Opening balance 1 January	**3,275**	3,025
Share of operating profits	**340**	355
Share of other comprehensive income	**320**	115
Dividends received	**(160)**	(220)
Closing balance 31 December	**3,775**	3,275

Unrecognised items

Not mandatory

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

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

(a) unrecognised tax amounts – see note 6, and

(b) non-cash investing and financing transactions – see note 10(b).

Unrecognised items

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

17 Contingent liabilities and contingent assets [2]

(a) Contingent liabilities [1]

The group had contingent liabilities at 31 December 2024 in respect of:

(i) Claims

AASB137(86),(91)

A claim for unspecified damages was lodged against VALUE Retail Limited in December 2023 in relation to alleged non-performance under a sales contract. The company has disclaimed liability and is defending the action. It is not practical to estimate the potential effect of this claim but legal advice indicates that it is not probable that a material liability will arise.

AASB137(86)

In September 2024, a claim was lodged against VALUE Manufacturing Limited asserting that the entity had breached certain registered patents of a competitor. The matter is currently being considered by the courts and the group expects judgement before the end of June 2025. The group considers it to be probable that the judgement will be in its favour and so it has therefore not recognised a provision in relation to this claim. The potential undiscounted amount of the total payments that the group could be required to make if there was an adverse decision related to the lawsuit is estimated to be approximately $250,000.

(ii) Associates and joint ventures

AASB12(23)(b)

For contingent liabilities relating to associates and joint ventures see note 16(e).

(b) Contingent assets

AASB137(89)

A subsidiary has lodged a claim against a supplier for damages caused by the supply of faulty products. The matter has been referred to arbitration and, having received legal advice, the directors believe that a favourable outcome is probable. However, the contingent asset has not been recognised as a receivable at 31 December 2024, because receipt of the amount is dependent on the outcome of the arbitration process.

Contingent liabilities and contingent assets

Definitions

AASB137(10)

Application of definitions

1. Careful consideration will need to be given to each potential contingent liability or asset. E.g. in the case of an entity that:
   (a) incurred liabilities in acting as trustee for a trust: if the liabilities of the trust are insignificant compared to the assets in the trust and the chances of the trustee being called to meet those liabilities is remote, no contingent liability and asset disclosures will need to be made. It is likely that it will be possible to demonstrate remoteness where the entity is acting as trustee for an equity trust that has no borrowings and holds investments that can be readily sold to meet any liabilities that do arise. Remoteness is unlikely to be demonstrated where an entity acts as trustee for a trust that is carrying on a business and the trustee is incurring liabilities and undertaking the risks relating to the business, or
   (b) has provided a guarantee or indemnity to another party: it will be more difficult to demonstrate the probability of having to meet the potential liabilities as being remote because there are likely to be commercial risks which gave rise to the need for the guarantee or indemnity.

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   (c) has subsidiaries that are, or may be insolvent: holding companies can be liable for debts incurred by a subsidiary where the holding company, or any of its directors, are, or ought to be, aware that the subsidiary may be insolvent. In this case, the contingent liability note should refer to the fact that the company may be liable for the debts under the *Corporations Act 2001.*
   (d) is a wholly-owned entity in a tax consolidated group: a contingent liability may arise if the probability of default by the head entity, or of the wholly-owned entity leaving the tax-consolidated group, is more than remote and
      (i) there is no valid tax sharing agreement in place, or
      (ii) a tax sharing agreement has been entered into and the liability arising in the event of a default exceeds the amount recognised as a liability under the tax sharing agreement.

Contingent liabilities and contingent assets

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

2. The following requirements are not illustrated in this publication, because they are not applicable to VALUE ACCOUNTS Holdings Limited:

	Issue not illustrated	Relevant disclosures or references
AASB137(88)	Provisions and contingent liabilities arising from the same set of circumstances	Make the required disclosures in such a way that the link between the provision and the contingent liability is clear.
AASB137(91)	Information cannot be disclosed because it is not practicable to do so	Disclose the fact.
AASB137(92)	Disclosure of information can be expected to seriously prejudice the position of the entity	Disclose the general nature of the dispute together with the fact that, and the reasons why, the information has not been disclosed.
AASB119(152)	Contingent liabilities arising from post-employment benefit plans	Provide information about these contingent liabilities where required by AASB 137.

18 Commitments

(a) Capital commitments

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

		2024 $'000	2023 $'000
AASB116(74)(c)	Property, plant and equipment	**4,200**	800
AASB140(75)(h)	Investment property	**520**	1,250
AASB138(122)(e)	Intangible assets	**450**	-

Fernwood Partnership

AASB12(23)(a) The above commitments include capital expenditure commitments of $500,000 (2023 – nil) relating to the Fernwood Partnership (see note 16(d)).

(b) Repairs and maintenance: investment property

		2024 $'000	2023 $'000
AASB140(75)(h)	Contractual obligation for future repairs and maintenance – not recognised as a liability	**540**	389

19 Events after the reporting period [1]

(a) Acquisition of Better Office Furnishings Limited [2]

AASB110(21)(a),(b)
AASB3(59)(b)
AASB3(B64),(B66)

On 15 February 2025 VALUE ACCOUNTS Holdings Limited acquired 87.5% of the issued shares in Better Office Furnishings Limited, a manufacturer of office furniture and equipment, for consideration of $12,030,000. The acquisition is expected to increase the group's market share and create cost synergies.

The financial effects of this transaction have not been recognised at 31 December 2024. The operating results and assets and liabilities of the acquired company will be consolidated from 15 February 2025.

(a) Acquisition of Better Office Furnishings Limited [2]

(i) Purchase consideration and fair value of net assets acquired

AASB3(B64)(f) Details of the consideration transferred are: 3.

	$'000
Purchase consideration 4.	
Cash paid	**11,750**
Contingent consideration	**280**
Total purchase consideration	**12,030**

AASB3(B64)(i) The provisionally determined fair values of the assets and liabilities of Better Office Furnishings Limited as at the date of acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	**575**
Property, plant and equipment	**12,095**
Intangible assets: customer list	**2,285**
Intangible assets: customer contracts	**1,180**
Inventories	**1,010**
Trade receivables	**685**
Trade payables	**(2,380)**
Employee benefit obligations	**(230)**
Borrowings	**(3,250)**
Net deferred tax assets	**420**
Net identifiable assets acquired	**12,390**
Less: non-controlling interests	**(1,720)**
Add: goodwill	**1,360**
Net assets acquired	**12,030**

AASB3(B64)(e),(k) The goodwill is attributable to Better Office Furnishings Limited's strong position and profitability in trading in the office furniture and equipment market and cost synergies expected to arise after the company's acquisition of the new subsidiary. None of the goodwill is expected to be deductible for tax purposes.

(ii) Contingent consideration

AASB3(B64)(g) The contingent consideration arrangement requires the group to pay the former owners of Better Office Furnishings Limited 5% of the profit of Better Office Furnishings Limited, in excess of $4,000,000 for the year ending 31 December 2025, up to a maximum undiscounted amount of $800,000.

The potential undiscounted amount of all future payments that the group could be required to make under this arrangement is between $0 and $800,000. The fair value of the contingent consideration arrangement of $280,000 has been estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 8% and assumed probability-adjusted profit in Better Office Furnishings Limited of $4,400,000 to $4,800,000.

(iii) Acquisition-related costs

AASB3(B64)(m) Acquisition-related costs of $750,000 will be included in administrative expenses in the statement of profit or loss in the reporting period ending 31 December 2025.

(a) Acquisition of Better Office Furnishings Limited [2]

(iv) Non-controlling interest

AASB3(B64)(o)

The group has chosen to recognise the non-controlling interest at its fair value for this acquisition. The fair value of the non-controlling interest in Better Office Furnishings Limited, an unlisted company, was estimated by applying a market approach and an income approach. The fair value estimates are based on:

(a) an assumed discount rate of 8%

(b) an assumed terminal value based on a range of terminal EBITDA multiples between three and five times

(c) a long-term sustainable growth rate of 2%

(d) assumed financial multiples of companies deemed to be similar to Better Office Furnishings Limited, and

(e) 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 interest in Better Office Furnishing Limited.

(v) Information not disclosed as not yet available

AASB3(B66)

At the time when the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of Better Office Furnishings Limited. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally, since the independent valuations have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

(b) Refinancing of borrowing

AASB110(21)

At the beginning of February 2025, the group renegotiated its existing loan facility to finance the construction of the new production plant for the electronic equipment division. The total available amount under the facility was increased by $20,000,000, which is expected to be drawn down over the next 12 months. The facility is now repayable in three annual instalments, commencing 1 June 2030. The refinancing resulted in the recognition of a modification gain of $80,000 which will be recognised in profit or loss in the 2025 financial year.

(c) Other events

AASB110(21)

See note 13(b) for the final dividend recommended by the directors, to be paid on 10 April 2025.

Events after the reporting period

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

1. The following requirements are not illustrated in this publication, because they are not applicable to VALUE ACCOUNTS Holdings Limited:

	Issue not illustrated	Relevant disclosures or references
AASB110(21),(22)(c) AASB3(B64)	Business combination disclosures	Information about acquired receivables, recognised or unrecognised contingent liabilities, equity instruments issued or issuable, transactions that are recognised separately from the business combination, a bargain purchase and business combinations achieved in stages.
AASB110(21),(22)(c) AASB5(12),(41)(a),(b),(d)	Discontinued operations or assets held for sale where the criteria as held for sale were met after the end of the reporting period	Provide a description of the non-current asset or disposal group, the facts and circumstances and expected timing of the sale or disposal and the reportable segment in which the asset(s) are presented (where applicable).
AASB101(76)	Events that occurred after the reporting date and which would have affected the classification of a loan as current if they had occurred before the end of the reporting period	The following events might require disclosures: • refinancing on a long-term basis of a liability classified as current; • rectification of a breach of a long-term loan arrangement classified as current due to the breach • the receipt from the lender of a period of grace to rectify a breach of a long-term loan arrangement classified as current due to the breach; and • the settlement of a liability classified as non-current.

Pro-forma statements of financial position to disclose post-balance date business combinations

ASIC2015/842

2. To illustrate the financial effect of material acquisitions and disposals of entities or operations after the reporting period, an entity may wish to present a pro-forma statement of financial position in the notes to the financial statements. While *the Corporations Act 2001* does not generally permit pro-forma financial statements to be included in a financial report, ASIC has given relief in these particular circumstances, provided certain conditions set out in *ASIC Corporations (Post Balance Date Reporting) Instrument* 2015/842 are satisfied.

Further details

Not mandatory

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

20 Related party transactions [1-2,5,13-14]

(a) Parent entities

AASB101(138)(c)

The group is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest 2024	Ownership interest 2023 [9,10]
Lion (Australia) Limited	Immediate and ultimate Australian parent entity	Australia	**60%**	63.7%
Lion AG	Ultimate parent entity and controlling party	Germany	**60% ***	63.7% *

AASB124(13), (Aus13.1)(a),(b) AASB101(138)(c) — Lion (Australia) Limited; AASB124(13) AASB101(138)(c) — Lion AG

* Lion AG holds 100% of the issued ordinary shares of Lion (Australia) Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 16(a).

AASB124(17)

(c) Key management personnel compensation [3]

		2024 $ [12]	2023 $ [10]
AASB124(17)(a)	Short-term employee benefits	**2,332,619**	2,103,464
AASB124(17)(b)	Post-employment benefits	**179,953**	161,541
AASB124(17)(c)	Long-term benefits	**39,530**	32,719
AASB124(17)(d)	Termination benefits	**115,500**	-
AASB124(17)(e)	Share-based payments	**704,942**	547,753
		3,372,544	2,845,477

AASB124(18)(b)

The short-term benefits disclosed above include $354,000 (2024 – $296,000) of bonuses payable under a short-term incentive scheme which were unpaid as at year end and are included in other payables. In addition, the leave obligations disclosed in note 8(h)(i) include $234,321 (2023 – $56,423) and the defined pension benefits disclosed in note 8(h)(ii) include $534,332 (2023 – $585,241) of obligations payable to the key management personnel (KMP). The share-based payments provided to KMP consist of options and deferred shares which are both equity-settled, see note 21(a) and 21(b). [4]

Detailed remuneration disclosures are provided in the remuneration report on pages 16 to 31. [3]

AASB124(18)(b)

In addition to the above, the group is committed to pay the CEO and the CFO up to $250,000 in the event of a change in control of the group. [7-9]

AASB124(18)

(d) Transactions with other related parties [7]

AASB124(18)(a)

The following transactions occurred with related parties:

		2024 $ [12]	2023 $ [10]
	Sales and purchases of goods and services		6.
AASB124(19)(d)	Sale of goods to associates	**125,222**	-
AASB124(19)(a)	Purchase of management services from parent	**450,000**	370,000
AASB124(19)(g)	Purchases of electronic equipment from other related parties	**182,232**	78,300
AASB124(19)(f)	Purchases of various goods and services from entities controlled by key management personnel (i) [7,8]	**764,265**	576,020
	Dividend revenue		
AASB124(19)(g)	Other related parties	**150,000**	300,000
	Superannuation contributions [6]		
AASB124(19)(g)	Contributions to superannuation funds on behalf of employees *	**3,719,333**	3,287,543

* See note 8(h) for information about VALUE ACCOUNTS Holdings Limited shares held by the group's defined benefit plan and property owned by the plan that is occupied by the group.

AASB124(18)

(d) Transactions with other related parties [7]

		2024 $ [12]	2023 $ [10]
	Other transactions		
AASB124(19)(a)	Dividends paid to the Australian parent entity	**13,690,400**	6,963,200
AASB124(19)(a)	Final call on partly paid ordinary shares paid by the Australian parent entity (note 9(a))	**840,321**	-
AASB124(19)(a)	Subscriptions for new ordinary shares by the Australian parent entity (note 9(a))	**4,626,422**	-
AASB124(19)(f)	Subscription for new ordinary shares by key management personnel as a result of the rights issue (note 9(a)) [8,9]	**118,096**	-

(i) Purchases from entities controlled by key management personnel [8,9]

AASB124(18) The group acquired the following goods and services from entities that are controlled by members of the group's KMP:

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

For detailed disclosures please see the remuneration report on page 29.

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

AASB124(18)(b) The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

		2024 $ [12]	2023 $ [10]
	Current payables (purchases of goods and services)		
AASB124(19)(a)	Lion (Australia) Limited (parent entity)	**58,200**	73,000
AASB124(19)(f)	Entities controlled by key management personnel	**196,375**	91,294
AASB124(19)(g)	Other related parties	**265,327**	94,300

(f) Loans to/from related parties

		2024	2023
AASB124(19)(f)	*Loans to key management personnel [7]*		
AASB124(18)(b)	Beginning of the year	**604,300**	502,700
AASB124(18)(a)	Loans advanced	**220,000**	150,000
AASB124(18)(a)	Loan repayments received	**(108,850)**	(46,400)
AASB124(18)(a)	Interest charged	**56,929**	41,275
AASB124(18)(a)	Interest received	**(56,929)**	(41,275)
	Increase in loss allowance (see note 12(c))	**(1,000)**	(2,000)
AASB124(18)(b)	End of year	**714,450**	604,300
AASB124(19)(g)	*Loans to other related parties*		
AASB124(18)(b)	Beginning of the year	**698,000**	600,000
AASB124(18)(a)	Loans advanced	**1,000,400**	600,400
AASB124(18)(a)	Loan repayments received	**(400,300)**	(500,400)
AASB124(18)(a)	Interest charged	**81,450**	62,130
AASB124(18)(a)	Interest received	**(81,450)**	(62,130)
	Increase in loss allowance (see note 12(c))	**(2,000)**	(2,000)
AASB124(18)(b)	End of year	**1,296,100**	698,000
AASB124(19)(a)	*Loans from Lion (Australia) Limited (parent entity)*		
AASB124(18)(b)	Beginning of the year	**4,000,000**	-
AASB124(18)(a)	Loans advanced	**7,150,000**	4,100,000
AASB124(18)(a)	Loan repayments made	**(2,050,000)**	(100,000)
AASB124(18)(a)	Interest charged	**185,400**	104,900
AASB124(18)(a)	Interest paid	**(185,400)**	(104,900)
AASB124(18)(b)	End of year	**9,100,000**	4,000,000

(f) Loans to/from related parties

		2024 $ [12]	2023 $ [10]
AASB124(19)(d)	*Loans from associates*		
AASB124(18)(b)	Beginning of the year	**-**	-
AASB124(18)(a)	Loans advanced	**6,285,230**	800,220
AASB124(18)(a)	Loan repayments made	**(200,000)**	(800,220)
AASB124(18)(a)	Interest charged	**245,450**	84,830
AASB124(18)(a)	Interest paid	**(245,450)**	(84,830)
AASB124(18)(b)	End of year	**6,085,230**	-

AASB124(18)(c),(d) An allowance of $2,000 (2023 – $2,000) was recognised in relation to loans to related parties during the year, and the loss allowance on loans to key management personnel was increased by $1,000 (2023 – $1,000), see note 12(c) for further information.

(g) Terms and conditions [11]

AASB124(18)(b)(i) Transactions relating to dividends, calls on partly paid ordinary shares and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

The loans to KMP are generally for periods of ten years repayable in quarterly instalments at interest rates of 5% per annum. They are secured by first mortgages over the individuals' residences. One unsecured loan of $60,000 was made to a director of VALUE ACCOUNTS Holdings Limited for a period of two years with an interest rate of 8% per annum. This loan is repayable in full on 30 March 2025.

Goods were sold to associates during the year based on the price lists in force and terms that would be available to third parties. Management services were bought from the immediate parent entity on a cost-plus basis, with a margin ranging from 15% to 30% (2023 – 10% to 24%). All other transactions were made on normal commercial terms and conditions and at market rates. The loans to other related parties are repayable between two to four years from the reporting date, the loans from the associates mature in three years and the loans from the parent entity are repayable in instalments from 2029. The average interest rate on the other loans during the year was 9.5% (2023 – 9.75%).

AASB124(18)(b)(i) Outstanding balances other than loans to KMP are unsecured and are repayable in cash.

Related party transactions

Presentation

1. All of the related party information required by AASB 124 that is relevant to VALUE ACCOUNTS Holdings Limited has been presented, or referred to, in one note. This is considered to be a convenient and desirable method of presentation, but there is no requirement to present the information in this manner. Compliance with the standard could also be achieved by disclosing the information in relevant notes throughout the financial statements.

Materiality

AASB101(7)

2. The disclosures required by AASB 124 apply to the financial statements where the information is material. According to AASB 101 *Presentation of Financial Statements,* materiality depends on the size and nature of an item. It might be necessary to treat an item or a group of items as material because of their nature, even if they would not be judged material on the basis of the amounts involved. This might apply where transactions occur between an entity and parties who have a fiduciary responsibility in relation to that entity, such as those transactions between the entity and its key management personnel.

Key management personnel (KMP) compensation

3. While the disclosures under paragraph 17 of AASB 124 are subject to materiality, this must be determined based on both quantitative and qualitative factors. In our view, it will not be appropriate to omit the aggregate compensation disclosures based on materiality. Whether it will be possible to satisfy the disclosure by reference to another document such as a remuneration report will depend on local regulation. AASB 124 itself does not specifically permit such cross-referencing.

Related party transactions

4. Whether it is necessary to disclose additional information about KMP compensation and amounts such as outstanding leave balances, unpaid salaries, bonuses or pension obligations to satisfy the requirements in paragraph 18 of AASB 124 will depend on the individual circumstances and on the materiality of the amounts involved – from both a quantitative and a qualitative point of view. Disclosure will more likely be required if there are unusual circumstances associated with those payments and balances, such as special bonuses provided to KMPs only, unusual payment terms or unusually large unpaid amounts.

Related party definition

AASB124(9),(IE4)-(IE26)

5. The definition of a related party includes the following persons and entities:
   (a) A person (or a close member of that person's family) is related to the reporting entity if the person:
      (i) has control or joint control over the reporting entity
      (ii) has significant influence over the reporting entity, or
      (iii) is a member of the key management personnel of the reporting entity, or of a parent of the reporting entity
   (b) The reporting entity (A) is related to another entity (B) if:
      (i) A and B are members of the same group (that is all entities within a group are related to each other)
      (ii) A is an associate or joint venture of B; in this case A is related to all members of the group that B belongs to
      (iii) A and B are joint ventures of the same third party, C
      (iv) A is a joint venture of C and B is an associate of C (or vice versa)
      (v) B is a post-employment benefit plan for the benefit of employees of A or an entity related to A. If A is itself a post-employment benefit plan, any sponsoring employers are also related to A
      (vi) B is controlled or jointly controlled by a person identified in (a) above
      (vii) a person who has control or joint control over A has significant influence over B or is a member of the KMP of B or B's parent, or
      (viii) B (or any member of the group of which B is a part) KMP services to A or A's parent.

AASB124(12)

In this definition, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Superannuation plans

AASB124(9)(b)(v)
AASB119(151)

6. Post-employment benefit plans for the benefit of employees of the entity, or of any entity that is a related party of the entity, are related parties under the definition in paragraph 9 of AASB 124. This means that contributions made to such plans by the entity or any other entity in the consolidated group must be disclosed as a related party transaction, regardless of whether the plans are defined contribution or defined benefit plans. However, industry-wide and state pension schemes that are not exclusively for the benefit of the entity's employees, or for the benefit of employees of the entity's related parties, would generally not be regarded as related parties of the entity. Similarly, where employees have a choice of selecting a post-employment benefit plan into which the entity will make contributions and the plan is otherwise unrelated to the reporting entity it would not become a related party merely because of the employees' membership.

Transactions with related parties

AASB124(9),(21)
AASB137(3)

7. Related party transactions are transfers of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged. They include commitments to do something if a particular event occurs (or does not occur) in the future and executory contracts (recognised or unrecognised). In accordance with AASB 137, executory contracts are contracts under which neither party has performed any of its obligations, or both parties have partially performed their obligations to an equal extent.

Transactions with KMP

AASB124(18)

8. The notes to the financial statements must provide aggregate information about transactions with KMPs and loans made to KMPs, in addition to the detailed disclosures required in the remuneration report. Entities cannot satisfy disclosure requirements of accounting standards by reference to documents outside the financial report.

Related party transactions

CR2M.3.03(3B)

9. The *Corporations Regulations 2001* provide an exception for transactions with KMPs that are trivial or domestic in nature and were undertaken on an arm's length basis. However, this exception only applies to the remuneration report and does not apply to the disclosures in the notes to the financial statements. Instead, the disclosures required under paragraph 18 of AASB 124 are subject to materiality, which should be assessed from both the entity's and the individual's perspective. The amount of detail that will need to be disclosed in the notes will depend on the type of business and the volume of the relevant transactions.

Comparatives

AASB101(38)

10. AASB 124 is silent on comparatives. Under AASB 101 *Presentation of Financial Statements* comparative information must be provided for all amounts reported in the financial statements, except where a standard provides otherwise, which is not the case with AASB 124. Since the notes are part of the financial statements (see paragraph 10 of AASB 101), comparative information should be included for all amounts that provide further analysis of the line items in the financial statements.
11. AASB 101 further states that comparative information should also be provided for narrative and descriptive information where it is relevant to an understanding of the current period's financial statements. In the case of related party disclosures, comparative information is likely to be relevant for all narrative and descriptive information. The comparative information should disclose transactions with parties that were related when the time the transaction took place, but need not disclose information about transactions with parties that were unrelated at that time.

Rounding

ASIC2016/191

12. Under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* amounts disclosed in relation to transactions between related parties can only be rounded to the nearest $1,000 for entities with total assets of more than $1,000m. See Appendix A(j) for further information.

Related party transactions

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

13. The following requirements are not illustrated in this publication, because they are not applicable to VALUE ACCOUNTS Holdings Limited:

Reference	Issue not illustrated	Relevant disclosures or references
AASB124(18)(b)	Commitments to related parties, including committed future purchases or sales	Disclose amount of commitments as at the end of the reporting period, including terms and conditions.
AASB124(18),(18A)	Key management personnel (KMP) services are provided by a separate management entity	Disclose fee paid to the management entity for the KMP services and any other transactions with that entity.
AASB124(21)(h)	Guarantees given or received in relation to outstanding balances due to/from related parties	Disclose the details of the guarantees.
AASB124(25)-(27)	The entity applies the exemption for government-related entities	Provide the information required by paragraphs 25–27 of AASB 124.
	An investment entity is exempt from consolidating certain subsidiaries and it measures them at fair value through profit or loss instead	Disclose any transactions and outstanding balances with those subsidiaries, because they are not eliminated on consolidation.
UIG1052(59)	A wholly-owned entity is part of a tax consolidated group The head entity in a tax consolidated group prepares separate financial statements	Transactions with related party as a result of the tax consolidation regime will need to be disclosed, including: • tax amounts assumed by the head entity • amounts payable/receivable under a tax funding or tax sharing agreement • equity contributions or distributions Where the tax consolidated group includes entities that are not controlled by the parent entity (multiple-entry consolidated or MEC group), transactions with entities that are subject to common control must be separately disclosed.

AASB1057(5)
AASB124 (Implementation Guidance)

14. Not-for-profit public sector entities must also comply with the requirements in AASB 124. Australian-specific implementation guidance has been added to the standard for these entities.

21 Share-based payments [3,4]

(a) Employee Option Plan

AASB2(44),(45)(a)

The establishment of the VALUE Employee Option Plan was approved by shareholders at the 2019 annual general meeting. The Employee Option Plan is designed to provide an incentive for senior managers and above (including executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance conditions are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of options that will vest depends on VALUE ACCOUNTS Holdings Limited's total shareholder return (TSR), including share price growth, any change in the number of outstanding shares, dividends and capital returns, ranking within a peer group of 20 selected companies that are listed on the Australian Securities Exchange over a three-year period. Once vested, the options remain exercisable for a period of two years. If a participant ceases to be employed by the group within this period, the rights will be forfeited, except in limited circumstances that are approved by the board on a case-by-case basis. Further, VALUE ACCOUNTS Holdings Limited's TSR must exceed the average for the peer group for an option to vest.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share 14 days after the release of the half-yearly and annual financial results of the group to the market.

The exercise price of options is based on the weighted average price at which the company's shares are traded on the Australian Securities Exchange during the week up to and including the date of the grant.

The Employee Option Plan is administered by the VALUE Employee Share Trust, which is consolidated in accordance with the principles in note 25(b)(i). When the options are exercised, the trust transfers the appropriate amount of shares to the employee. Any proceeds received, net of any directly attributable transaction costs, are credited directly to equity.

Set out below are summaries of options granted under the plan:

AASB2(45)(b)(i),(ii),(iii),(iv),(vii)

	2024		2023	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
As at 1 January	**$5.55**	**2,056,000**	$5.33	1,688,000
Granted during the year	**$6.18**	**818,000**	$5.78	814,000
Exercised during the year *	**$5.28**	**(228,000)**	-	-
Forfeited during the year	**$5.71**	**(445,000)**	$5.12	(446,000)
As at 31 December	**$5.78**	**2,201,000**	$5.55	2,056,000
Vested and exercisable at 31 December	**$5.28**	**263,000**	-	-

AASB2(45)(c)

* The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2024 was $6.35 (2023 – not applicable).

(a) Employee option plan

AASB2(45)(b)(v) No options expired during the periods covered by the above tables.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

AASB2(45)(b)(vi),(d)

Grant date	Expiry date	Exercise price	Share options 31 December 2024	Share options 31 December 2023
1 November 2021	31 October 2026	$5.28	263,000	546,000
1 November 2022	31 October 2027	$5.51	569,000	709,000
1 November 2023	31 October 2028	$5.78	641,000	801,000
1 November 2024	31 October 2029	$6.18	728,000	-
Total			2,201,000	2,056,000
Weighted average remaining contractual life of options outstanding at end of period			3.67 years	3.96 years

AASB2(45)(d)

(i) Fair value of options granted

AASB2(46),(47)(a)(i) The assessed fair value at grant date of options granted during the year ended 31 December 2024 was $1.80 per option (2023 – $1.75). The fair value at grant date is independently determined using an adjusted form of the Black-Scholes Model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the options, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield ,the risk-free interest rate for the term of the options and the correlations and volatilities of the peer group companies.

AASB2(47)(a)(i),(iii) The model inputs for options granted during the year ended 31 December 2024 included:

(a) options are granted for no consideration and vest based on VALUE ACCOUNTS Holdings Limited’s TSR ranking within a peer group of 20 selected companies over a three-year period. Vested options are exercisable for a period of two years after vesting

(b) exercise price: $6.18 (2023 – $5.78)

(c) grant date: 1 November 2024 (2023 – 1 November 2023)

(d) expiry date: 31 October 2029 (2023 – 31 October 2028)

(e) share price at grant date: $6.12 (2023 – $5.83)

(f) expected price volatility of the company's shares: 35% (2023 - 30%),

(g) expected dividend yield: 3.8% (2023 - 3.2%), and

(h) risk-free interest rate: 6% (2023 – 5.5%)

AASB2(47)(a)(ii) The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(b) Deferred shares – executive short-term incentive scheme

AASB2(45)(a) Under the group’s short-term incentive (STI) scheme, executives receive 50% of the annual STI achieved in cash and 50% in the form of rights to deferred shares of VALUE ACCOUNTS Holdings Limited. The rights are granted on the 28 February of the following year and they vest after two years from the grant date. They automatically convert into one ordinary share each on vesting at an exercise price of nil. The executives do not receive any dividends and are not entitled to vote in relation to the deferred shares during the vesting period. If an executive ceases to be employed by the group within this period, the rights will be forfeited, except in limited circumstances that are approved by the board on a case-by-case basis.

The deferred shares are administered by the VALUE Employee Share Trust, a consolidated entity, see note 25(b)(i). The shares are acquired on market at the grant date and are held as treasury shares until such time as they are vested. Forfeited shares are reallocated in subsequent grants. Under the terms of the trust deed, VALUE ACCOUNTS Holdings Limited is required to provide the trust with the

AASB12(14),(17) necessary funding for the acquisition of the shares at the time of the grant.

(b) Deferred shares – executive short-term incentive scheme

AASB2(47)(b)

The number of rights to be granted is determined based on the currency value of the achieved STI divided by the weighted average price at which the company's shares are traded on the Australian Securities Exchange during the week up to and including the date of the grant ($5.94 for the rights granted in February 2024 and $6.08 for the rights granted in 2023).

AASB2(47)(b)

The fair value of the rights at grant date ($5.50; 2023 – $5.71) was estimated by taking the market price of the company's shares on that date less the present value of expected dividends that will not be received by the executives on their rights during the two-year vesting period. The fair value is recognised as an expense over the relevant service period, which is the year to which the bonus relates and the vesting period of the shares.

The following table shows the deferred shares granted and outstanding at the beginning and end of the reporting period: [1]

AASB2(45)(b)(i),(ii),(iii),(iv),(vii)

	2024 Number of shares	2023 Number of shares
As at 1 January	**88,360**	46,916
Granted during the year	**57,636**	52,364
Vested during the year	**(40,374)**	-
Forfeited during the year	**(21,699)**	(10,920)
As at 31 December	**83,923**	88,360
Weighted average remaining contractual life of the deferred shares outstanding at the end of the period	**0.68 years**	0.70 years

AASB2(45)(d)

(i) Net settlement feature for withholding tax obligations [Disclosure retained for illustrative purposes only, not applicable under the Australian taxation regime]

AASB2(44),(45(a)

Under Oneland tax law, VALUE Plc must withhold an amount for an employee's tax obligation associated with a share-based payment and it must transfer that amount in cash to the tax authority on the employee's behalf. The deferred shares granted under the group's STI scheme include a net settlement feature under which the trust withholds shares in order to settle the employee's tax obligations.

The group is settling the deferred share grant on a net basis by withholding the number of shares with a fair value equal to the monetary value of the employee's tax obligation, and it is only issuing the remaining shares on completion of the vesting period. This reduces the dilutive impact of the deferred share scheme. If all of the deferred shares outstanding as at 31 December 2024 will subsequently vest, the group will be required to pay approximately CU46,000 to the taxation authority (2023 - $48,000).

AASB2(52)

(c) Employee share scheme

AASB2(44),(45)(a)

A scheme under which shares might be issued by the company to employees for no cash consideration was approved by shareholders at the 2021 annual general meeting. All Australian resident permanent employees (excluding executive directors, other key management personnel of the group and the group company secretary) who have been continuously employed by the group for a period of at least one year are eligible to participate in the scheme. Employees can elect not to participate in the scheme.

Since the beginning of the year, the employee share scheme is also administered by the VALUE Employee Share Trust, a consolidated entity, see note 25(b)(i).

Shares issued by the trust to the employees are acquired on-market prior to the issue. Shares held by the trust and not yet issued to employees at the end of the reporting period are shown as treasury shares in the financial statements (see note 9(b)).

(c) Employee share scheme

AASB2(47)(b)
AASB2(46)

Under the scheme, eligible employees can be granted up to $1,000 worth of fully paid ordinary shares in VALUE ACCOUNTS Holdings Limited annually for no cash consideration. The number of shares issued to participants in the scheme is the AUD amount granted divided by the weighted average price at which the company's shares are traded on the Australian Securities Exchange during the week up to and including the date of grant. The shares vest immediately on grant date and are recognised at the closing share price on the grant date (grant date fair value) as an issue of treasury shares by the trust (in 2023 as share capital, see note 9(a)) and as part of employee benefit costs in the period in which the shares are granted.

Offers under the scheme are at the discretion of the company, and no offer can be made unless annual profit growth in the financial year prior to the date of the offer was at least 3% greater than the increase in the consumer price index.

Shares issued under the scheme cannot be sold until the earlier of three years after issue or cessation of employment by the group. In all other respects the shares rank equally with other fully paid ordinary shares on issue (see note 9(a)).

		2024	2023
AASB2(45)(a)	Number of shares issued under the plan to participating employees on 1 June 2024 (2 June 2023)	**145,902**	142,857

AASB2(47)(b)

Each participant was issued with shares worth $1,000 based on the weighted average market price of $6.42 (2023 – $5.50). The shares had a grant date fair value of $6.18 (2023 – $5.59).

(d) Share appreciation rights

AASB2(44),(45)(a)

In September 2024, the remuneration committee decided to reward divisional managers for their contribution to the performance of the group by granting them 200,000 share appreciation rights (SARs). The rights entitle the employees to a cash payment after three years of service. The amount payable will be determined based on the increase of VALUE ACCOUNTS Holdings Limited's share price between the grant date (25 September 2024: $5.43) and the vesting date (25 September 2027).

AASB2(46)

The fair value of the SARs was determined using the following inputs as at 31 December 2024:

		31 December 2024
	Share price at measurement date	**$6.19**
	Expected volatility	**32%**
	Dividend yield	**3.8%**
	Risk-free interest rate	**6%**
AASB2(51)(b)(i)	Carrying amount of liability – included in employee benefit obligations (note 8(h)) [2]	**$138,073**

AASB2(51)(b)(ii)

There were no SARs granted in prior years and none of the SARs had vested as at 31 December 2024.

(e) Expenses arising from share-based payment transactions

AASB2(50),(51)(a)

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

		2024 $ [2]	2023 $
ASIC2016/191	Options issued under the employee option plan	**895,912**	329,784
	Deferred shares issued under the short-term incentive scheme	**220,124**	225,344
	Shares issued under the employee share scheme	**902,119**	797,845
	Share appreciation rights	**138,073**	-
		2,156,228	1,352,973

Share-based payments

Share-based payment disclosures

AASB2(45)

1. The detailed disclosures in paragraph 45 of AASB 2 are only required for share options. However, share awards such as the deferred shares in our example, are equivalent to share options with a zero exercise price. It might therefore be appropriate to provide similar disclosures to the extent they are applicable to the share awards.

Rounding

ASIC2016/191

2. Under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* amounts disclosed in relation to share-based payment transactions can only be rounded to the nearest $1,000 for entities with total assets of more than $1,000m. See Appendix A(j) for further information.

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

3. The following requirements are not illustrated in this publication, because they are not applicable to VALUE ACCOUNTS Holdings Limited:

	Issue not illustrated	Relevant disclosures or references
AASB2(47)(c)	Modification of share-based payment arrangements	Explain the modifications, and disclose the incremental fair value granted and how this was measured (see below).
AASB2(49)	Rebuttal of the presumption that the fair value of goods or services received from parties other than employees can be measured reliably	Disclose that fact and explain why the presumption was rebutted.
AASB2(52)	The information disclosed does not satisfy the principles in paragraphs 44, 46 and 50 of AASB 2	Provide additional information as necessary.

4. The following illustrative disclosure might be useful where relevant to an entity:

Modification of share-based payment arrangements

AASB2(47)(c)

In May 2024, VALUE ACCOUNTS Holdings Limited increased the vesting period for the employee share options granted in October 2023 from three to five years and lowered the TSR target to reflect the recent fall in the company's share price. The fair value of the options at the date of the modification was determined to be $2.05. The incremental fair value of $0.25 will be recognised as an expense over the period from the modification date to the end of the extended vesting period. The expense for the original option grant will continue to be recognised as if the terms had not been modified.

The fair value of the modified options was determined using the same models and principles as described above, with the following model inputs: [provide details].

2X Remuneration of auditors [1-2,14-16]

AASB1054(10)

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia (PwC) as the auditor of the parent entity, VALUE ACCOUNTS Holdings Limited, by PwC's related network firms and by non-related audit firms:

Reference		2024 $[17]	2023 $[17]
	(a) Auditors of the Group – PwC and related network firms [11,12]		
AASB1054(10)(a)	Audit and review of financial reports [3-5]		
	Group	**653,000**	635,000
	Controlled entities and joint operations [13]	**963,000**	945,000
	Total audit and review of financial reports	**1,616,000**	1,580,000
AASB1054(10)(b),(11)	Other statutory assurance services [6,7]	**56,000**	52,000
AASB1054(10)(b),(11)	Other assurance services [8,9]	**241,000**	75,000
AASB1054(10)(b),(11)	Other services [10]		
	Tax compliance services	**20,000**	15,000
	Tax advisory services	**10,000**	10,000
	Consulting services	**15,000**	12,000
	Total other non-audit services	**45,000**	37,000
	Total services provided by PwC	**1,958,000**	1,744,000
	(b) Other auditors and their related network firms [11,12]		
AASB1054(10)(a)	Audit and review of financial reports [3-5]		
	Controlled entities and joint operations [13]	**15,000**	12,000
AASB1054(10)(b),(11)	Other statutory assurance services [6,7]	**40,000**	35,000
AASB1054(10)(b),(11)	Other assurance services [8,9]	**21,000**	21,000
AASB1054(10)(b),(11)	Other non-audit services [10]		
	Tax compliance services	**30,000**	25,000
	Total services provided by other auditors (excluding PwC)	**106,000**	93,000

Remuneration of auditors

Audit remuneration disclosure requirements

AASB1054(10)

1. Under AASB 1054 *Australian Additional Disclosures* entities must disclose fees to each auditor or reviewer, including any network firm, separately for:
   (a) the audit or review of the financial statements, and
   (b) all other services performed during the period.
2. The *Parliamentary Joint Committee on Corporations and Financial Services Regulation of Auditing in Australia* recommended standard setters enhance the disclosures of auditor remuneration by better defining the categories so that they provide more information about the split of remuneration between audit and non-audit services. While changes to the audit remuneration disclosure requirements are yet to be made, we have developed the illustrative disclosures in this publication based on draft recommendations made by ASIC and we encourage entities to consider these in their 31 December 2024 financial statements. These enhanced disclosures go further than the current disclosure requirements in AASB 1054 *Australian Additional Disclosures* and section 300 of the *Corporations Act 2001* as outlined in paragraphs 1 and 10 of this commentary.

Remuneration of auditors

Audit and review of the financial report

AASB1054(11)

3. In our illustrative disclosures, audit and review of the financial report includes services provided by the group auditor and their network firms to audit the statutory financial report of the parent and the statutory financial reports of any controlled entities and joint operations in the group. As a practical approach, the fees disclosed for the current year will also include overruns identified and billed after the financial statements for the previous financial year were finalised and which had therefore not been accrued in the prior year. If an entity chooses to restate the comparatives to reflect overruns relating to the prior year, that fact and the amount of the restatement would need to be disclosed.

AASB101(41)

SI 2011/2198
FRC Ethical Standard (2019)
UK ICAEW Tech 14/13

4. ASIC proposes including the full year audit and half year review in this category. In contrast, in the UK interim reviews are classified as other statutory assurance services. In the UK, the inclusion of audit fees of associates and joint ventures is encouraged but not required due to the possibility of different reporting deadlines. In Australia, remuneration paid to other auditors outside of PwC networks also needs to be disclosed separately.
5. There are some new areas of work such as wages trust or fraud where a component of the work is done as part of the audit of the financial report and so is included in the audit fees. Other components of this work, such as legal assurance over compliance with contracts, may currently be included in other assurance services.

Other statutory assurance services

6. Other statutory assurance services include services required by legislation to be provided by the statutory financial report auditor. Examples are Australian Financial Services License audits.

FRC Ethical Standard (2019)

7. In the UK this category is referred to as audit-related services and includes: reporting required by law or regulation to be provided by an auditor, reviews of interim financial information, reporting on regulatory returns, reporting to a regulator on client assets, reporting on government grants, reporting on internal financial controls when required by law or regulation and extended audit work that is authorised by those charged with governance performed on financial information and/or financial controls where this work is integrated with the audit work and is performed on the same principal terms and conditions.

Other assurance services

8. In our illustrative disclosures, other Assurance services include other assurance and agreed-upon-procedures services as defined in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (or similar professional requirements, or performed under contractual arrangements) where there is discretion as to whether the service is provided by the statutory auditor or another firm.
9. It would also include extended audit work that is authorised by those charged with governance and performed on financial or non-financial information and financial or non-financial controls where this work is intended to extend the audit work and provide additional assurance. Examples of other assurance services might include reviews of climate-related financial disclosures, cyber controls assurance, fraud or wage contract compliance agreed-upon-procedures, financial due diligence, controls assurance and agreed-upon-procedures performed for APRA. For the SEC and in the UK some services that may have been classified as other assurance services or other non-audit services are now prohibited.

Other non-audit services

10. Other fees for non-audit services are required to be disclosed by type of service under the Corporations Act (Section 300 (11B) and (11C)). All fees paid to auditors of the parent, controlled entities and joint operations are included, following normal consolidation requirements. The UK requires separate disclosure of tax compliance, tax advisory, internal audit, corporate finance related service and other. The UK also suggests a subtotal of all non-audit and review services separately from the financial report audit fees. Note for the SEC and UK, some of these services are specifically prohibited.

SI 2011/2198

Remuneration of auditors

Network firm

AASB1054(BC7) APES110(2)

11. A network firm is defined in APES 110 as a firm or entity that belongs to a network. A network is 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.
12. Further guidance on networks and network firms can be found in paragraphs 290.13 to 290.24 of APES 110.

Joint venture operation vs associates and joint ventures

13. The share of auditor's remuneration relating to joint venture operations should be included in the disclosures, However, fees paid to other auditors of associates or joint ventures are not included, as only the share of profits is consolidated.

Amounts paid or payable by another entity

14. Where an amount is paid or payable by another entity (e.g. the parent entity) the entity should disclose the amount in the individual entity's financial statements, regardless of who paid it. In cases where it is not possible to make an allocation, the individual entity's financial statements should include a suitable explanation.

Goods and Services Tax (GST)

UIG1031(6),(7)

15. Amounts disclosed for auditor's remuneration should be net of goods and services tax (GST) except where the GST included in fees is not recoverable from the tax authority. GST that is not recoverable should be included as part of the remuneration. This disclosure is consistent with UIG 1031 *Accounting for the Goods and Services Tax* (GST) which requires revenues, expenses and assets to be recognised net of the amount of GST, except that where the GST is not recoverable it shall be recognised as part of the cost of acquisition of the asset or as part of the item of expense to which it relates.
16. We recommend that entities that are not able to recover GST on fees for audit and other services and other expenses should include a policy note indicating which expense items disclosed in the financial statements are inclusive of non-recoverable GST. They could also amend the wording of specific disclosures such as auditor's remuneration to make it clear that the amounts disclosed are inclusive of non-recoverable GST, for example by adding the words ''including non-recoverable GST'' to the relevant captions.

Rounding

ASIC2016/191

17. Audit remuneration must be disclosed to the nearest dollar by entities with assets (or consolidated assets) of less than $1,000 million, and such remuneration may only be rounded to the nearest $1,000 by entities with assets (or consolidated assets) of more than $1,000 million. See Appendix A(j) for further information

22 Earnings per share [1]

	2024 Cents	2023 Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**56.9**	47.3
AASB133(68) From discontinued operations	**1.3**	0.7
Total basic earnings per share attributable to the ordinary equity holders of the company	**58.2**	48.0

(b) Diluted earnings per share

		2024 Cents	2023 Cents
	From continuing operations attributable to the ordinary equity holders of the company	**55.8**	47.1
AASB133(68)	From discontinued operations	**1.3**	0.7
	Total diluted earnings per share attributable to the ordinary equity holders of the company	**57.1**	47.8

(c) Reconciliations of earnings used in calculating earnings per share

		2024 $'000	2023 $'000
AASB133(70)(a)	*Basic earnings per share*		
	Profit from continuing operations as presented in the statement of profit or loss	**34,904**	28,042
	Less: dividends paid to non-redeemable participating preference shareholders ((e)(v))	**(107)**	(107)
	Less: profit from continuing operations attributable to non-controlling interests	**(3,005)**	(2,318)
	Profit from continuing operations attributable to the ordinary equity holders	**31,792**	25,617
	Profit from discontinued operation	**727**	399
	Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**32,519**	26,016
AASB133(70)(a)	*Diluted earnings per share*		
	Profit from continuing operations attributable to the ordinary equity holders of the company:		
	Used in calculating basic earnings per share	**31,792**	25,617
AASB133(70)(a)	Add: interest savings on convertible notes	**435**	-
	Used in calculating diluted earnings per share	**32,227**	25,617
	Profit from discontinued operations	**727**	399
	Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**32,954**	26,016

(d) Weighted average number of shares used as the denominator

		2024 Number	2023 Number
AASB133(70)(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**55,889,119**	54,184,666
AASB133(70)(b)	Adjustments for calculation of diluted earnings per share:		
	Amounts uncalled on partly paid shares and calls in arrears	**101,088**	90,517
	Options	**166,112**	87,346
	Deferred shares	**101,045**	82,315
	Convertible notes	**1,456,064**	-
AASB133(70)(b)	Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**57,713,428**	54,444,844

AASB133(64)

The earnings per share calculations for the current and prior year have been adjusted for the bonus element in the rights issue undertaken during the current year and the shares issued under the dividend reinvestment plan – see note 9(a) for details.

(e) Information concerning the classification of securities

(i) Partly paid ordinary shares

AASB133(72)

Partly paid ordinary shares carry the right to participate in dividends in proportion to the amount paid relative to the total issue price. To that extent they have been recognised as ordinary share equivalents in the determination of basic earnings per share. Amounts uncalled on partly paid shares and calls in arrears are treated as the equivalent of options to acquire ordinary shares and they are included as potential ordinary shares in the determination of diluted earnings per share.

(ii) Options

AASB133(72)

Options granted to employees under the VALUE Employee Option Plan are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required TSR hurdles would have been met based on the company's performance up to the reporting date, and to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 21(a).

AASB133(70)(c)

The 818,000 options granted on 1 November 2024 are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 31 December 2024. These options could potentially dilute basic earnings per share in the future.

(iii) Deferred shares

AASB133(46),(72)

Rights to deferred shares granted to executives under the group's short-term incentive scheme are included in the calculation of diluted earnings per share assuming that all outstanding rights will vest. The rights are not included in the determination of basic earnings per share. Further information about the rights is provided in note 21(b).

(iv) Convertible notes

AASB133(72)

Convertible notes issued during the year are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share from their date of issue. The notes have not been included in the determination of basic earnings per share. Details relating to the notes are set out in note 7(h).

(v) 7% non-redeemable participating preference shares

AASB133(72)

The 7% non-redeemable participating preference shares were classified as equity and were a separate category of ordinary shares for the purposes of determining earnings per share, rather than potential ordinary shares. The shares were bought back and cancelled during the year (see note 9(a)). The only profit attributable to these shares was the $107,000 dividends paid to the preference shareholders

AASB133(A14)(b)

each year. While the shares would have participated equally with ordinary shares on a winding up of the company, they were not entitled to any additional earnings above and beyond the 7% paid during the year.

(vi) 6% cumulative redeemable preference shares

AASB133(72)

The 6% cumulative redeemable preference shares are not ordinary or potential ordinary shares and have not been included in the determination of basic and diluted earnings per share. These shares are classified as liabilities (see note 7(h)).

Earnings per share

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

1. The following requirements are not illustrated in this publication, because they are not applicable to VALUE ACCOUNTS Holdings Limited:

	Issue not illustrated	Relevant disclosures or references
AASB133(70)(d)	Share transactions after the end of the reporting period	Provide a description of material share transactions that occurred after the end of the reporting period and that were not retrospectively adjusted in the calculation of earnings per share (EPS).
AASB133(73)	EPS based on alternative earnings	Indicate the basis on which the alternative earnings are determined, including whether the amounts are before or after tax. Provide a reconciliation between the earnings used and a line item that is reported in the statement of comprehensive income, where necessary.
AASB101(112)(c)	Major capital restructuring	Consider providing appropriate explanations in the notes where the restructuring had a significant impact on the EPS information that was calculated in accordance with the requirements of AASB 133.

23 Offsetting financial assets and financial liabilities [1-4,7]

AASB132(42)
AASB7(13A),(13B)

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where VALUE ACCOUNTS Holdings Limited currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. VALUE ACCOUNTS Holdings Limited has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or the termination of a contract.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2024 and 31 December 2023. The column 'net amount' shows the impact on the group's statement of financial position if all set-off rights were exercised.

AASB7(13C)

	Effects of offsetting on the statement of financial position			Related amounts not offset		
	Gross amounts	Gross amounts offset in the statement of financial position	Net amounts presented in the statement of financial position	Amounts subject to master netting arrange-ments	Financial instrument collateral	Net amount
2024	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Cash and cash equivalents (c)	**55,083**	**-**	**55,083**	**-**	**(24,678)**	**30,405**
Trade receivables (a)(i),(c)	**16,661**	**(999)**	**15,662**	**-**	**(10,410)**	**5,252**
Financial assets at FVTPL (c)	**11,300**	**-**	**11,300**	**-**	**(11,300)**	**-**
Other financial assets (a)(ii)	**1,000**	**(1,000)**	**-**	**-**	-	**-**
Derivative financial instruments (b),(c)	**2,162**	**-**	**2,162**	**(308)**	**(1,088)**	**766**
Total	**86,206**	**(1,999)**	**84,207**	**(308)**	**(47,476)**	**36,423**
Financial liabilities						
Trade payables (a)(i)	**10,999**	**(999)**	**10,000**	**-**	**-**	**10,000**
Borrowings (a)(ii),(c)	**98,515**	**(1,000)**	**97,515**	**-**	**(47,476)**	**50,039**
Derivative financial instruments (b)	**1,376**	**-**	**1,376**	**(308)**	**-**	**1,068**
Total	**110,890**	**(1,999)**	**108,891**	**(308)**	**(47,476)**	**61,107**
2023						
Financial assets						
Cash and cash equivalents (c)	30,299	-	30,299	-	(11,154)	19,145
Trade receivables (a)(i),(c)	8,670	(450)	8,220	-	(6,542)	1,678
Financial assets at FVTPL (c)	10,915	-	10,915	-	(10,915)	-
Other financial assets (a)(ii)	1,000	(1,000)	-	-	-	-
Derivative financial instruments (b),(c)	2,129	-	2,129	(621)	(640)	868
Total	53,013	(1,450)	51,563	(621)	(29,251)	21,691
Financial liabilities						
Trade payables (a)(i)	8,681	(450)	8,231	-	**-**	8,231
Borrowings (a)(ii),(c)	85,595	(1,000)	84,595	-	(29,251)	55,344
Derivative financial instruments (b)	1,398	-	1,398	(621)	-	777
Total	95,674	(1,450)	94,224	(621)	(29,251)	64,352

(a) Offsetting arrangements

(i) Trade receivables and payables

AASB7(13B)

VALUE Manufacturing Limited gives volume-based rebates to selected wholesalers. Under the terms of the supply agreements, the amounts payable by VALUE Manufacturing Limited are offset against receivables from the wholesalers and only the net amounts are settled. The relevant amounts have therefore been presented net in the statement of financial position.

(ii) Borrowings

AASB7(13B)

VALUE ACCOUNTS Holdings Limited is required to maintain cash on deposit of $1,000,000 in respect of certain borrowings. The cash cannot be withdrawn or used by the company for liquidity purposes whilst the borrowing is outstanding. On maturity of the borrowing, the company and the lender intend to net settle. As a result, VALUE ACCOUNTS Holdings Limited's borrowings have been presented net of the cash on deposit, because the requirements under Australian Accounting Standards to offset have been met.

(b) Master netting arrangements – not currently enforceable [5]

AASB7(13E),(B50)

Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), will the net position owing/receivable to a single counterparty in the same currency be taken as owing and all the relevant arrangements terminated. Since VALUE ACCOUNTS Holdings does not presently have a legally enforceable right of set-off, these amounts have not been offset in the statement of financial position, but they have been presented separately in the table above.

(c) Collateral against borrowings [6]

AASB7(13C)

VALUE ACCOUNTS Holdings Limited has pledged financial instruments as collateral against a number of its borrowings. See note 24 for further information on financial and non-financial collateral pledged as security against borrowings.

Offsetting financial assets and financial liabilities

Scope

1. Because of the broad scope of the offsetting requirements, the disclosures are relevant not only to financial institutions but also to corporate entities.

AASB7(13A),(B40)

AASB132(50)

2. The offsetting disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreements, irrespective of whether they are offset in accordance with paragraph 42 of AASB 132. While there is no definition of 'master netting arrangement', a master netting arrangement will commonly:
   (a) provide for a single net settlement of all financial instruments covered by the agreement in the event of default on, or termination of, any one contract
   (b) be used by financial institutions to provide protection against loss in the event of bankruptcy or other circumstances that result in a counterparty being unable to meet its obligations, and
   (c) create a right of set-off that becomes enforceable and affects the realisation or settlement of individual financial assets and financial liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business.

AASB7(B41)

3. The offsetting disclosures do not apply to arrangements, such as:
   (a) financial instruments with only non-financial collateral agreements
   (b) financial instruments with financial collateral agreements but no other rights of set-off, and
   (c) loans and customer deposits with the same financial institution, unless they are offset in the statement of financial position.

Location of disclosures

AASB7(13F)

4. Where the disclosures are provided in more than one note to the financial statements, cross-references between the notes shall be included. Entities with significant offsetting arrangements should consider including this information more prominently, for example together with the information about financial risk management or as part of their financial assets/financial liabilities disclosures.

Master netting without offsetting

AASB7(36)(b)

5. An entity might have entered into one or more master netting arrangements that serve to mitigate its exposure to credit loss but do not meet the criteria for offsetting. Where a master netting arrangement significantly reduces the credit risk associated with financial assets not offset against financial liabilities with the same counterparty, the entity must provide additional information concerning the effect of the arrangement.

Collateral arrangements

AASB7(13C)(d),(B41)

6. Where an entity has pledged financial instruments (including cash) as collateral, this is only required to be disclosed as part of the offsetting disclosures where there are other set-off arrangements currently in place in relation to the same instrument(s). That is, disclosure is not required where the only potential effect of the offset relates to a collateral agreement. VALUE ACCOUNTS Holdings Limited illustrates an example where cash has been offset against borrowings held by the entity. As a result, it is required to disclose other financial instrument collateral provided in relation to this borrowing.

Offsetting financial assets and financial liabilities

Cash pooling arrangements

AASB132(42)

7. Some groups have cash pooling arrangements in place whereby cash surpluses and overdrafts residing in an entity's or group's various bank accounts are pooled together to create a net surplus or overdraft. The group would first need to consider whether the arrangement should be treated as one or multiple units of account and, if it is more than one unit of account, whether the criteria for offsetting are met. The Committee considered these arrangements in March 2016 and concluded that positive cash balances and overdrafts cannot be offset to the extent that the entity does not intend to settle the period end balances on a net basis. Some arrangements are unlikely to satisfy the offsetting requirements in AASB 132 unless the balances are settled or transferred into a netting account as at the reporting date.

24 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

		Notes	**2024 $'000**	2023 $'000
	Current			
	Transferred receivables		**3,250**	-
	Floating charge			
AASB7(14)(a)	Cash and cash equivalents	7(e)	**24,678**	11,154
AASB7(14)(a)	Receivables	7(a)	**10,410**	6,542
AASB7(14)(a)	Financial assets at FVTPL	7(d)	**11,300**	10,915
AASB7(14)(a)	Derivative financial instruments	12(a)	**1,088**	640
	Total current assets pledged as security		**50,726**	29,251
	8. Non-current			
	First mortgage			
AASB116(74)(a)	Freehold land and buildings	8(a)	**24,950**	23,640
AASB140(75)(g)	Investment properties	8(c)	**13,300**	10,050
			38,250	33,690
	Floating charge			
AASB7(14)(a)	Financial assets at amortised cost	7(a)	**2,700**	700
AASB7(14)(a)	Financial assets at FVOCI	7(c)	**6,782**	7,148
AASB7(14)(a)	Financial assets at FVTPL	7(d)	**1,200**	-
AASB7(14)(a)	Derivative financial instruments	12(a)	**308**	712
AASB116(74)(a)	Plant and equipment	8(a)	**6,150**	4,100
			17,140	12,660
	Total non-current assets pledged as security		**55,390**	46,350
	Total assets pledged as security		**106,116**	75,601

Restrictions and covenants imposed under leasing agreements over right-of-use assets are disclosed in note 8(b).

2Y Deed of cross guarantee [1-4,6-9]

ASIC2016/785

VALUE ACCOUNTS Holdings Limited, VALUE Retail Limited and VALUE Development Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

(a) Consolidated statement of profit or loss, statement of comprehensive income and summary of movements in consolidated retained earnings

ASIC2016/785.4

The above companies represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by VALUE ACCOUNTS Holdings Limited, they also represent the 'extended closed group'.

ASIC2016/785.6(1)(v)(v)

Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 31 December 2024 of the closed group consisting of VALUE ACCOUNTS Holdings Limited, VALUE Retail Limited and VALUE Development Limited.

	2024 $'000	2023 $'000 [5]
Consolidated statement of comprehensive income		
Revenue from continuing operations	**121,706**	98,471
Other income	**4,385**	1,190
Cost of sales of goods	**(41,424)**	(44,242)
Cost of providing services	**(15,669)**	(11,260)
Other expenses from ordinary activities	**(30,754)**	(27,768)
Finance costs	**(3,618)**	(3,590)
Share of net profits of associates and joint ventures accounted for using the equity method	**340**	355
Profit before income tax	**34,966**	13,156
Income tax expense	**(9,964)**	(7,127)
Profit for the period	**25,002**	6,029
Other comprehensive income		
Items that may be reclassified to profit or loss		
Changes in the fair value of debt instruments at fair value through other comprehensive income	**126**	(228)
Gains on cash flow hedges	**171**	1,228
Income tax relating to these items	**(89)**	(300)
Items that will not be reclassified to profit or loss		
Revaluation of land and buildings	**4,341**	4,506
Changes in the fair value of equity investments at fair value through other comprehensive income	**389**	(757)
Remeasurements of post-employment benefit obligations	**119**	(910)
Share of revaluation of land and buildings of associates and joint ventures	**300**	100
Income tax relating to these items	**(1,545)**	(882)
Other comprehensive income for the period, net of tax	**3,812**	2,757
Total comprehensive income for the period	**28,814**	8,786
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**8,914**	14,092
Profit for the period	**25,002**	6,029
Transfer from share capital on buy-back of preference shares	**143**	-
Remeasurements of post-employment benefit obligations, net of tax	**21**	(403)
Depreciation transfer, net of tax	**224**	234
Dividends provided for or paid	**(22,924)**	(11,038)
Retained earnings at the end of the financial year	**11,380**	8,914

(b) Consolidated statement of financial position

ASIC2016/785.6(1)(v)(v)

Set out below is a consolidated statement of financial position as at 31 December 2024 of the closed group consisting of VALUE ACCOUNTS Holdings Limited, VALUE Retail Limited and VALUE Development Limited.

	2024 $'000	2023 $'000
Current assets		
Cash and cash equivalents	**25,474**	18,207
Trade receivables	**7,048**	3,699
Inventories	**9,969**	8,852
Other financial assets at amortised cost	**716**	572
Financial assets at fair value through profit or loss	**5,085**	4,912
Derivative financial instruments	**834**	638
Total current assets	**49,126**	36,880
Non-current assets		
Financial assets at fair value through other comprehensive income	**3,052**	3,217
Financial assets at fair value through profit or loss	**2,390**	980
Financial assets at amortised cost	**24,227**	20,906
Investments accounted for using the equity method	**3,775**	3,275
Derivative financial instruments	**308**	712
Property, plant and equipment	**62,671**	45,936
Right-of-use assets	**4,390**	4,279
Investment properties	**13,300**	10,050
Intangible assets	**11,048**	9,425
Deferred tax assets	**3,532**	2,486
Total-non-current assets	**128,693**	101,266
Total assets	**177,819**	138,146
Current liabilities		
Trade and other payables	**7,984**	5,961
Borrowings	**3,780**	3,598
Lease liabilities	**1,354**	1,250
Derivative financial instruments	**1,376**	1,398
Current tax liabilities	**509**	385
Provisions	**1,525**	770
Total current liabilities	**16,528**	13,362
Non-current liabilities		
Borrowings	**40,102**	34,470
Lease liabilities	**3,822**	3,831
Deferred tax liabilities	**5,605**	3,069
Provisions	**708**	622
Employee benefit obligations	**6,749**	4,881
Total non-current liabilities	**56,986**	46,873
Total liabilities	**73,514**	60,235
Net assets	**104,305**	77,911
Equity		
Contributed equity	**84,828**	63,426
Reserves	**8,097**	5,571
Retained earnings	**11,380**	8,914
Total equity	**104,305**	77,911

Deed of cross guarantee

Deed of cross guarantee

ASIC2016/785

1. *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* relieves a company of a specified class that is wholly-owned by an Australian company, a disclosing entity which is an Australian body corporate, or a registered foreign holding company, of the necessity to prepare a financial report and directors' report where the requirements of the instrument have been met. One of these requirements is that the holding entity and the subsidiaries have become parties to a deed of cross guarantee under which each of the entities guarantees the debts of the others.

ASIC Info Sheet 24

2. ASIC has provided guidance on the operation of the instrument on its website, together with various pro forma documents, including a pro forma deed of cross guarantee (PF 24).

Recognition of financial liabilities

AASB9(2.1)(e),(4.2.1)(c)

3. Parent entities and subsidiaries that are party to a deed of cross guarantee should be aware that these guarantees are financial liabilities under AASB 9 and will have to be recognised at their fair value, if material.

ASIC2016/785.6(1)(u)

4. The instrument also requires the consolidated financial statements to include adequate provision in relation to the liabilities of any parties to the deed of cross guarantee (other than the trustee or alternative trustee) which are not consolidated where it is probable that those liabilities will not be fully met by those parties.

Comparatives

ASIC2016/785.4

5. Comparative information only needs to be provided if the holding entity was a holding entity in a deed of cross guarantee at any time during the immediately preceding reporting period.

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

Extended closed group

ASIC2016/785.4

6. The extended closed group is defined in the instrument as "the closed group and any other bodies which are parties to the deed of cross guarantee and which are controlled by the holding entity". For the purposes of these illustrative financial statements, the holding entity is VALUE ACCOUNTS Holdings Limited. The instrument requires disclosure of the members of the closed group and, where applicable, the other members of the extended closed group.

Additional disclosure requirements for extended closed group and other parties to the deed

ASIC2016/785.6(1)(v)(vi)

7. If the consolidated financial statements cover entities which are not parties to the deed of cross guarantee and the members of the extended closed group are not the same as the closed group, additional consolidated information must be included in the notes for:
   (a) the closed group (as illustrated in note 2Y), and
   (b) the holding entity and those entities which are parties to the deed of cross guarantee and controlled by the holding entity (i.e. VALUE ACCOUNTS Holdings Limited).

ASIC2016/785.4

   In the case of VALUE ACCOUNTS Holdings Limited, the parties to the deed are all members of the closed group. The information to be disclosed includes a statement of comprehensive income setting out the information specified by paragraphs 82-87 of AASB 101 *Presentation of Financial Statements*, opening and closing balances of retained earnings, dividends provided for or paid, transfers to and from reserves and a statement of financial position complying with paragraphs 54 to 59 of AASB 101.

ASIC2016/785.6(1)(v)(vii)

8. If there are any parties to the deed of cross guarantee (other than the trustee or alternative trustee) which are not controlled by the holding entity, the note disclosures shall also include a statement of comprehensive income and statement of financial position (and retained earnings and dividend information) in respect of those parties (either individually or in aggregate). In the case of VALUE ACCOUNTS Holdings Limited, all the parties to the deed of cross guarantee are controlled by the holding entity (i.e. VALUE ACCOUNTS Holdings Limited).

Deed of cross guarantee

Disclosure of changes in parties to the deed of cross guarantee or eligible for the relief

ASIC2016/785.6(1)(v)(iii),(iv)

9. Additional disclosures specified in instrument 2016/785 and not illustrated in note 2Y because they are not relevant to the parties to the VALUE ACCOUNTS Holdings Limited deed of cross guarantee which shall also be made, where relevant are:
   (a) details (including dates) of parties which, during or since the financial year, have been:
      (i) added by an assumption deed contemplated by the deed of cross guarantee
      (ii) removed by a revocation deed contemplated by the deed of cross guarantee, or
      (iii) the subject of a notice of disposal contemplated by the deed of cross guarantee, and
   (b) details (including dates and reasons) of any entities which obtained relief at the end of the preceding financial year, but which were ineligible for relief in respect of the current year.

2Z Parent entity financial information [8,9]

(a) Summary financial information

CR2M.3.01

The individual financial statements for the parent entity, VALUE ACCOUNTS Holdings Limited, show the following aggregate amounts:

		2024 $'000	2023 $'000
	Statement of financial position		
CR2M.3.01(1)(a),(k)	Current assets	**55,405**	41,281
CR2M.3.01(1)(b),(k)	Total assets	**160,569**	124,178
CR2M.3.01(1)(c),(k)	Current liabilities	**13,221**	10,690
CR2M.3.01(1)(d),(k)	Total liabilities	**60,160**	49,164
CR2M.3.01(1)(e),(k)	*Shareholders' equity*		
	Issued capital	**84,828**	63,426
	Reserves		
	Revaluation surplus – property, plant and equipment	**2,436**	1,428
	Financial assets at fair value through other comprehensive income	**492**	429
	Cash flow hedges	**778**	756
	Share-based payments [4]	**2,771**	1,844
	Retained earnings	**9,104**	7,131
		100,409	75,014
CR2M.3.01(1)(f),(k)	**Profit or loss for the period**	**20,001**	4,823
CR2M.3.01(1)(g)(k)	**Total comprehensive income**	**23,051**	7,028

CR2M.3.01(1)(h),(k)

(b) Guarantees entered into by the parent entity [1-3]

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

The parent entity has provided financial guarantees in respect of bank overdrafts and loans of subsidiaries amounting to $365,000 (2023 – $360,000), secured by registered mortgages over the freehold properties of the subsidiaries.

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

(i) lease contracts of subsidiaries amounting to $2,500,000 (2023 – $2,600,000)

(ii) the bank overdraft of a subsidiary amounting to $790,000 (2023 – $845,000)

(iii) a bank loan of the subsidiary participating in the Fernwood Partnership (see note 16(d)) amounting to $2,750,000 (2023 – $5,800,000).

A liability has been recognised in relation to these financial guarantees in accordance with the policy set out in note 25(q) and (e) below.

In addition, there are cross guarantees given by VALUE ACCOUNTS Holdings Limited, VALUE Retail Limited and VALUE Development Limited as described in note 2Y. No deficiencies of assets exist in any of these companies.

No liability was recognised by the parent entity or the group in relation to these guarantees, as the fair value of the guarantees is immaterial.

CR2M.3.01(1)(i),(k)

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2024 or 31 December 2023. For information about guarantees given by the parent entity, please see above.

CR2M.3.01(1)(j),(k)

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

As at 31 December 2024, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $850,000 (31 December 2023 – $770,000). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

AASB101(119)

(e) Determining the parent entity financial information [5]

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

AASB127(16)(c)
AASB127(12)

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of VALUE ACCOUNTS Holdings Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

AASB101(119),(112)(c)

(ii) Tax consolidation legislation [6,7]

UIG1052(16)(a)

VALUE ACCOUNTS Holdings Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

UIG1052(7),(9)(a),(16)(a),(b)

The head entity, VALUE ACCOUNTS Holdings Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

UIG1052(12)(a)

In addition to its own current and deferred tax amounts, VALUE ACCOUNTS Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

UIG1052(16)(c)

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate VALUE ACCOUNTS Holdings Limited for any current tax payable assumed and are compensated by VALUE ACCOUNTS Holdings Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to VALUE ACCOUNTS Holdings Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

AASB101(119)

(e) Determining the parent entity financial information [5]

UIG1052(16)(c)

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

UIG1052(12)(b)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

UIG1052(12)(c)

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

AASB101(119)

(iii) Financial guarantees [3]

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

(iv) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Parent entity financial information

Financial guarantees

AASB9, Appendix A

1. 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 payment when due in accordance with the original or modified terms of a debt instrument.

AASB9(2.1)(e),(B2.5)(a),(B2.6)

2. Financial guarantees must be accounted for in accordance with the provisions in AASB 9 *Financial Instruments*, unless the issuer has previously asserted explicitly that it regards such contracts as insurance contracts and has accounted for them as such.

Recognition and measurement

AASB9(4.2.1)(c)

3. Where financial guarantee contracts are recognised under AASB 9, they must be initially recognised at their fair value. Subsequently, the guarantees are measured by the issuer at the higher of:
   (a) the amount of the loss allowance determined in accordance with the expected credit loss model under AASB 9, and
   (b) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles in AASB 5 *Revenue from Contracts with Customers.*

Share-based payment funding reserve – accounting in the parent entity

4. It is assumed that under the VALUE Employee Share Trust, the employees own the beneficial interest in the residual assets of the shares and there is no formal loan arrangement in place between the parent entity and the Trust. As a result, the provision of cash to the Trust to buy shares in the parent entity on market is recognised as an equity transaction in the share-based payment reserve of the parent entity. If the entity (rather than the employees) has a beneficial interest in the Trust's residual assets, the entity should recognise an investment in the Trust instead.

Disclosing accounting policies

5. Following changes made to the *Corporations Act 2001* in June 2010, parent entities no longer need to include separate parent entity financial statements in their annual financial report unless they are required to do so under other statutory rules (e.g. AfS licensing requirements or APRA rules). However, they still need to provide key financial information for the parent entity in the notes. Where the policies applied in preparing the parent entity information are different to those applied in preparing the consolidated financial statements, this should be explained.

Parent entity financial information

Tax consolidation disclosures

6. The terms and conditions of tax funding agreements may vary widely between entities. E.g. the funding amounts may be determined on a completely different basis to that assumed for VALUE ACCOUNTS Holdings Limited. The illustrative wording provided in this publication must be adapted to the individual circumstances. Some groups may also permit payment to occur via debit or credit to a general intercompany account. In this case, the disclosure should state this fact and refer to the relevant note for the terms and conditions of these accounts.

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

Tax consolidation with no tax funding agreement

7. If there is no tax funding agreement, the entity may disclose a note along the following lines:

   > As the tax consolidated group has not entered into a tax funding agreement, no compensation has been received or paid for any current tax payable or deferred tax assets relating to tax losses assumed by the parent entity since implementation of the tax consolidation regime.

   UIG1052(16)(d)

   In this case, the entity must disclose in its separate financial statements the net amount recognised for the period as tax consolidation contributions to (or distributions from) tax consolidated subsidiaries, its major components and the accounts affected.

Additional information to give a true and fair view

CA297
CA295(3)(c)

8. While CR2M.3.01 provides an exhaustive list of the information that must be disclosed for the parent entity, additional explanations may be necessary if the information required under the *Corporations Regulations* alone does not give a true and fair view of the parent entity's financial position and performance. This could be the case where significant transactions or events have affected the financial position and/or performance of the entity (e.g. a large impairment loss recognised during the reporting period).

Preparation of separate financial statements

9. Guidance on the preparation of full separate financial statements for parent entities, including the recognition and measurement of investments in subsidiaries, joint ventures and associates, is included in AASB 127 *Separate Financial Statements.* An entity that prepares full parent entity financial statements will need to make sure all of the required disclosures are made both for the group and the parent entity, unless is specific relief is provided (e.g. for earnings per share disclosures and segment reporting). No relief exists for AASB 7 and AASB 13 disclosures, for example.

AASB127(17)

10. In addition, the separate financial statements shall disclose the fact that the statements are separate financial statements and the reasons why they are prepared if not required by law. The financial statements shall also include a list of significant investments in subsidiaries, joint ventures and associates (including names, principal place of business and ownership held), provide a description of the methods used to account for the investments in subsidiaries, joint ventures and associates, and identify the consolidated financial statements or other primary financial statements to which they relate.

AASB101(117)
Revised requirements

25 Summary of other material accounting policies
1-10,25-27

Listed below are examples of accounting policies that could potentially be material for an entity and should therefore be disclosed. See commentary paragraphs 1 to 12 to help assessing whether a particular accounting policy should be included.

AASB101(112)(a),(b) (51)(b)

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

AASB101(112)(a),(117)

(a) Basis of preparation

AASB1054(7)-(9)

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. VALUE ACCOUNTS Holdings Limited is a for-profit entity for the purpose of preparing the financial statements. [21]

(i) Compliance with IFRS Accounting Standards [22-24]

AASB101(16)

The consolidated financial statements of the VALUE ACCOUNTS Holdings Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

AASB101(117)(a)

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

Revised disclosure

- certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment, and investment property – measured at fair value or revalued amount
- contingent consideration – measured at fair value, and
- defined benefit pension plans – plan assets measured at fair value.

Revised requirements

(iii) New and amended standards adopted by the group [11-13]

AASB108(28)

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

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current [AASB 101]*
- AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants [AASB 101]*
- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback [AASB 16]*; and
- AASB 2023-1 *Amendments to Australian Accounting Standards – Supplier Finance Arrangements [AASB 7 & AASB 107*]

As a result of the adoption of the amendments to AASB 107 and AASB 7, the group provided new disclosures for liabilities under supplier finance arrangements as well as the associated cash flows in note 7(g), note 10(c) and note 12(d).

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

AASB101(112)(a),(117)

(a) Basis of preparation

Revised requirements

(iv) New standards and interpretations not yet adopted [15-17]

AASB108(30)
AASB1054(17)

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and amendments is set out below [17]:

(a) AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability* [AASB 1, AASB 121 & AASB 1060] (effective for annual periods beginning on or after 1 January 2025)

In October 2023, the AASB amended AASB 121 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. VALUE ACCOUNTS Holdings Limited does not expect these amendments to have a material impact on its operations or financial statements.

(b) AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments* [AASB 7 & AASB 9] (effective for annual periods beginning on or after 1 January 2026)

On 29 July 2024, the AASB issued targeted amendments to AASB 9 and AASB 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

VALUE ACCOUNTS Holdings Limited does not expect these amendments to have a material impact on its operations or financial statements.

(c) AASB 18 *Presentation and Disclosure in Financial Statements* (effective for annual periods beginning on or after 1 January 2027)

AASB 18 will replace AASB 101 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though AASB 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of AASB 18 will have no impact on the group's net profit, the group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following items might potentially impact operating profit:
  - Foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
  - AASB 18 has specific requirements on the category in which derivative gains or losses are recognised – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the group currently recognises some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognised, and the group is currently evaluating the need for change.

AASB101(112)(a),(117)

(a) Basis of preparation

- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.
- The group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - management-defined performance measures;
  - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
  - for the first annual period of application of AASB 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying AASB 18 and the amounts previously presented applying AASB 101.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with AASB 18

AASB101(119)

(b) Principles of consolidation and equity accounting

(i) Subsidiaries

AASB10(5)-(7),(20),(25)

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

AASB3(4)

The acquisition method of accounting is used to account for business combinations by the group (see note 25(i)).

AASB10(19),(B86)(c)

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

AASB10(22)

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

AASB101(119)

(ii) Associates

AASB128(5),(16)

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

AASB101(119)

(b) Principles of consolidation and equity accounting

(iii) Joint arrangements

AASB11(14)

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. VALUE ACCOUNTS Holdings Limited has both joint operations and joint ventures.

Joint operations

AASB11(20)

VALUE ACCOUNTS Holdings Limited recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 16(d).

Joint ventures

AASB11(24)
AASB128(10)

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated statement of financial position.

(iv) Equity method

AASB128(10)

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

AASB128(38),(39)

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

AASB128(28),(30)

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

AASB128(42)

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 25(j).

(v) Changes in ownership interests

AASB10(23)(B96)

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

AASB10(25),(B97)-(B99)
AASB128(22)

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

AASB128(25)

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

AASB101(119)

(c) Segment reporting

AASB8(5),(7)

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of VALUE ACCOUNTS Holdings Limited has appointed a strategic steering committee which assesses the financial performance and position of the group and makes strategic decisions. The steering committee is the group's chief operating decision maker and consists of the chief executive officer, the chief financial officer and the manager for corporate planning.

AASB101(119),(120)

(d) Foreign currency translation

AASB101(119)

(i) Functional and presentation currency

AASB121(9),(17),(18)
AASB101(51)(d)

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

AASB101(119)

(ii) Transactions and balances

AASB121(21),(28),(32)
AASB9(6.5.11)(b),(6.5.13)(a)

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

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

AASB121(23)(c),(30)

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

AASB101(119),(120)

(d) Foreign currency translation

e

(iii) Group companies

AASB121(39)

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

AASB121(39)

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

AASB9(6.5.13)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

AASB121(47)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

AASB101(119)

(e) Revenue recognition

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

AASB101(119)

(f) Government grants

AASB120(7),(39)(a)

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Note 5 provides further information on how the group accounts for government grants.

AASB101(119),(120)

(g) Income tax [28-30]

AASB112(46)

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

AASB112(12),(46)
AASB-I23

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and it considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances based on either the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

AASB112(15),(24),(47)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.[13] Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

AASB112(51C)

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming that the property will be recovered entirely through sale.

AASB112(24),(34)

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

AASB112(39),(44)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

AASB112(71),(74)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

AASB112(61A)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

AASB101(119)

(h) Leases

AASB101(117)
AASB16(18)
AASB16(27)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option
- lease payments to be made under an extension option if the group is reasonably certain to exercise the option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

AASB101(117)
AASB16(24)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Entity-specific details about the group's leasing policy are provided in note 8(b).

AASB101(119),(120)

(g) Income tax [28-30]

AASB101(119),(120)

(i) Business combinations

AASB3(5),(37),(39),(53),(18),(19)

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- the fair values of the assets transferred
- the liabilities incurred to the former owners of the acquired business
- the equity interests issued by the group
- the fair value of any asset or liability resulting from a contingent consideration arrangement, and
- the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

AASB101(119),(120)

(i) Business combinations

AASB3(32),(34)

The excess of the:

- the consideration transferred
- the amount of any non-controlling interest in the acquired entity, and
- the acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or as financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

AASB3(42)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

AASB101(119)

(j) Impairment of assets

AASB136(9),(10)

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

AASB101(119)

(k) Cash and cash equivalents [10]

AASB107(6),(8),(46)

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

AASB101(119)

(l) Trade receivables [10]

AASB7(21)

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 7(a) for further information about the group's accounting for trade receivables and note 12(c) for a description of the group's impairment policies.

AASB101(119)

(m) Inventories

AASB101(119)

(i) Raw materials and stores, work in progress and finished goods

AASB102(9),(10),(25),(36)(a)
AASB9(6.5.11)(d)(i)

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the transfer from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but it excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

AASB101(119)

(ii) Land held for resale

AASB102(9),(10),(23),(36)(a)
AASB123(8),(22)

Land held for resale is stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

AASB101(119)

(n) Non-current assets (or disposal groups) held for sale and discontinued operations

AASB5 (5),(6),(15)

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and groups of contracts within the scope of AASB 17 *Insurance Contracts*, which are specifically exempt from this requirement.

AASB5(20)-(22)

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

AASB5(25)

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

AASB5(38)

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

AASB5(31),(32),(33)(a)

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

AASB101(119)
AASB7(21)

(o) Investments and other financial assets [10,18]

(i) Classification

AASB9(4.1.1)

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

AASB9(4.1.4),(5.7.1) For assets measured at fair value, gains and losses will either be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition present subsequent changes in fair value in other comprehensive income.

AASB9(4.4.1) The group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

AASB7(21),(B5)(c)
AASB9(3.1.1),(3.2.2),
(B3.1.3)-(B3.1.6)

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all of the risks and rewards of ownership.

(iii) Measurement [18,19]

AASB9(5.1.1) At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

AASB9(4.3.2),(4.3.3) Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

AASB9(5.2.1) Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

AASB9(4.1.2)

- Amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented a separate line item in the statement of profit or loss.

AASB9(4.1.1),(4.1.2A),
(5.7.10)

- FVOCI: assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented a separate line item in the statement of profit or loss.

AASB9(4.1.1),(4.1.4)

- FVTPL: assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

AASB9(5.7.5),(5.7.6) The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

AASB9(5.7.1) Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

AASB101(119)
AASB7(21)

(o) Investments and other financial assets [10,18]

(iv) Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 12(c) for further details.

AASB101(119)
AASB7(21)

(p) Derivatives and hedging activities [10,18]

AASB9(5.1.1),(5.2.1)(c),(5.2.3)

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

AASB9(6.5.2)

- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

AASB9(6.4.1)(b)

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 7(i). Movements in the hedging reserve in shareholders' equity are shown in note 9(c).

(i) Cash flow hedges that qualify for hedge accounting [19]

AASB9(6.5.11)

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

AASB9(6.5.15)

Where option contracts are used to hedge forecast transactions, the group designates only the intrinsic value of the options as the hedging instrument.

AASB9(6.5.15)(c)

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

AASB9(6.5.16)

When forward contracts are used to hedge forecast transactions, the group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity might designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are accounted for as follows:

AASB9(6.5.15),(6.5.16)

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss because the hedged item affects profit or loss (for example, through cost of goods sold).

AASB9(6.5.11)(d)(i)

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

AASB9(6.5.12)

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

AASB101(119)
AASB7(21)

(p) Derivatives and hedging activities [10,18]

AASB101(119)

(ii) Net investment hedges [19]

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

AASB9(6.5.13)

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses). [19]

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

AASB101(119)

(iii) Derivatives that do not qualify for hedge accounting [19]

AASB9(5.7.1)

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses). [19]

AASB101(119)

(s) Investment properties

AASB140(75)(a)

The group's accounting policy for investment properties is disclosed in note 8(c).

AASB101(119)

(t) Intangible assets

AASB101(119)

(i) Goodwill

AASB3(32)
AASB136(10)

Goodwill is measured as described in note 25(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

AASB136(80)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 2).

AASB101(119)
AASB7(21)

(q) Financial guarantee contracts [10,18]

AASB9(4.2.1)(c)

Financial guarantee contracts are recognised as a financial liability at the time when the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under AASB 9 *Financial Instruments,* and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of AASB 15 *Revenue from Contracts with Customers*.

The fair value of financial guarantees on initial recognition equals the present value of the premium in an arm's length transaction.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

AASB101(119)

(r) Property, plant and equipment

AASB116(73)(a),(35)(b),(17) AASB9(6.5.11)(d)(i)

The group's accounting policy for land and buildings is explained in note 8(a). All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost might also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

AASB116(12)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

AASB116(39)

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

AASB116(50),(73)(b)

The depreciation methods and periods used by the group are disclosed in note 8(a).

AASB116(51)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

AASB136(59)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 25(j)).

AASB116(68),(71),(41)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

AASB101(119)

(t) Intangible assets

AASB101(119)

(ii) Trademarks, licences and customer contracts

AASB138(74),(97),(118)(a),(b)

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

AASB101(119)

(iii) Research and development

AASB138(54),(71)

Research expenditure and development expenditure that do not meet the criteria for capitalisation as set out in note 8(d)(ii) are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

AASB101(119)

(iv) Amortisation methods and periods

See note 8(d) for details about amortisation methods and periods used by the group for intangible assets.

AASB101(119)

(u) Trade and other payables [10]

AASB7(21) AASB9(5.1.1)

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

AASB101(119)

(v) Borrowings [10]

AASB7(21)
AASB9(5.1.1),(4.2.1)

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

AASB132(18)

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

AASB132(18),(28), (AG31)(a)

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

AASB9(3.3.1),(3.3.3)

Borrowings are derecognised when the obligation specified in the contract is extinguished, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

AASB-I19(9)

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

AASB101(69)

Borrowings are classified as current liabilities unless, at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.

AASB101(72B)
New requirement

Covenants that the group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the group is required to comply with after the reporting period do not affect the classification at the reporting date.

AASB101(119)
AASB123(8)

(w) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

Other borrowing costs are expensed in the period in which they are incurred.

AASB101(119)

(x) Provisions

AASB137(14),(24), (63)

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

AASB137(36),(45), (47),(60)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

AASB101(119)

(y) Employee benefits

(i) Short-term obligations [20]

AASB119(11),(13)

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and they are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

AASB119(8),(155),(156)

(ii) Other long-term employee benefit obligations [20]

In some countries, the group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

AASB101(69)

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right, at the end of the reporting period, to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension obligations

AASB119(57),(67)

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

AASB119(83),(86)

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

AASB119(123)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

AASB119(57)(d)

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

AASB119(103)

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

AASB119(51)

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other post-employment obligations

AASB119(155)

Some group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

AASB101(119)

(y) Employee benefits

AASB101(119)

(iv) Share-based payments [21]

Share-based compensation benefits are provided to employees via the VALUE Employee Option Plan, an employee share scheme, the executive short-term incentive scheme and share appreciation rights. Information relating to these schemes is set out in note 21.

Employee options

AASB2(15)(b),(19) The fair value of options granted under the VALUE Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

AASB2(21)
- including any market performance conditions (such as the entity's share price)

AASB2(20)
- excluding the impact of any service and non-market performance vesting conditions (such as profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

AASB2(21A)
- including the impact of any non-vesting conditions (such as the requirement for employees to save or hold shares for a specific period of time).

AASB2(19) The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. The entity recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Deferred shares

AASB2(15),(16),(19) The fair value of deferred shares granted to employees for nil consideration under the short-term incentive scheme is recognised as an expense over the relevant service period. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

AASB2(19) Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed with effect from the date of the forfeiture.

Share appreciation rights

AASB2(30) Liabilities for the group's share appreciation rights are recognised as employee benefit expense over the relevant service period based on the estimated number of rights that are expected to vest. The liabilities are presented as employee benefit obligations and remeasured to fair value at each reporting date, with any measurement changes recognised in profit or loss as employee benefit expense. In estimating the fair value, market conditions and non-vesting conditions are taken into account. Where share appreciation rights are forfeited due to a failure by the employee to satisfy the service conditions, the liability is derecognised and expenses previously recognised are reversed.

AASB101(119)

(v) Profit-sharing and bonus plans

AASB119(19) The group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

AASB101(119)

(vi) Termination benefits

AASB119(165),(166) Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

AASB101(119)

(z) Contributed equity

AASB132(18)(a)

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities (note 7(h)).

AASB132(35),(37)

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

AASB132(33)

Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of VALUE ACCOUNTS Holdings Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of VALUE ACCOUNTS Holdings Limited.

AASB132(33)

Shares held by the VALUE Employee Share Trust are disclosed as treasury shares and deducted from contributed equity.

AASB101(119)

(aa) Dividends

AASB110(12),(13)

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

AASB101(119)

(ab) Earnings per share

(i) Basic earnings per share

AASB133(10)

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by
- the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 9(b)).

(ii) Diluted earnings per share

AASB133(30)

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

AASB101(119)

(ac) Goods and Services Tax (GST)

UIG1031(6),(7)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

UIG1031(8),(9)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

UIG1031(10),(11)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Summary of other material accounting policies

Whether to disclose an accounting policy

AASB101(119)

1. 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 where those policies are selected from alternatives allowed in Australian Accounting Standards.
2. Some Australian Accounting Standards specifically require disclosure of particular accounting policies, including choices made by management between different policies that they allow. For example, AASB 116 *Property, Plant and Equipment* requires disclosure of the measurement bases used for classes of property, plant and equipment and AASB 3 *Business Combinations* requires disclosure of the measurement basis used for non-controlling interest acquired during the period.

Changes made to AASB 101 from 1 January 2023

AASB2021-2

3. The AASB has amended AASB 101 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting policy information.

AASB101(117)

4. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

AASB101(117A)

5. Even if a transaction or other event is material in terms of amounts, accounting policy information could be omitted if the information itself is not material for an understanding of the entity's accounting for that particular transaction or event. Conversely, accounting policy information for less significant transactions or other events could, because of the nature of the related transaction or event, be material.

AASB101(117B)

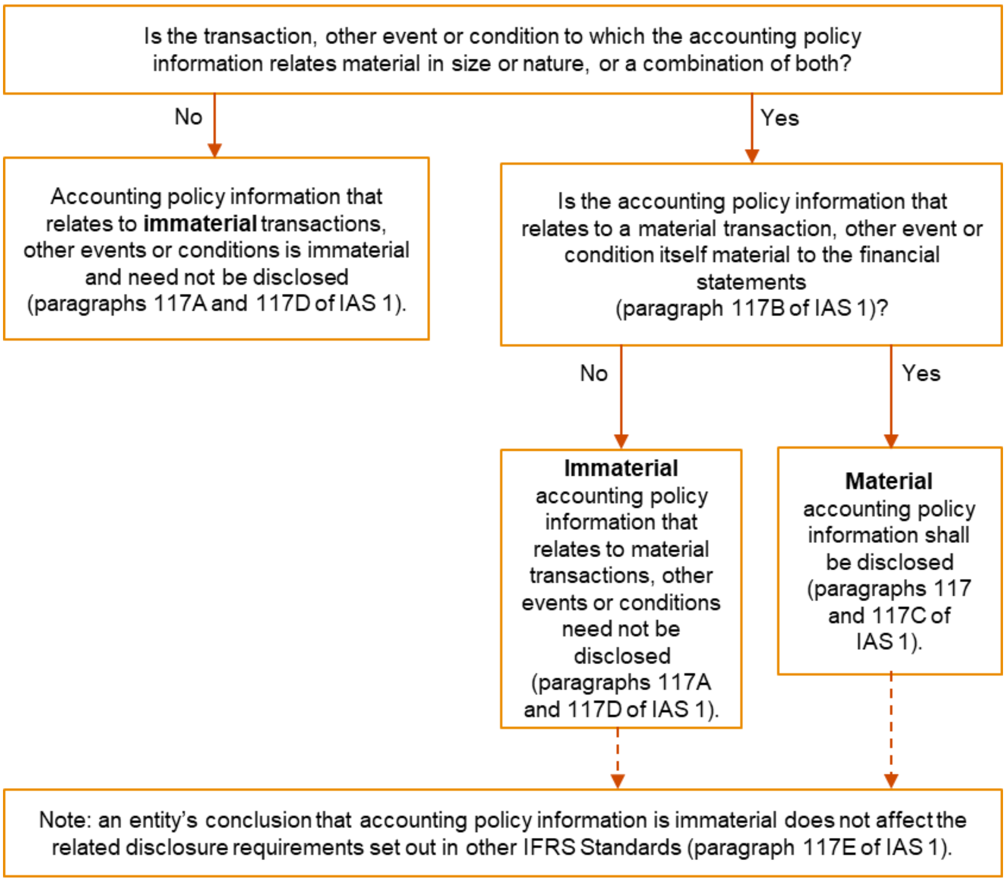
6. Factors to consider when determining if accounting policy information is material could include, but not necessarily be limited to, the following:
   (a) The entity changed its accounting policies during the reporting period, and the change resulted in a material change to the information in the financial statements.
   (b) The accounting policies were chosen from a set of alternatives under Australian Accounting Standards (AAS).
   (c) Accounting policies for the particular transaction or event are not specifically described under AAS, and so the entity derived the accounting policies using the guidance in paragraphs 10-12 of AASB 108.
   (d) The accounting policies relate to areas where the entity was required to apply significant judgement or assumptions in applying those policies, and the entity discloses those judgements or assumptions as required by paragraphs 122 and 125 of AASB 101.
   (e) The accounting requirements for the particular transaction or event are complex, and so the primary users of the financial statements need information about the accounting policies to gain an understanding of the accounting for that transaction or event.

AASB101(117C)

7. Accounting policy information that is entity-specific and tailor-made is more relevant for the primary user's understanding of the financial statements than generic information ("boilerplate information").

Summary of other material accounting policies

8. To support the amendments made to AASB 101, the AASB also amended AASB Practice Statement 2 *Making Materiality Judgements* to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The following decision tree from the practice statement might be helpful in determining if accounting policy information should be disclosed for any particular transaction or event:



How we disclose accounting policies in this publication

9. In this publication, we have disclosed policies that are specific to the entity and relevant for an understanding of individual line items in the financial statements together with the notes for those line items. This includes policies which were chosen from a set of alternatives, policies for transactions or events that are not specifically described under AAS or where the entity was required to apply significant judgements or assumptions in applying the policies. Policies which are not entity-specific but rather summarise the requirements of the accounting standards are included in note 25(b) to 25(ab). These policies would only need to be included if they are assessed to be material for an entity based on the criteria listed above.

AASB7(21),(B5)

10. However, preparers should note that AASB 7 states that information about the measurement basis (bases) for financial instruments used in preparing the financial statements is expected to be material accounting policy information. See paragraph 18 below for guidance on what the disclosures of the measurement basis can include.

Change in accounting policy – new and revised accounting standards

AASB108(28)

11. Where an entity has changed any of its accounting policies either as a result of a new or revised accounting standard or voluntarily it must explain the change in its notes. Additional disclosures are required where a policy is changed retrospectively, see note 26 for further information.

AASB108(28)

12. New or revised accounting standards and interpretations only need to be disclosed if they resulted in a change in accounting policy which had an impact in the current year or could impact on future periods. There is no need to disclose pronouncements that did not have any impact on the entity's accounting policies and amounts recognised in the financial statements.

Summary of other material accounting policies

13. For the purpose of this edition, we have assumed that VALUE ACCOUNTS Holdings Limited did not have to make any changes to its accounting policies as a result of the Lease liability sale and leaseback – Amendments to AASB 16 summarised in Appendix G(a). However, this assumption will not necessarily apply to all entities. Where there has been a change in policy, such as for the amendment to AASB 101,this will need to be explained, see note 26 for further information.

Early adoption of accounting standards

AASB2021-2
AASB2021-5

14. VALUE ACCOUNTS Holdings Limited does not generally adopt any standards or amendments to standards early, unless the amendments are only clarifying existing practice and do not introduce any major changes. The impact of standards and interpretations that have not been early adopted is disclosed in note 25(a)(iv). For a listing of standards that had been issued as at 30 September 2024 but were not yet mandatory, refer to Appendix G(c).

Standards and interpretations issued but not yet effective

AASB108(30)

15. Entities must explain if there are any accounting standards and interpretations which are not yet applied but are expected to have a material effect on the entity in the initial period of application. Where a pronouncement introduces a new accounting option that was not previously available, the entity should explain whether and/or how it expects to use the option in the future.
16. In our view, where the expected impact is material, entities should make these disclosures even if the new accounting pronouncement is issued after the reporting date but before the date of authorisation of the financial statements.

International accounting standards issued but not yet endorsed by the AASB

AASB108(30)
AASB1054(17)

Entities wishing to state compliance with IFRS Accounting Standards in their basis of preparation will also need to consider whether there are any international standards and interpretations (or amendments thereof) that have not yet been endorsed by the AASB at the time of the completion of their financial statements. If there are any such standards or interpretations and they are relevant to the entity, their impact on the entity's financial statements must also be discussed in this note.

17. The illustrative accounting policy note 25(a)(iv) assumes that only AASB 18 will have a material impact on VALUE ACCOUNTS Holdings Limited. However, this might not apply to all entities alike and entities will need to provide appropriate disclosures for other standards where necessary. For a listing of standards that had been issued as at 30 September 2024 but were not yet mandatory, see Appendix G(c).

Summary of other material accounting policies

Financial instruments

AASB7(21),(B5)

18. Disclosure of the measurement bases of financial instruments might include:
    (a) the nature of financial assets and financial liabilities that have been designated at fair value through profit or loss (FVTPL), the criteria for designating them at FVTPL and how the entity has satisfied the conditions in AASB 9 for such designation
    (b) whether regular way purchases and sales of financial assets are accounted for at trade date or at settlement date
    (c) how net gains or net losses on each category of financial instruments are determined (for example, whether the net gains or losses on items at FVTPL include interest or dividend income).

Presentation of fair value gains and losses on financial assets and derivatives

19. VALUE ACCOUNTS Holdings Limited's accounting policies for financial assets and derivatives (notes 25(o) and (p)) specify where in the statement of comprehensive income (or statement of profit or loss, as applicable) the relevant fair value gains or losses are presented. However, AASB 9 does not prescribe the presentation in the statement of comprehensive income. Other ways of presenting the fair value gains and losses might be equally appropriate. We believe that an entity's accounting policy on the presentation of hedge ineffectiveness should be consistent with its policy on presenting the results of trading derivatives and derivatives that are not part of a designated hedge accounting relationship.

Employee benefits

Presentation and measurement of annual leave obligations

20. VALUE ACCOUNTS Holdings Limited has presented its obligation for accrued annual leave within current employee benefit obligations. However, it might be equally appropriate to present these amounts either as provisions (if the timing and/or amount of the future payments is uncertain such that they satisfy the definition of 'provision' in AASB 137), or as other payables.

AASB119(8),(BC16)-(BC21)

For measurement purposes, we have assumed that VALUE ACCOUNTS Holdings Limited has both, annual leave obligations that are classified as short-term benefits and those that are classified as other long-term benefits under the principles in AASB 119. The appropriate treatment will depend on the individual facts and circumstances and the employment regulations in the respective countries. To be classified and measured as short-term benefits, the obligations must be expected to be settled wholly within 12 months after the end of the annual reporting period in which the employee has rendered the related services. The IASB has clarified that this must be assessed for the annual leave obligation as a whole and not on an employee-by-employee basis.

Share-based payments – expense recognition and grant date

AASB2(IG4)

21. Share-based payment expenses should be recognised over the period during which the employees provide the relevant services. This period could commence prior to the grant date. In this situation, the entity estimates the grant date fair value of the equity instruments for the purposes of recognising the services received during the period between service commencement date and grant date. Once the grant date has been established, the entity revises the earlier estimate so that the amounts recognised for services received are ultimately based on the grant date fair value of the equity instruments. The deferred shares awarded by VALUE ACCOUNTS Holdings Limited are an example of where this is the case. They are expensed over three years and two months, being the period to which the bonus relates and the two subsequent years until the deferred shares vest.

Statement of compliance with IFRS: Where compliance with Australian Accounting Standards doesn't lead to compliance with IFRS

AASB101(Aus16.3)

22. In some circumstances compliance with Australian Accounting Standards will not lead to compliance with IFRS. These circumstances include, e.g. where the entity is a for-profit public sector entity to which AASB 1004 *Contributions* applies and the entity has applied a requirement in that standard that overrides the requirements in an Australian equivalent to IFRS.

Summary of other material accounting policies

AASB1053(9)

23. Other examples are special purpose financial statements of non-reporting entities and financial statements prepared under tier 2 of the simplified disclosure regime, as neither of these will include all of the disclosures required by full IFRS. See Appendix A for a summary of the Australian financial reporting obligations, explanations about the reporting entity concept and when an entity may prepare general purpose financial statements under the simplified disclosure framework.

AASB101(Aus16.3)

24. Where the financial statements do not comply with IFRS, the statement of compliance must be omitted. Not-for-profit entities are not required to make a statement of explicit and unreserved compliance with IFRS.

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

25. The following requirements are not illustrated in this publication because they are not applicable to VALUE ACCOUNTS Holdings Limited:

	Issue not illustrated	Relevant disclosures or references
AASB7(28) AASB9(B5.1.2A)	Fair value determined using valuation technique – difference on initial recognition	Disclose (by class of financial instrument) the accounting policy for recognising that difference in profit or loss.
AASB101(117) AASB7(B5)(a),(aa)	Financial assets and liabilities designated at fair value through profit or loss (FVTPL)	Disclose the nature of the financial assets or liabilities designated as at FVTPL, the criteria for the designation and how the entity has satisfied the conditions for designation. See note 7 commentary paragraph 22 for illustrative disclosures.
AASB129(39)	Financial reporting in hyperinflationary economies	Disclose the fact that the financial statements and comparatives have been restated, which method was used (historical cost or current cost approach), and information about the identity and the level of the price index.

Industry-specific disclosures

26. Appendix F provides an illustration and explanation of the disclosure requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources* and AASB 141 *Agriculture*.

    The reporting obligations of entities operating in the investment funds industry and of superannuation entities are contained in other publications in the Value Accounts series which are available from www.pwc.com.au/ifrs. Examples of reporting requirements for insurers and entities in the investment property industry can be found in the Global Illustrative IFRS Accounting Standards consolidated financial statements series. These publications can be accessed from www.viewpoint.pwc.com.

Statement of compliance with Simplified Disclosure Requirements

AASB1060(10)

27. Entities whose financial statements comply with Accounting Standards – Simplified Disclosures shall make an explicit an unreserved statement of such compliance in the notes. As explained above, these entities cannot state compliance with IFRS because of the omission of disclosures that are required under IFRS. The disclosures relevant for entities reporting under the simplified disclosure regime are illustrated in our publication *Value Accounts Simplified Disclosure – June 2024*.

Summary of other material accounting policies

Tax consolidation legislation

UIG1052(7),(8)

28. The financial statements of subsidiaries that are part of a tax consolidated group and the separate financial statements of a head entity in a tax consolidated group (if prepared) should explain the accounting policies applied in respect of the tax consolidation.
29. In particular, each entity in the tax consolidated group must account for the current and future tax consequences of its own assets and liabilities, transactions and other events as required by AASB 112. However, UIG 1052 does not prescribe how to allocate the consolidated current and deferred tax amounts among the individual entities, except to say that the method adopted shall be systematic, rational and consistent with the broad principles established in AASB 112. VALUE ACCOUNTS Holdings Limited has adopted the 'stand-alone taxpayer approach' as per paragraph 9(a) of UIG 1052, see note 2Z. Other acceptable methods are:
    (a) separate-taxpayer within group (paragraph 9(b) of UIG 1052), and
    (b) group allocation (paragraph 9(c) of UIG 1052).
30. Further guidance on each of the three methods is in paragraphs 34-40 of UIG 1052. Examples of unacceptable methods can be found in paragraphs 10 and 39 of UIG 1052. The accounting policy adopted by VALUE ACCOUNTS Holdings Limited in relation to separate parent entity financial information is disclosed in note 2Z.

26 Changes in accounting policies [1-12]

Revised requirements

As a result of the adoption of the amendments to AASB 101, the group changed its accounting policy for the classification of borrowings:

> Borrowings are classified as current liabilities unless, at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.
>
> Covenants that the group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the group is required to comply with after the reporting period do not affect the classification.

This new policy did not result in a change in the classification of VALUE ACCOUNTS Holdings Limited's borrowings. The group did not make retrospective adjustments as a result of adopting the amendments to AASB 101.

Changes in accounting policies

Impact of change on the current period

AASB108(28)(f)

1. AASB 108 specifically requires disclosure of the effect of a change in accounting policy not only on prior periods but also on the current period, unless it is impracticable to determine the amount of the adjustment. To make this disclosure, entities will need to apply both the old accounting policy and the new policies in parallel in the year of adoption. The standard includes a definition of impracticable and a set of criteria that must be satisfied for the exemption to be applied, setting quite a high hurdle for using this exemption.
2. The IASB did consider requiring this disclosure only for voluntary changes of accounting policies and not where the change is a result of changes in the accounting standards. However, it they did not proceed with the amendment but decided instead to give relief on a case-by-case basis. For example, relief was provided for the adoption of AASB 15 *Revenue from Contracts with Customers,* but not for entities that adopted AASB 16 *Leases* without using the simplified transitional approach.

AASB15(C4)

Disclosures not illustrated: not applicable to VALUE ACCOUNTS Holdings Limited

Voluntary changes in accounting policy

AASB108(28),(29)

3. The disclosures for mandatory and voluntary changes in accounting policies are similar. Amongst others, entities must disclose in both cases the nature of the change in accounting policy, adjustments for the current and prior periods presented and adjustments relating to periods before those presented. However, entities that have voluntarily changed an accounting policy shall also explain the reasons why applying the new accounting policy provides reliable and more relevant information.

Change of accounting policy in response to IFRS Interpretations Committee agenda decisions

4. While IFRIC agenda decisions do not form part of the IFRS Accounting Standards, they often produce explanatory material that provides new information 'that was not otherwise available and could not otherwise reasonably have been expected to be obtained' relating to the application of accounting standards. Therefore, an entity might be required to change its previous accounting treatment following the issue of an IFRIC agenda decision. Often, but not always, changes resulting from an agenda decision would be a voluntary accounting policy change in accordance with AASB 108, because they arises from 'new information' and would generally have to be applied retrospectively. For a list of IFRIC agenda decisions issued in the last 12 months see Appendix G(b).

AASB108(29)

5. Where the entity has to change its accounting treatment, it should apply AASB 108 to determine the nature of and provide sufficient disclosure of the reasons for the change, having regard to the particular facts of the individual case. Entities might consider the following description for the change in accounting treatment:

   > The group previously accounted for [explanation of previous accounting practice]. Following the IFRS Interpretations Committee agenda decision on [subject matter] in [date], the group has reconsidered its accounting treatment. The group has adopted the treatment set out in the agenda decision [description of the new treatment]. This change in accounting treatment has been accounted for retrospectively and comparative information has been restated. [Disclose details of the effect.].

Changes in accounting policies

6. In addition, entities will need to:
   (a) explain any adjustments made to prior periods
   (b) discuss the impact of the change on the current period as explained in paragraphs 4 and 5 above
   (c) identify which of the primary financial statements have been restated (usually by adding the word 'restated' to the relevant column headers), together with a reference to the note where information about the restatement can be found
   (d) present a third statement of financial position as at the beginning of the comparative period if the retrospective restatements have a material effect on the information presented in that statement of financial position, and
   (e) show the effects of the retrospective restatement in the statement of changes in equity for each component of equity in the same way as illustrated on page 66 for an error restatement.

   Entities should also consider the views of the relevant regulator when assessing and describing the change.
7. The IASB has stated that it expects that entities should be entitled to have sufficient time to determine whether an IFRIC agenda decision will require a change in their accounting policies and to implement this change. Entities will need to apply judgement to determine what sufficient time is in this context. In our view, it should be just long enough to be able to implement the change. The judgement is an entity-specific assessment, and would consider, for example, whether additional information needs to be collected for the implementation of the new policy or to provide disclosures, or whether processes and systems need to be modified. We expect that, in many cases, sufficient time would be a matter of months, but it is unlikely that it would extend for more than a year. Entities should consider the views of any relevant securities regulator as part of the assessment.
8. Where management has concluded that a change in an accounting policy is required as a result of an agenda decision but that change has not been made yet, it should consider providing disclosures similar to those provided about forthcoming standards in accordance with paragraphs 30 and 31 of AASB 108.

Additional comparative information – third statement of financial position

AASB101(40A),(40C)

9. If an entity has applied an accounting policy retrospectively, restated items retrospectively or reclassified items in its financial statements and this had a material effect on the information in the statement of financial position at the beginning of the preceding period, the entity must present a third statement of financial position as at that date (1 January 2023 for entities with a 31 December 2024 year-end). However, it is not necessary to include the additional comparative information in the affected notes, provided that entity has disclosed all of the quantitative information that is required by AASB 108.

AASB101(40D)

10. The third statement of financial position must be presented as at the beginning of the preceding period even if the entity presents comparative information for earlier periods.

Impact of change on prior interim financial reports

AASB101(112)(c)

11. There is no explicit requirement to disclose the financial effect of a change in accounting policy that was made during the final interim period on prior interim financial reports of the current annual reporting period. However, where the impact on prior interim reporting periods is significant, an entity should consider explaining this fact and the financial effect as part of the disclosures made under paragraphs 28 and 29 of AASB 108.

CA295(1)(ba)

Consolidated entity disclosure statement [1-5,7,13-15]

(applicable for years ended prior to 30 June 2025)

CA295(3A)

			As at 31 December 2024			
Name of entity	**Type of entity**	**Trustee, partner or participant in JV [9]**	**% of share capital**	**Place of incorporation**	**Australian resident or foreign resident [10]**	**Foreign jurisdiction(s) of foreign residents [11]**
VALUE ACCOUNTS Holdings Limited	Body Corporate [6]	-	n/a	Australia	Australian	n/a
VALUE Retail Limited	Body corporate	-	100	Australia	Australian	n/a
VALUE Manufacturing Limited	Body corporate	-	90	Australia	Australian	n/a
VALUE Electronics Group	Body corporate	-	70	Australia	Australian	n/a
VALUE Overseas Ltd	Body corporate	-	45	China	Foreign	China
VALUE Consulting Inc	Body corporate	-	100	US	Australian	n/a *
VALUE Development Limited	Body corporate	-	100	Australia	Australian	n/a
VALUE Employee Share Trustee [8]	Body corporate	Trustee	100	Australia	Australian	n/a
VALUE Employee Share Trust [8]	Trust	-	n/a	n/a	n/a [12]	n/a
VALUE Subsidiary A Pty Ltd [8]	Body corporate	Partner	100	Australia	Australian	n/a **
VALUE Subsidiary B Pty Ltd [8]	Body corporate	Partner	60	New Zealand	Australian	n/a *
ABC Partnership [8]	Partnership	-	n/a ***	n/a	n/a ***	n/a ***

Not mandatory — * These entities are also a tax resident in their respective countries of incorporation. However, they are assessed as an Australian resident under the *Income Tax Assessment Act 1997* and therefore not classified as a foreign resident under that Act.. [10,11]

Not mandatory — ** VALUE Subsidiary A Pty Ltd has a branch in New Zealand which is subject to tax in New Zealand.[10]

Not mandatory — *** The ABC Partnership is a partnership between VALUE Subsidiary A and VALUE Subsidiary B and is therefore consolidated by VALUE ACCOUNTS Holdings Limited.

Not mandatory

Basis of preparation [6]

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

Determination of tax residency

Section 295 (3A)(vi) of the *Corporation Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

  The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5

- Foreign tax residency

  Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the *Corporations Act 2001)*.

Partnerships and trusts

Australian tax law does not contain corresponding residency tests for the partnerships and trusts disclosed above, and these entities are taxed on a flow-through basis. [12]

CA295(1)(ba)

Consolidated entity disclosure statement [1-5,7,13-15]

(applicable for years ended after 30 June 2025)

CA295(3A),(3B)

New requirement applicable 30 June 2025

	As at 30 June 2025					
Name of entity	**Type of entity**	**Trustee, partner or participant in JV [9]**	**% of share capital**	**Place of incorporation**	**Australian resident [10]**	**Foreign jurisdiction(s) [11]**
VALUE ACCOUNTS Holdings Limited	Body Corporate [6]	-	n/a	Australia	Yes	n/a
VALUE Retail Limited	Body corporate	-	100	Australia	Yes	n/a
VALUE Manufacturing Limited	Body corporate	-	90	Australia	Yes	n/a
VALUE Electronics Group	Body corporate	-	70	Australia	Yes	n/a
VALUE Overseas Ltd	Body corporate	-	45	China	No	China
VALUE Consulting Inc	Body corporate	-	100	US	Yes	US
VALUE Development Limited	Body corporate	-	100	Australia	Yes	n/a
VALUE Employee Share Trustee [8]	Body corporate	Trustee	100	Australia	Yes	n/a
VALUE Employee Share Trust [8]	Trust	-	n/a	n/a	Yes [12]	n/a
VALUE Subsidiary A Pty Ltd [8]	Body corporate	Partner	100	Australia	Yes	n/a
VALUE Subsidiary B Pty Ltd [8]	Body corporate	Partner	60	New Zealand	Yes	New Zealand
ABC Partnership [8]	Partnership	-	n/a *	n/a	Yes	n/a *

Not mandatory

* The ABC Partnership is a partnership between VALUE Subsidiary A and VALUE Subsidiary B and is therefore consolidated by VALUE ACCOUNTS Holdings Limited.

Not mandatory

Basis of preparation [6]

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

Determination of tax residency

Section 295 (3B)(a) of the *Corporation Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

  The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5

- Foreign tax residency

  Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the *Corporations Act 2001)*.

Partnerships and trusts

CA295(3B)(b),(c)

New requirement applicable 30 June 2025

For the purpose of this CEDS, VALUE Employee Share Trust is determined to be an Australia resident as it is a resident trust estate within the meaning of Division 6 of Part III of the *Income Tax Assessment Act 1936*. ABC Partnership is also determined to be an Australian resident because one of its partners is an Australian tax resident.[12]

Consolidated entity disclosure statement

Who has to prepare a consolidated entity disclosure statement (CEDS) and from when?

CA295(3A)

1. The new requirements apply to:
   (a) all public companies, regardless of size and whether they are listed or not, and
   (b) for financial years beginning on or after 1 July 2023.

CA1702

2. They do not apply to proprietary limited companies, registered schemes, registrable superannuation entities or public companies that report under the *Australian Charities and Not-for-profit Commission Act 2012*. See Appendix B for information about the types of companies that exist under the *Corporations Act 2001* and how they can be distinguished.

Presentation as separate statement

CA295(1)

3. The consolidated entity disclosure statement (CEDS) is a new component of the annual financial report. That is, the annual financial report now consists of:
   (a) financial statements
   (b) notes to the financial statements
   (c) CEDS, and
   (d) directors' declaration.
4. The statement must be prepared based on the entities that are part of the consolidated entity at the end of the relevant financial year. Comparative information for the prior period is not required.

CA295(4)(da)
ASIC INFO 284

5. Because the directors must make a 'true and correct' declaration over the CEDS, as opposed to 'true and fair', it is important that the CEDS can be clearly distinguished from other information in the financial report. The legislation lists the CEDS as a new component of the financial report that is separate from the notes. As such, it cannot be combined with the note on controlled entities that is required to be disclosed under AASB 12 *Disclosure of Interests in Other Entities* (note 16).

Basis of preparation

6. The legislation does not require the inclusion of a basis of preparation for the CEDS. However, because of the judgement involved in determining the tax residency of certain entities, we recommend explaining the basis on which this information has been determined. This would be the case in particular if there was significant judgement involved in determining tax residency status.

Applying materiality

ASIC INFO 284

7. The list of entities disclosed in the CEDS is longer than the list of entities disclosed in note 16, because the requirements in AASB 12 only apply to consolidated entities that are material to the group for the purpose of the financial statement disclosures. In contrast, the CEDS must disclose all entities that are part of the consolidated entity as at the end of the year, and entities cannot be excluded because of materiality.

CA295(3A)(a)(ii)

What is a body corporate

8. The CEDS must identify whether a subsidiary is a body corporate, a partnership or a trust. A body corporate is not defined as such in the *Corporations Act 2001.* However, it is generally understood to refer to any incorporated entity or body that is recognised by law as having the capacity to have legal rights and duties and to be sued. It does not matter where the body corporate was formed and includes (but is not limited to) corporations, statutory corporations, incorporated associations and cooperatives.

Disclosure of participation in joint ventures, partnerships and trusts

CA295(3A)(a)(iii)

9. The legislation requires disclosure of whether any of the subsidiaries were a:
   (a) trustee of a trust
   (b) partner in a partnership, or
   (c) participant in a joint venture
   (d) where the trust, partnership or joint venture are consolidated. Based on our reading of the legislation, there is no requirement to provide information on investments in entities that are not consolidated.

Consolidated entity disclosure statement

Disclosure of tax residency

CA295(3A)(a)(vi), (3B)(a)

Revised requirement applicable 30 June 2025

10. The legislation requires companies to disclose whether each entity is an Australian tax resident within the meaning of the *Income Tax Assessment Act 1997* (ITAA 1997), with special rules applicable to trusts and partnerships. Foreign incorporated companies can still be considered a tax resident of Australia if their central management and control is in Australia. An entity can be both, an Australian tax resident under the ITAA 1997, and a tax resident in another foreign jurisdiction under the tax law applicable in that jurisdiction. This could also be the case where an Australian company has an overseas branch and that branch is subject to tax in the foreign country. However, for the purposes of the ITAA 1997 (and the disclosures in the CEDS) the entity will still be classified as an Australian tax resident in those cases.

CA295(3A)(a)(vii)

Revised requirement applicable 30 June 2025

11. Where the entity is a foreign tax resident based on the foreign income tax laws, then each foreign country in which the entity is a tax resident (as determined under the law of foreign jurisdictions) must be disclosed, even where the entity is also an Australian tax resident. Additionally, recent amendments make it clear that if an entity operates in a foreign jurisdiction which does not apply tax residency tests to entities under its law or have a corporate tax system, no foreign tax residency should be disclosed. The requirement to disclose all foreign tax residencies even where an entity is an Australian tax resident is effective for reporting periods ending on or after 30 June 2025.

CA295(3B)(b),(c)

New requirement applicable 30 June 2025

12. The definition of tax residency in the ITAA 1997 applies to individuals and companies but does not extend to partnerships and trusts. The original legislation was not clear how to determine tax residency for entities that are taxed on a flow-through basis, such as partnerships and trusts. As such, in December 2024, the law was amended to clarify that trusts and partnerships are covered by the CEDS requirements and provide guidance for how to determine the tax residency of a partnership or trust. Under the amendments, a partnership and a trust will be an Australian tax resident in the following circumstances:
    - For a partnership, at least one member (i.e., partner) of which is an Australian resident (within the meaning of the *Income Tax Assessment Act 1997*) at the end of the financial year; and
    - For a trust, where the entity is a resident trust estate (within the meaning of Division 6 of Part III of the Income Tax Assessment Act 1936) in relation to the year of income that corresponds to the financial year. A resident trust estate is broadly one with a resident trustee or where central management and control of the trust is in Australia.

    The above amendments are effective for reporting periods ending on or after 30 June 2025.

Comparative information

13. The information in the CEDS only needs to be disclosed as at the end of the current reporting date. There is no requirement to disclose the same information for the comparative period.

Entity does not prepare consolidated financial statements – CEDS still required

CA295(3A)(b)

14. If the entity does not prepare consolidated financial statements because it does not have any subsidiaries it will still need to include a CEDS as part of its annual financial report. In this case, the CEDS will state that the requirements regarding the CEDS do not apply. The CEDS might say, for example:

    > As at 31 December 2024, VALUE ACCOUNTS Public Company Limited does not have any controlled entities and is therefore not required by the Australian Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A) of the Corporations Act 2001 does not apply to the entity.

15. If the entity does not prepare consolidated financial statements because it is an investment entity or an intermediate parent entity and therefore exempt from preparing consolidated financial statements under AASB 10 Consolidated Financial Statements, it could include the following statement:

    > As at 31 December 2024, VALUE ACCOUNTS Public Company Limited is an investment entity [alternatively: applying the exemption in AASB 10 Consolidated Financial Statements paragraph 4] and is not required by the Australian Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A)(a) of the Corporations Act 2001 does not apply to the entity.

CA295(1)(c)

Directors' declaration [1]

In the directors' opinion:

CA295(4)(d)

(a) the financial statements and notes set out on pages 48 to 271 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements [2], and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial year ended on that date, and

CA295(4)(c)

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable [3]

CA295(4)(da)
New requirement applicable 30 June 2024

(c) the consolidated entity disclosure statement on page 272 is true and correct [11], and

ASIC2016/785

(d) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 2Y will be able to meet any liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 2Y. [4,5]

CA295(4)(ca)

Note 25(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. [6]

CA295(4)(e)
Listed entities only

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*. [7,8]

CA295(5)(a)

This declaration is made in accordance with a resolution of the directors. [9]

CA295(5)(c)

M K Hollingworth [9]
Director

Disclosure of location not mandatory

Sydney

CA295(5)(b)

23 February 2025 [9,10]

Directors' declaration

Format of directors' declaration

1. The directors' declaration illustrated above is included by way of example. Other formats can be used as long as they comply with all relevant requirements.

Reference to other mandatory professional reporting requirements

2. Reference to other mandatory professional reporting requirements is not required, but is recommended.

Solvency declaration

ASIC-RG22

3. In Regulatory Guide 22 ASIC provides guidance to directors and auditors of companies in relation to the solvency declaration previously required by CA 301(5), but now required by CA 295(4)(c). As there is no substantive change to the requirements for the solvency declaration, the guidance in Regulatory Guide 22 is still relevant. The Guide discusses the obligations on directors in making the declaration, and the implications for auditors, under the following headings:
   (a) debts to be taken into account by directors in making the solvency statement
   (b) matters to be considered by directors
   (c) qualified statements by directors, and
   (d) implications for auditors.

Directors' declaration

Deed of cross guarantee

ASIC2016/785

4. *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* relieves a company of a specified class that is wholly-owned by an Australian company, a disclosing entity which is an Australian body corporate, or a registered foreign holding company, of the necessity to prepare financial statements where the requirements of the instrument have been met. One of these requirements is that the holding entity and the subsidiaries have become parties to a deed of cross guarantee under which each of the entities guarantees the debts of the other entities.

ASIC2016/785.6(1)(w)(i)

5. Another requirement of the instrument is that the directors' declaration made in relation to the consolidated financial statements must include comments along the lines shown. There are further disclosure requirements for the notes to the financial statements which are illustrated in note 2Y.

IFRS compliance statement

CA295(4)(ca)

6. The directors' declaration must mention if the notes to the financial statements include an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS). However, there is no need to explain why such a statement has been omitted, where this is the case.

Declarations by CEO and CFO - listed entities only

CA295(4)(c)

7. The directors' declaration of a listed entity must state that the directors have been given the declarations by the chief executive officer (CEO) and chief financial officer (CFO) required by CA 295A in relation to the entity's financial statements

CA295A(1),(2)

8. The declarations must state whether, in the CEO and CFO's opinion:
   (a) the financial records of the entity for the financial year have been properly maintained in accordance with CA 286
   (b) the financial statements and notes for the financial year comply with accounting standards
   (c) the financial statements and notes for the financial year give a true and fair view
   (d) any other matters that are prescribed by regulations in relation to the financial statements and notes for the financial year are satisfied.

Dating and signing of declaration

CA295(5)(a)-(c)

9. The directors' declaration shall be made in accordance with a resolution of the directors, specify the date on which it was made and be signed by a director.
10. The deadlines for various kinds of entities for signing the directors' declaration are set out in Appendix C.

Consolidated entity disclosure statement

11. For financial years beginning on or after 1 July 2023, public companies must include a consolidated entity statement (CEDS) in their annual financial report. The directors will need to confirm that this statement is 'true and correct'. This applies regardless of whether the CEDS includes a list of subsidiaries, or is a simple statement which says that the requirements in section 295(3A) do not apply to the entity (per paragraph 14 of the commentary to the CEDS).

Independent auditor's report to the members of VALUE ACCOUNTS Holdings Limited [1-7]

The audit report will be provided by the entity's auditor upon completion of the audit of the financial report. As the wording of the report may differ in certain aspects from firm to firm, we have not included an illustrative report in this publication.

Independent auditor's report

Form and content of audit report

CA307A
APES210

1. Standards and guidance on the preparation of audit reports on general purpose financial statements are given in Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*. Compliance with ASA 700 is mandatory for all audits carried out under the *Corporations Act 2001* and for all other audits carried out by members of the Accounting Bodies.

Other matters on which the auditor may be required to report

CA308(2)

2. If the auditor is of the opinion that the financial report does not comply with an accounting standard, the audit report must, to the extent it is practicable to do so, quantify the effect of the non-compliance. If it is not practicable to quantify the effect fully, the report must say why.

CA308(3)

3. The audit report must describe (on an exception basis):
   (a) any defect or irregularity in the financial report
   (b) any deficiency, failure or shortcoming in respect of the following matters:
      (i) whether the auditor has been given all information, explanation and assistance necessary for the conduct of the audit
      (i) whether the entity has kept financial records sufficient to enable a financial report to be prepared and audited
      (ii) whether the entity has kept other records and registers as required by the *Corporations Act 2001*.

CA308(3A)

4. The audit report must include any statements or disclosures required by auditing standards.

CA308(3B)

5. If the financial report includes additional information under CA 295(3)(c) (information included to give a true and fair view of financial position and performance), the audit report must 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 CA 297.

Disclosing entities that are companies – remuneration report

CA300A(1),(1A)
CA308(3C)

6. Disclosing entities that are companies must include a remuneration report in their directors' report in a separate and clearly identified section. Where such a report has been included, the auditor must also report on whether the remuneration complies with section 300A of the *Corporations Act 2001*.

GS008

7. The Auditing and Assurance Standards Board (AuASB) has provided guidance on the audit reporting implications of this requirement, including the appropriate changes to the wording of the audit report, in Auditing Guidance Statement GS008 *The Auditor's Report on a Remuneration Report Pursuant to Section 300A of the Corporations Act 2001*.

Shareholder information [5,6]

ASX(4.10)
Listed entities only

The shareholder information set out below was applicable as at 15 February 2025. [1]

A Distribution of equity securities

ASX(4.10.7)

Analysis of the number of equity security holders by size of holding and the total percentage of securities in that class held by the holders in each category:

	Class of equity security					
	Ordinary shares					
	Shares		Options			
Holding	**No holders**	**% of shares**	**No of holders**	**% of shares**	**Redeem. preference shares**	**Conver-tible notes**
1 - 1,000	250	0.22	-	-	-	-
1,001 - 5,000	150	0.87	60	10.97	-	1
5,001 - 10,000	100	14.63	45	17.38	-	-
10,001 - 100,000	20	2.36	4	11.81	-	-
100,001 and over	13	81.92	5	59.84	1	-
ASX(4.10.5)	533	100.00	114	100.00	1	1

ASX(4.10.8)

There were 30 holders of less than a marketable parcel of ordinary shares.

B Equity security holders

Twenty largest quoted equity security holders [2]

ASX(4.10.9)

The names of the twenty largest holders of quoted equity securities are listed below:

Name	**Ordinary shares**	
	Number held	**Percentage of issued shares**
Lion (Australia) Limited	34,858,893	60.00
Enterprise Limited	4,374,791	7.53
Investments Trading Limited	1,621,900	2,79
Nominee Corporation Limited	1,395,754	2.40
Australian Superannuation Fund	1,367,486	2.35
A B Bank Limited	1,339,218	2.31
Trustees Incorporated	1,310,950	2.26
Pacific Investments Incorporated	282,682	0.49
K N Meares	254,413	0.44
Kangaroo Traders Pty Limited	251,587	0.43
Land Corporation Limited	226,145	0.39
Electrical Traders Pty Limited	212,011	0.36
N T Toddington	100,740	0.17
Project Development Limited	92,296	0.16
Eastern Limited	92,402	0.16
M K Hollingworth	82,000	0.14
R J Hunter	74,059	0.13
R M Lyon	73,074	0.13
B A Wilson	73,200	0.13
H G Wells	67,473	0.12
	48,151,075	82.88

ASX(4.10.16)

Unquoted equity securities [3]	**Number on issue**	**Number of holders**
6% cumulative redeemable preference shares held by Trimark Securities Limited	5,000,000	1
7% convertible notes of $13.33 each held by Dominion Enterprises Limited	1,500,000	1
Options issued under the VALUE Employee Option Plan to take up ordinary shares	2,201,000	95

* Number of unissued ordinary shares under the options. No person holds 20% or more of these securities.

C Substantial holders [4]

ASX(4.10.4) Substantial holders in the company are set out below:

	Number held	Percentage
Ordinary shares		
Lion plc (as holding company of Lion (Australia) Limited) [4]	34,858,893	60.00%
Enterprise Limited	4,374,791	7.53%
6% cumulative redeemable preference shares		
Trimark Securities Limited	5,000,000	100.00%

D Voting rights

ASX(4.10.6) The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) 6% cumulative redeemable preference shares: One vote for each share, but limited to matters affecting the rights of such shares.

(c) 7% convertible notes: One vote for each note, but limited to matters affecting the rights of such notes.

(d) Options: No voting rights.

Shareholder information

Date at which made

ASX(4.10),(4.7.1) 1. The shareholder information must be current at a date specified by the entity which is no more than 6 weeks before the annual report is given to the ASX and sent to shareholders.

Twenty largest equity security holders

ASX(4.10.9) 2. Disclosure is required of the names of the twenty largest holders of each class of quoted equity securities, the number of equity securities each holds and the percentage of capital each holds.

Unquoted equity securities

ASX(4.10.16) 3. Disclosure is required of the number of each class of unquoted equity securities on issue (except CHESS Depositary Interests (CDIs)) as well as the number of holders for each class. If one person holds 20% or more of a class of unquoted equity securities, disclosure of that holder's name and the number of equity securities held is also required, unless the securities were issued under an employee incentive scheme.

Substantial holders

ASX(4.10.4) 4. Disclosure is required of the names of substantial holders in the entity, and the number of equity securities in which each substantial holder and the substantial holder's associates have a relevant interest, as disclosed in substantial holding notices given to the entity under the Corporations Act or any equivalent overseas law. If a substantial holding notice discloses that related bodies corporate have the same relevant interest in the same number of equity securities, the annual report need only include the name of the holding company. Substantial
CA9 holdings are those of 5% or more of the total votes attached to the voting shares or interests in the entity.

Restricted securities or securities subject to voluntary escrow

ASX(4.10.14) 5. Where there are restricted securities or securities subject to voluntary escrow, disclosure is required of the number and class of such securities on issue and the date that the escrow period ends. Restricted securities are defined in Chapter 19 of the Listing Rules.

Issues of securities for the purposes of Item 7 of CA 611 not yet completed

ASX(4.10.21) 6. Disclosure is required of a summary of any issues of securities approved for the purposes of Item 7 of section 611 of the *Corporations Act 2001* which have not yet been completed.

Shareholder information

Investment entities

ASX(4.10.20)

7. If the entity is an investment entity as defined in Chapter 19 of the Listing Rules, it must disclose:
   (a) a list of all investments held by it and its child entities at the balance date
   (b) the level 1, level 2 and level 3 inputs used to value its investments in accordance with AASB 13 *Fair Value Measurement* (this information can be disclosed in a note to the financial statements)
   (c) the net tangible asset backing of its quoted securities at the beginning and end of the reporting period and an explanation of any change therein over that period
   (d) the total number of transactions in listed and unlisted securities and derivatives during the reporting period, together with the total brokerage paid or accrued during that period, and
   (e) the total management fees paid or accrued during the reporting period, together with a summary of any management agreement.

VALUE ACCOUNTS Holdings Limited

Annual financial reporting 2024
Appendices

Appendix A: Preparation of annual financial reports in Australia

This Appendix summarises the requirements relevant to the preparation of financial reports in Australia. It covers the following topics:

(a) Financial reporting requirements under the *Corporations Act 2001*

CA296,297

1. The *Corporations Act 2001* (the Act) requirements for the preparation and audit of annual financial reports by various kinds of entities are summarised in the flowchart in Appendix B. Financial reports required under the Act must comply with Australian accounting standards (AAS) and give a true and fair view of the entity's financial position and performance. The annual reporting deadlines for disclosing entities, other public and proprietary companies and registered schemes are summarised in Appendix C.

Financial reports and financial statements

CA295(1)

2. A financial report consists of:
   - (a) financial statements for the year that are required by accounting standards, being a:

AASB101(10)

       - (i) statement of financial position (balance sheet)
       - (ii) statement of profit or loss and other comprehensive income (or separate statement of profit or loss and statement of comprehensive income)
       - (iii) statement of changes in equity, and
       - (i) statement of cash flows
   - (b) notes to the financial statements,
   - (c) consolidated entity disclosure statement (from 1 July 2023), and
   - (d) directors' declaration.

CA295(2)

3. Under the Act, companies have to prepare either of the following:
   - (a) financial statements in relation to a single entity (if there are no subsidiaries), or
   - (b) if required under the accounting standards, consolidated financial statements.

CR2M.3.01

Instead of a complete set of financial statements for the parent entity, the consolidated financial statements have to include key financial information for the parent entity, as illustrated in note 2Z of the VALUE ACCOUNTS Holdings Limited annual report.

ASIC2021/195

4. The side-by-side inclusion of consolidated and parent entity financial statements is technically not permitted under the Act. However, if a parent entity wishes to present its separate financial statements together with the consolidated financial statements, it can do so under *ASIC Corporations (Parent Entity Financial Statements) Instrument 2021/195* provided by the Australian Securities and Investments Commission (ASIC). The instrument is particularly needed by entities with an Australian Financial Services Licence (AFSL) and entities regulated by the Australian Prudential Regulation Authority, as they must present separate financial statements for the parent entity in addition to the consolidated financial statements. The class order is open ended and does not have any special conditions (e.g. there is no need to mention the application of the class order in the notes).

ASIC2015/839

5. Similarly, ASIC has also permitted related registered schemes to include their financial statements in adjacent columns in a single financial report provided they have a common responsible entity or responsible entities that are wholly beneficially owned by the same entity. Please refer to the legislative instrument for further conditions that must be satisfied.

General purpose vs special purpose financial statements

6. For financial years beginning on or after 1 July 2021, financial statements that are lodged with ASIC under Chapter 2M.3 of the Act must be general purpose financial statements (GPFS). If the entity does not have public accountability, the GPFS may have simplified disclosures, see paragraphs 32 to 42 below.
7. Paragraphs 61 to 88 explain under what circumstances other entities, including not-for-profit entities and for-profit entities that are not required to prepare financial statements that comply with Australian Accounting Standards (AAS), may prepare special purpose financial statements (SPFS).

Corporations Act relief

CA111AT,340,341
ASIC-RG43
ASIC-RG51
ASIC-RG95

8. ASIC may grant relief from certain of the financial reporting and audit requirements of the Act under CA 340 or CA 341, and disclosing entity relief may be provided under CA 111AT. Regulatory Guide 43 sets out ASIC's policy on applications for relief under CA 340 and CA 341 and indicates how it will exercise its discretionary power in granting relief. Policy relating to the granting of relief under CA 111AT is set out in Regulatory Guide 95. Further discussion of ASIC's policies and procedures on the processing of applications for relief is set out in Regulatory Guide 51.

(b) Accounting standards, interpretations and conceptual framework

CA296
CA297

9. All entities reporting under the Act must prepare their financial statements in accordance with the accounting standards issued by the Australian Accounting Standards Board (AASB). If the financial report, as prepared in accordance with the Act, the *Corporations Regulations 2001* (the Regulations) and accounting standards, would not otherwise give a true and fair view of the financial position and performance of the entity, additional information must be provided to ensure that a true and fair view is given.
10. Subject to the simplified disclosure regime described in paragraph 32, the accounting standards for for-profit entities are consistent with International Financial Reporting Standards (IFRS). However, there are some additional disclosure requirements in AASB 1054 *Australian Additional Disclosures* and a couple of standards and interpretations on issues that are not dealt with under IFRS. These issues include general and life insurance contracts, goods and services tax, tax consolidation accounting and Petroleum Resource Rent Tax. The pronouncements will be withdrawn if a particular issue is subsequently addressed by the IASB or the Committee.
11. Australian accounting standards also have specific provisions added for not-for-profit and public sector entities which may not always be compliant with IFRS. These are identified with an 'Aus' prefix in the paragraph number in the IFRS equivalent standards.

CA334(5)

12. Individual accounting standards specify their application date. However, an entity may elect to apply a standard earlier than its application date unless the standard says otherwise. An entity required to prepare financial reports under Part 2M.3 of the Act can only adopt an AASB standard early where the directors make a written election in accordance with CA 334(5).

ASIC-Act225,227

13. The AASB is responsible for accounting standard setting for all entities, including companies, public sector entities and not-for-profit entities. The Financial Reporting Council oversees the accounting standard setting process for both the private and public sectors. Some of the Council's main functions in this area are:
    (a) to provide broad oversight of the processes for setting accounting standards in Australia
    (b) appointing the members of the AASB (other than the Chair)
    (c) approving and monitoring the AASB's priorities, business plan, budgets and staffing arrangements
    (d) determining the AASB's broad strategic direction and giving it directions, advice and feedback
    (e) monitoring the development of international accounting standards and furthering the development of a single set of accounting standards for world-wide use.

Accounting standards and materiality

AASB101(7)

14. Accounting standards apply where information resulting from their application is material. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions of primary users taken on the basis of the financial statements. Primary users include existing and potential investors, lenders and other creditors that cannot require reporting entities to provide information directly to them.
15. In deciding whether an item or an aggregate of items is material, the size and nature of the omission or misstatement of the items usually need to be evaluated together. Entities must assess whether information, either individually or in combination with other information, is material in the context of the financial statements as a whole.

16. Information is obscured if it is communicated in such a way that would have a similar effect on the primary users to omitting or misstating that information.

AASB PS2

17. Further guidance on the application of materiality is provided in paragraph 7 of AASB 101 and in the non-mandatory Practice Statement PS 2 *Making Materiality Judgements.*

Accounting interpretations

AASB Due Process Framework

18. Accounting interpretations are issued by the AASB under the AASB *Due Process Framework*. This includes issuing in Australia interpretations that have been issued by the IASB. Domestic issue proposals are assessed by the AASB and issues relating to interpreting Australian equivalents to IFRS are in the first instance forwarded to the Committee for consideration. If the Committee does not add the issue to its work program, the AASB will proceed with a domestic interpretation if the issue relates to Australian-specific legislation or circumstances and is widespread, with diversity in practice. However, the AASB expects that unique domestic interpretations relating to an IFRS Standard adopted in Australia will only be issued in rare and exceptional circumstances.
19. Until June 2006, guidance on urgent financial reporting issues not dealt with, or not dealt with specifically in accounting standards was provided by the UIG. Consensus views were communicated in UIG Interpretations that were prepared by the UIG and issued by the AASB.

AASB1048(6),(8)

20. Compliance with AASB and UIG interpretations is mandatory by virtue of paragraphs 6 and 8 of AASB 1048 *Interpretation and Application of Standards*.

Agenda decisions

21. In addition to interpretations, both the Committee and the AASB may also issue agenda decisions in response to issues raised with them that did not require standard setting or a formal interpretation. This could be either because the standards provide an adequate basis for entities to determine the accounting, there is no evidence that the accounting problem is widespread or the issue is not sufficiently narrow in scope. Agenda decisions often include information to help companies applying the standards and they are published on the respective web sites of the IASB and AASB. Where an entity determines that it needs to change its accounting policies as a result of an agenda decision, it should do so as soon as this is reasonably possible. However, the IASB expects that an entity would be entitled to sufficient time to make such a determination and implement the necessary changes.

Conceptual Framework

CF(SP1.1)

22. The *Conceptual Framework for Financial Reporting* (Conceptual Framework) describes the objective of, and the concepts for, the preparation and presentation of financial statements for external users. The purpose of the Conceptual Framework is to:
    (a) assist the AASB in the development of AAS that are based on consistent concepts
    (b) assist preparers of financial statements to develop consistent accounting policies when no standard applies to a particular transaction or event, or when a standard allows a choice in accounting policy, and
    (c) assist all parties to understand and interpret the standards.

CF(SP1.2),(SP1.3)

23. The Conceptual Framework is not an accounting standard and nothing in the Conceptual Framework overrides any specific accounting standard. The AASB may sometimes specify requirements that depart from aspects of the Conceptual Framework. In that case, the AASB will explain the departure in the Basis for Conclusions on the standard.

AASB108(11)(b)

24. Entities shall refer to the Conceptual Framework as a source of guidance in developing and applying an accounting policy if there is no accounting standard or interpretation dealing with an accounting issue.

25. The Conceptual Framework is incorporating the Revised Conceptual Framework (RCF) that was in released by the IASB in 2018. The RCF is being adopted in Australia in three stages:

AASB2019-1
AASB2020-2

(a) Stage 1 – financial years beginning on or after 1 January 2020: adoption for publicly accountable for-profit private sector entities and other entities that voluntarily comply with IFRS.
(b) Stage 2 – financial years beginning on or after 1 July 2021: adoption for other for-profit private sector entities that are required by
    (i) legislation to comply with AAS or 'accounting standards', or
    (ii) their constituting document or another document to prepare financial statements that comply with AAS, where the document was created or amended on or after 1 July 2021.
(c) Stage 3: adoption for not-for-profit entities – still in progress.

26. The previous *Framework for the Preparation and Presentation of Financial Statements* (old Framework) included a concept of reporting entity which allowed entities to self-assess whether they are reporting entities and what type of financial statements (general purpose or special purpose) they should prepare. Entities were classified as reporting entities if it was reasonable to expect the existence of users that are dependent on the preparation of GPFS in making decisions about the allocation of scarce resources. Only reporting entities were required to comply with all aspects of the accounting standards and had to prepare GPFS. Non-reporting entities were able to prepare special purpose financial statements (SPFS).

27. Under the new Conceptual Framework, a reporting entity is defined as '... an entity that is required, or chooses, to prepare financial statements.' This means all entities that are required to prepare financial statements (e.g. under a Law or Regulation) are 'reporting entities' under the IASB's definition and must prepare general purpose financial statements.

AASB Not-for-Profit Private Sector Financial Reporting Framework Project summary

28. The staged adoption of the RCF allowed Australian entities to remain IFRS compliant if they needed or wanted to, but gave the AASB further time to consider how to adopt the new Conceptual Framework for other entities that do not need to comply with IFRS. The third stage is still in process. It involves a complete overhaul of the financial reporting framework for not-for-profit entities which is likely to result in more than two tiers of financial reporting for these entities.

AASB108(AusCF11)(b)

29. Not-for-profit private sector entities, public sector entities and private sector entities that are not required to apply the new Conceptual Framework, and do not wish to do so voluntarily, continue to refer to the old Framework. The old Framework also includes specific guidance for not-for-profit entities. Paragraphs 74 to 86 explain how the reporting entity concept applies to these entities.

Statements of Accounting Concepts

Framework(Aus1.4)
APES205(4.1)

30. SAC 1 *Definition of the Reporting Entity* forms part of the old Framework for general purpose financial reporting in Australia for those entities that have not applied the new Conceptual Framework. Members of the Accounting Bodies must take all reasonable steps to apply the principles and guidance in SAC1 and the old Framework when assessing whether an entity is a reporting entity.

APES205(4.3)

31. Members involved in, or responsible for the preparation and presentation of financial statements of a reporting entity shall take all reasonable steps to ensure the reporting entity prepares GPFS.

(c) Simplified disclosures for general purpose financial statements

AASB1053(7),(9)

32. Australian accounting standards have two tiers of financial reporting requirements for GPFS:

AASB1053(11)

(a) Tier 1 is IFRS as adopted in Australia, including standards specific to Australian entities. For-profit entities that are publicly accountable (see paragraphs 36 to 39) apply all relevant AAS without changes.
(b) Tier 2 is the simplified disclosure regime which retains the recognition and measurement requirements of IFRS, but with reduced disclosure requirements for many entities. For-profit entities that do not have public accountability can elect to apply this tier.

AASB1060

33. In 2020, the AASB issued AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* which replaced the old reduced disclosure regime. The new standard applied for financial years commencing on or after 1 July 2021. Unlike the old reduced disclosure regime, which showed through shading in the accounting standards which disclosures could be omitted, AASB 1060 is a stand-alone standard that lists all of the relevant disclosure requirements for entities eligible to report under Tier 2 in one place.

AASB2020-2

34. Our Value Accounts Simplified Disclosure – June 2024 publication shows what financial statements may look like when they are prepared in accordance with the requirements of AASB 1060. This publication also has a comparison of the disclosure requirements of AASB 1060 with the previous reduced disclosure regime and the mandatory disclosures required in SPFS. This will help entities that have previously prepared SPFS identify the areas where they will need to increase their disclosures and start collecting relevant information.

AASB1053(19),(19A),(21)

35. Entities moving from Tier 2 to Tier 1 that wish to state compliance with IFRS will need apply AASB 1 First-time Adoption of Australian Accounting Standards and include relevant disclosures in their first Tier 1 IFRS compliant financial statements, unless they had applied Tier 1 reporting requirements or IFRSs in a previous reporting period.

Public accountability

AASB1053(Appendix-A)

36. Public accountability means accountability to those existing and potential resource providers and others external to the entity who make economic decisions but are not in a position to demand reports tailored to meet their particular information needs.

AASB1053(Appendix-A)

37. A for-profit private sector entity has public accountability if:
    (a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
    (b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks.

AASB1053(Appendix-B)

38. The following for-profit entities are deemed to have public accountability:
    (a) disclosing entities (see Appendix B paragraph 6), even if their debt or equity instruments are not traded in a public market or are not in the process of being issued for trading in a public market
    (b) co-operatives that issue debentures
    (c) registered managed investment schemes
    (d) superannuation plans regulated by the Australian Prudential Regulation Authority (APRA) other than Small APRA Funds as defined by APRA Superannuation Circular No. II.E.1 *Regulation of Small APRA Funds,* December 2000, and
    (e) authorised deposit-taking institutions.

IFRS-for-SMEs(1.4)
IFRS-for-SMEs(BC57)

39. Not all entities that hold assets in a fiduciary capacity for a broad group of outsiders are publicly accountable. If the assets are held merely for reasons incidental to the entity's primary business, the definition of public accountability would not be satisfied. Examples of such entities may include travel or real estate agents, schools, charitable organisations, co-operative enterprises and utility companies. An entity only has public accountability under the second leg of the definition if the holding of assets in a fiduciary capacity is one of the entity's primary businesses.

Not-for profit and public sector entities

AASB1053(11),(13),(15)

40. The Australian Government and all of the State, Territory and Local Governments must continue to apply the tier 1 requirements for their whole-of-government and general government sector financial reports. All other public sector entities and all not-for-profit private sector entities are permitted to use tier 2 and provide reduced disclosures, unless a relevant regulator requires compliance with tier 1.

IFRS compliance

AASB1060(10)

41. Because of the reduced disclosures, entities applying tier 2 reporting requirements **will not** be able to state compliance with IFRSs. Instead, entities will have to make an explicit and unreserved statement of compliance with Australian Accounting Standards – Simplified Disclosures where they comply with all requirements of AASB 1060.

(d) Australian standards and interpretations without IFRS equivalent

42. The following Australian standards and interpretations do not have an equivalent IFRS. As indicated below, some of these pronouncements only apply to specified entities:

AASB1057(11)
(a) AASB 1004 *Contributions* – applies to general purpose financial statements of local governments, government departments, other government controlled not-for-profit entities and whole of governments

AASB1057(11A) AASB17, Appendix D AASB2022-9
(b) AASB 1023 *General Insurance Contracts* – from 1 January 2023, this applies only to not-for-profit public sector entities. These entities must apply AASB 17 *Insurance Contracts* from 1 July 2026.

AASB1057(12) AASB1038(1.1) AASB17, Appendix D AASB2022-9
(c) AASB 1038 *Life Insurance Contracts* – from 1 January 2023, this applies only to not-for-profit public sector entities that are life insurers or parent entities in groups that include a life insurer. These entities must apply AASB 17 *Insurance Contracts* from 1 July 2026.

AASB1057(13)
(d) AASB 1039 *Concise Financial Reports* – applies to entities that prepare a concise financial report as permitted under the *Corporations Act 2001*

(e) AASB 1048 *Interpretation of Standards* – service standard which clarifies the status of Australian Interpretations

AASB1057(14)
(f) AASB 1049 *Whole of Government and General Government Sector Financial Reporting* – applies to each government's whole of government general purpose financial statements and GGS financial statements

AASB1057(15)
(g) AASB 1050 *Administered Items* – applies to government departments

AASB1057(16)
(h) AASB 1051 *Land Under Roads* – applies to local governments, government departments, whole of governments and financial statements of GGSs

AASB1057(17)
(i) AASB 1052 *Disaggregated Disclosures* – applies to local governments and government departments

(j) AASB 1053 *Application of Tiers of Australian Accounting Standards* (see paragraph 32 above)

(k) AASB 1054 *Australian Additional Disclosures*

AASB1057(19)
(l) AASB 1055 *Budgetary Reporting* – applies to each government's whole-of government general purpose financial statements, GGS financial statements and general purpose financial statements of not-for-profit reporting entities within the GGS

AASB1057(20)
(m) AASB 1056 *Superannuation Entities* – applies to general purpose financial statements of superannuation entities

(n) AASB 1057 *Application of Australian Accounting Standards*

AASB1057(20A)
(o) AASB 1058 *Income of Not-for-Profit Entities* – applies to not-for-profit entities

AASB1059(1)
(p) AASB 1059 *Service Concession Arrangements: Grantors* – applies to public sector entities for financial years commencing on or after 1 January 2020.

AASB1057(20B)
(q) AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (see paragraph 33 above)

(r) Interpretation 1003 *Australian Petroleum Resource Rent Tax*

AASB1057(24)
(s) Interpretation 1019 *The Superannuation Contributions Surcharge* – applies to superannuation plans

(t) Interpretation 1030 *Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods*

(u) UIG Interpretation 1031 *Accounting for the Goods and Services Tax (GST)*

AASB1057(25)
(v) Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* – applies to public sector entities

AASB1057(26) AASB17, Appendix D
(w) Interpretation 1047 *Professional Indemnity Claims Liabilities in Medical Defence* – from 1 January 2023, this applies only to not-for-profit public sector entities that are or include medical defence organisations. These entities must apply AASB 17 *Insurance Contracts* from 1 July 2026.

(x) UIG Interpretation 1052 *Tax Consolidation Accounting*

(y) Interpretation 1055 *Accounting for Road Earthworks*.

(e) Including non-IFRS or pro-forma financial information in the financial statements

ASIC-RG230

43. ASIC 's views on including non-IFRS or pro forma financial information in the financial statements or the notes to the financial statements are set out in Regulatory Guide RG 230 *Disclosing non-IFRS financial information.* Non-IFRS financial information in this context refers to financial information that is presented other than in accordance with all relevant accounting standards.

ASIC RG230.25

ASIC RG230.27-31

ASIC RG203.9

44. In ASIC's view, non-IFRS financial information may not be included in the primary financial statements. It may only be included in the notes to the financial statements in rare circumstances, where it is necessary to give a true and fair view of the financial position and performance of the entity. Additional lines and sub-totals may be included where they comply with the requirements of AASB 101. However, profit figures prepared other than in accordance with accounting standards may not be included as line items or subtotals in the income statement, nor presented in additional columns of financial statements.

45. ASIC may grant special relief from these requirements, however, it is expected that this will only occur in rare and exceptional circumstances. One example of where relief has been granted relates to the disclosure of pro forma information for a business combination which occurred after the reporting period. See the commentary to note 19 for further information.

46. ASIC's views on including non-IFRS financial information in the operating and financial review or management commentary is set out in Appendix D. The commentary on the statement of profit or loss on page 54 has further guidance about disclosing sub-totals in the financial statements.

(f) Consolidated financial statements

AASB10(Appendix A),(4B)

47. A parent entity is an entity that controls one or more entities (subsidiaries). An investor controls another entity, and therefore is a parent entity, where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power of the investee. A parent entity must prepare consolidated financial statements unless it is an investment entity.

AASB10(Appendix A), (B86)

48. Consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity. They combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries and offset the carrying amount of the parent's investment in each subsidiary with the parent's portion of equity of each subsidiary. Intragroup balances, transactions, income and expenses are eliminated in full.

CA323

49. If an entity is required to prepare consolidated financial statements, a director or officer of a subsidiary must give the parent entity all information requested that is necessary to prepare the consolidated financial statements and the notes to those statements.

50. Relief from preparing consolidated financial statements is only available where:
    - the impact of consolidation is not material (see paragraphs 14 and 15)

AASB10(4),(Aus4.2)

    - the parent is an intermediate parent and the conditions in paragraphs 4 and Aus4.2 of AASB 10 are satisfied (see paragraphs 49 and 50)

ASIC2016/785

    - the parent entity is relieved from preparing financial reports under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* because it is a wholly-owned subsidiary company which has entered into a deed of cross guarantee with its holding company, or
    - the parent is a not-for-profit entity and neither the entity nor the group are a reporting entity (see paragraph 82 below).

Consolidated financial statements of intermediate parents

51. A parent entity does not need to present consolidated financial statements if (and only if):

AASB10(4)

    (a) the parent is an intermediate parent and the owners do not object to the parent not preparing consolidated financial statements
    (b) the parent's debt or equity instruments are not publicly traded
    (c) the parent has not filed, or is not in the process of filing, its financial statements with a regulatory body for the purpose of issuing any class of instruments in a public market, and
    (d) the ultimate parent or an intermediate parent produces consolidated financial statements for public use that comply with IFRS.

AASB10(Aus4.2), (CFAus4.2)

    However, this relief does not apply to the ultimate Australian parent entity if
    (a) it is a for-profit entity that is required to prepare financial statements that comply with AAS, or
    (b) it is a not-for-profit entity and either the parent and/or the group are reporting entities.

AASB10(Aus4.1), (AG1) AASB1060(Appendix C)

52. Not-for-profit entities or entities reporting under the simplified disclosure regime can also apply the relief in paragraph 4 of AASB 10, provided the entity seeking relief is subject to the same reporting requirements as the parent and is not required to produce full IFRS compliant financial statements. Please see the table in the Application Guidance to AASB 10 for details.

53. The preparation of consolidated financial reports by non-reporting entities is discussed in paragraphs 82 and 83.

(g) Stapled securities and dual listed company arrangements

AASB3(43)(c)

54. The following transactions are business combinations that are achieved by contract alone:
    - the stapling of equity securities of two or more legal entities, such that the securities cannot traded or transferred independently and those entities have the same owners, and
    - dual-listed company (DLC) arrangements between two listed legal entities in which their activities are managed under contractual arrangements as a single economic entity while retaining their separate legal identities.

AASB3(43)(c),(44)

55. AASB 3 *Business Combinations* specifically includes business combinations that are achieved by contract alone in its scope. One of the combining entities must therefore be identified as the parent entity. This parent entity will prepare consolidated financial statements in accordance with the general principles in AASB 3 and AASB 10 *Consolidated Financial Statements*. Accordingly, the identifiable assets, liabilities and contingent liabilities of the acquired entity (entities) must be recognised at their fair value. However, they will be attributed to non-controlling interest. Goodwill will only be recognised where the entity elects to measure the non-controlling interest at fair value. Where the non-controlling interest is measured at the proportionate share of the net assets, no goodwill arises.

56. On transition to AASB 10 from AASB 127 *Consolidated and Separate Financial Statements*, some expressed concern that the new control definition in AASB 10 could prevent stapled entities from preparing consolidated financial statements, despite them falling within the scope of AASB 3. In May 2014, the Committee confirmed that this was not the case. The combining entity in the stapling arrangement that is identified as the acquirer for the purpose of AASB 3 must prepare consolidated financial statements of the combined entity in accordance with AASB 10.

ASIC2023(673

57. However, *ASIC Corporations (Financial Reporting by Stapled Entities) Instrument 2023/673* preserves the status quo for existing stapled groups, as summarised in the table below, including the transitional relief for pre-IFRS staplings. The instrument requires some minor additional disclosures to be provided in the financial statements of stapled groups.

ASIC2015/838

58. In addition to the consolidated financial statements for the stapled group as a whole that are prepared by the identified acquirer, the other stapled entities that are required to prepare financial reports under Chapter 2M of the *Corporations Act 2001* must also prepare individual financial statements that cover the entity itself and any subsidiaries controlled by that entity. To ease the reporting burden, ASIC has issued *ASIC Corporations (Stapled Group Reports) Instrument* 2015/838 which permits issuers of stapled securities to present their financial statements and the consolidated or combined financial statements of the stapled group in adjacent columns in one financial report. The instrument also allows directors' reports and directors' declarations to cover more than one stapled issuer provided the directors are the same for all of the entities.

ASIC-RG29

59. ASIC Regulatory Guide 29 *Financial reporting by Australian entities in dual listed company arrangements* sets out the financial reporting requirements for entities in DLC arrangements, including what type of information must be lodged and distributed to members.

60. As a result of various transitional relief and ASIC 2023/673, financial reports of stapled entities and DLCs are prepared on different bases, depending on when the stapling was formed or the DLC arrangement was entered into. The following table summarises the different methods that applied at different times. This explains, for example, why not all stapled groups will show non-controlling interests for their stapled entities.

	When stapling was formed or DLC arrangement entered into	Requirements
AASB3(43)(c),(44)	After AASB 3 (revised) became effective – 1 July 2009	Entities are required to identify an acquirer under AASB 3 and prepare consolidated financial statements under AASB 10. Identifiable assets, liabilities and contingent liabilities of the acquired entity (entities) must be recognised at their fair value. However, they are attributed to non-controlling interest. Goodwill is only recognised where the entity elects to measure the non-controlling interest at fair value. Where the non-controlling interest is measured at the proportionate share of the net assets, no goodwill arises.
AASB-I1002 (withdrawn)	After adoption of IFRS (1 January 2005) but before AASB 3 (revised) became effective	Business combinations that are achieved by contract alone were excluded from the scope of AASB 3. Stapled entities were required to identify an acquirer under AASB Interpretation 1002 *Date-of-Transition Stapling Arrangements,* and prepare consolidated financial statements. The principles of AASB-I 1002 were generally consistent with AASB 3 (revised), except that there was no choice to measure the non-controlling interest at its fair value and hence goodwill could never be recognised.
UIG1001(16),(17) (withdrawn)		DLC arrangements were required to apply the requirements of AASB 108 to determine an appropriate accounting policy.

	When stapling was formed or DLC arrangement entered into	Requirements
AASB1(18),Appendix C UIG1013(7)-(9) (withdrawn)	Before transition to IFRS, where the entity has applied the exemptions for business combinations in AASB 1	Entities with stapling arrangements had to identify one of the combining entities as the parent entity on the date of transition to IFRS. This parent entity prepares a consolidated financial report for the stapled entity, but is permitted to do so on the same basis as the combined financial report for those entities immediately before adopting IFRS (i.e. without applying purchase accounting principles and eliminating the equity of the controlled entities).
UIG1001(6)-(9) (withdrawn)		The consolidated financial report of each DLC parent entity shall be the combined financial report of the dual listed entities prepared on the same basis as the combined financial report for those entities immediately before adopting IFRS.

(h) Compliance with Australian accounting standards by other entities

61. Entities that are not required to report to ASIC may not need to comply with some or all of the AAS, depending on the type of the entity and the reasons why the entity is preparing financial statements.

For-profit private sector entities

62. For-profit private sector entities must prepare GPFS (either Tier 1 or Tier 2, see paragraph 32) for financial years beginning on or after 1 July 2021 if they are required by:
    (a) legislation to prepare financial statements that comply with AAS or with ‘accounting standards’, or
    (b) their constitution or another document to prepare financial statements that comply with AAS, and the constitution or other document was created or amended on or after 1 July 2021.

AASB2020-2(BC77)

63. “Legislation” refers to any legislative requirement in Australia, but only if the legislation requires the preparation of financial statements. In this context ‘financial statements’ means a complete set of financial statements as defined in paragraph 10 of AASB 101.

64. If the legislation, constitution or other document requires for example the preparation of ‘financial information’ or a statement of financial position and statement of profit or loss without referring to financial statements, the preparation of GPFS would prima facie not be required. However, in this case, the entity should consider whether the relevant regulator or the intended users of the financial information have provided further guidance or indicated their expectations regarding the basis of preparation for these financial statements.

65. Trusts and similar entities that are required by their constitution to prepare financial statements that comply with AAS, but that do not have any statutory reporting requirements (i.e. are not a registered managed investment scheme) may be able to prepare SPFS if the constitution was written before 1 July 2021 and has not been amended after that date. However, this would only be appropriate if the entities continue to satisfy the definition of non-reporting entity in SAC1, see paragraph 70.

Special purpose financial statements (SPFS)

AASB1054(6)

66. SPFS are financial statements other than GPFS. For guidance on determining when an entity may be a non-reporting entity see paragraphs 70 to 73.

67. Where financial statements are to be prepared for a non-reporting entity as special purpose financial statements, the directors (or their equivalent) must ensure that the shareholders and other potential users of the financial statements:
   (a) understand that the financial statements can only be used for the special purpose for which they are prepared and cannot be used for any other purpose, and
   (b) understand that the auditor, where applicable, will issue a special purpose audit report on the financial statements.

ED302

68. For entities that continue to prepare SPFS in accordance with paragraph 64, and for entities that are lodging SPFS with ASIC for an annual reporting period beginning before 1 July 2021, the AASB has further proposed requiring disclosure of:
   (a) the basis on which the decision to prepare SPFS was made
   (b) information about material accounting policies, including changes in policies
   (c) the extent of compliance with the recognition and measurement requirements in AAS, and
   (d) the application of the consolidation and equity accounting requirements.

69. The disclosures are expected to be mandatory for annual reporting periods ending on or after 30 June 2021.

Reporting entities

SAC1(40)
AASB101(Aus7.2)
AASB1053(Appendix A)

70. Reporting entities are defined in SAC 1 *Definition of the Reporting Entity* as ''all entities (including economic entities) in respect of which it is reasonable to expect the existence of users dependent on general purpose financial statements for information which will be useful to them for making and evaluating decisions about the allocation of scarce resources''.

AASB101(7)

71. General purpose financial statements are defined in AASB 101 as ''those intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs''.

SAC1(19)-(22)

72. Guidance on determining whether an entity is a reporting or non-reporting entity is set out in SAC 1. The primary factors outlined in SAC 1 include:
   (a) the level of separation of management and ownership
   (b) economic or political importance/influence; e.g. dominant market position, and
   (c) financial characteristics such as size and indebtedness.

AASB101(7)

73. Users of the financial statements include existing and potential investors, lenders and other creditors. In the context of not-for-profit entities users also include donors, beneficiaries and regulators.

Not-for-profit private sector entities – ACNC reporting requirements

ACNC(60-10),(60-20),
(60-25),(205-25)

74. Charities that are registered with the Australian Charities and Not-for-Profit Commission (ACNC) have a three-tiered reporting framework, similar to companies limited by guarantee (see Appendix B):

(a) Small charities with annual revenue of less than $500,000	do not need to prepare a financial report, but must lodge an annual information statement (AIS)
(b) Medium charities with annual revenue of $500,000 or more but less than $3 million that are not basic religious charities	must prepare and lodge full financial report and an AIS but can choose to have financial report reviewed rather than audited.
(c) Large charities with annual revenue of $3 million or more that are not basic religious charities	must lodge an audited financial report and an AIS.

Revenue for the purpose of the size test under the ACNC legislation is the unconsolidated revenue of the registered charity. The reporting thresholds were increased for the 2021-22 financial year, ie for June 2022 year-ends onwards. The previous thresholds were $250,000 and $1 million.

ACNC(60-5)

All registered charities must prepare and lodge an annual information statement (AIS). The content of the AIS is also depending on the size of the charity. Both AIS and financial report (where required) must be lodged no later than 31 December, unless the ACNC Commissioner has approved a substituted accounting period or has otherwise deferred lodgement. For further information see the ACNC web site (acnc.gov.au).

ACNC Reg(60.10)

75. Financial statements prepared in accordance with the requirements of the ACNC Act must
    (a) give a true and fair view of the financial position and performance of the registered entity, and
    (b) comply with AAS as outlined in paragraph 74.

AASB1053(13)

76. Not-for profit private sector entities, such as charities that are required to prepare and lodge financial statements with the ACNC have three options for their financial statements:
    (a) prepare GPFS will full disclosures (tier 1) – optional (but not required)
    (b) prepare GPFS with simplified disclosures (tier 2) – available for all not-for-profit private sector entities, or

AASB1057(5), ACNC Reg(60.10),(60.30)

    (c) prepare SPFS – only available if the entity is not a reporting entity (see paragraphs 70 to 73).

77. If the registered charity is a non-reporting entity and prepares SPFS, the financial statements must comply with the following accounting standards in full:
    (a) AASB 101 *Preparation of Financial Statements*
    (b) AASB 107 *Statement of Cash Flows*
    (c) AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
    (d) AASB 1048 *Interpretation of Standards,* and
    (e) AASB 1054 *Australian Additional Disclosures.*

AASB1054(9A) AASB2019-4

78. For financial years ending on or after 30 June 2020, charities that are lodging SPFS with the ACNC, and not-for-profit entities that are lodging SPFS with ASIC must explain in their financial statements:
    (a) the basis on which the decision to prepare SPFS was made
    (b) the extent of compliance with the recognition and measurement requirements in AAS, and
    (c) the application of the consolidation and equity accounting requirements.

Compliance with recognition and measurement requirements where true and fair view is required

ASIC-RG85

79. ASIC's Regulatory Guide *Reporting requirements for non-reporting entities* explained that non-reporting entities, which are required to prepare financial reports in accordance with the Act, must still comply with the recognition and measurement requirements of all applicable accounting standards in order to give a true and fair view of their financial position and results of their operations.

80. While the ACNC has not provided any equivalent interpretation, the ACNC Act has the same reference to true and fair view as the *Corporations Act 2001.* Entities should therefore assess whether similar considerations apply to charities that are required to prepare financial statements under the ACNC Act.

81. The recognition and measurement requirements of accounting standards include, but are not limited to, requirements relating to depreciation of non–current assets, tax effect accounting, lease accounting, measurement of inventories, and recognition and measurement of liabilities for employee entitlements. The provisions of accounting standards dealing with the classification of items as assets, liabilities, equity, income and expenses also apply. This would include the provisions of AASB 132 *Financial Instruments: Presentation* concerning the classification of financial instruments issued as debt or equity.

Consolidated financial statements

ASIC-RG85 AASB10(CFAus4.2)

82. Consolidation is prima facie also a recognition and measurement requirement. However, ASIC did not consider consolidation necessary for the financial report to give a true and fair view when Regulatory Guide 85 was issued in July 2005. Furthermore, not-for-profit entities are not required to prepare consolidated financial statements if neither the parent entity or the group are reporting entities.

83. The financial statements of a non-reporting parent entity which does not prepare consolidated financial statements should include a note stating that consolidated financial statements have not been prepared because neither the parent nor the group is a reporting entity. An example of such a note is as follows:

 Consolidated financial statements have not been prepared for the company and its subsidiaries because neither the company nor the group is a reporting entity and the directors have decided not to comply with AASB 10 *Consolidated Financial Statements.* These financial statements should be read in conjunction with the separate financial statements of the subsidiaries listed in note X.

Compliance with disclosure requirements

ACNC Reg(60.10)

84. The charity's responsible persons must also consider carefully the need to make disclosures which are not prescribed by the mandatory accounting standards, but which may be necessary in order for the financial statements to give a true and fair view. If knowledge of the matters is necessary for the financial statements to give a true and fair view, the charity should include appropriate disclosures in its financial statements. Such disclosures could include significant related party transactions or contingent liabilities.

85. Non-reporting entities that hold out their financial statements to be general purpose financial statements must comply with all relevant requirements of accounting standards and interpretations.

APES205(6)

86. Members of the Accounting Bodies who are involved in, or are responsible for, the preparation, presentation, audit, review or compilation of an entity's special purpose financial statements are required, except where the statements will be used solely for internal purposes, to take all reasonable steps to ensure that the special purpose financial statements, and any associated audit, review or compilation report clearly states:
    (a) that the financial statements are special purpose financial statements
    (b) the purpose for which the financial statements have been prepared, and
    (c) the significant accounting policies adopted in the preparation and presentation of the special purpose financial statements.

Non-statutory financial reports

87. A small proprietary company that is not a reporting entity and is not required by the Act or ASIC to prepare a financial report has more scope to adopt accounting policies which do not comply with specific recognition or measurement requirements than entities which are required to prepare financial statements which give a 'true and fair view'. Provided such an entity is not subject to some other legislation, agreement or constituent document which requires the preparation of financial statements which give a true and fair view it will not normally need to comply with the Act, AASB or AAS accounting standards or AASB and UIG interpretations if the financial statements are prepared as special purpose financial statements. However, it may choose to do so voluntarily, particularly with the recognition and measurement rules if they are relevant for the specific purpose for which the statements are being prepared. If special purpose financial statements are prepared, the requirements of APES 205 *Conformity with Accounting Standards* described in paragraph 84 are applicable.

CA293,294

88. Small proprietary companies that prepare financial statements at the request of shareholders or ASIC will need to comply with accounting standards to the extent required by the request.

SAC1
APES205

89. The reporting entity and general purpose financial reporting concepts discussed above in the context of companies also continue to be applicable to non-corporate entities in the private and public sectors by virtue of the requirements of SAC 1 and APES 205. The financial statements of many unincorporated joint ventures may be special purpose financial statements.

(i) Financial years

CA323D(1),(2)

90. The first financial year of entities reporting under the Act starts on the day on which the entity is registered or incorporated and lasts for 12 months, or a period not longer than 18 months determined by the directors. Subsequent financial years must be 12 months long plus/minus seven days.

CA323D(2A)

91. Having said that, entities can change their financial year-end at any time, provided the change:
    (a) is made in good faith
    (b) is in the best interest of the entity, and
    (c) the entity has not already changed its financial year in the previous five years.

CA323D(2A)

92. However, a word of caution. If an entity changes its year-end under the new rules, this cannot result in a financial year that is longer than 12 months. For example, if a company intends to move from a June year-end to a December year-end, it will need to do this by having a six month financial year from July 2024 to December 2024 as opposed to an 18 month financial year.

CA323D(4)
ASIC2016/189
ASIC-RG58(45)-(52)

93. Entities are also permitted to change their year-end in order to synchronise it with the year-end of an Australian controlling entity, provided the accounting standards require the preparation of consolidated financial statements and the change is made within 12 months after the change of control occurred. Controlled entities of a foreign parent can apply *ASIC Corporations (Synchronisation of Financial Years) Instrument 2016/189* to change their year-end provided there is a synchronisation requirement in the parent's place of origin.

CA323D(4)
ASIC2016/189
CA250P

94. Entities that change their year-end to synchronise it with the year-end of a controlling entity may still do this by having a financial year up to 18 months in length. Public companies need to keep in mind, though, that they are required to lay the annual report for the financial year before an AGM and to hold an AGM at least once in each calendar year. They may need to apply to ASIC for an extension of time to hold their AGM.

ASIC-INFO17

95. Where an entity has changed its financial year as permitted under the Act or ASIC instrument 2016/189, it needs to notify ASIC of the change in writing. The notification should include the start and end dates of the old and new financial year and the exception under which the entity is changing its financial year.

CA340,342
ASIC-INFO17

96. If everything else fails, entities can also apply to ASIC under section 340 of the Act for individual relief to change their financial year (see paragraph 8 above). However, ASIC can only grant relief if the entity can demonstrate that not changing the year-end, or having to do this by having a shorter financial year would impose unreasonable burdens.

(j) Rounding of financial information

AASB 101 disclosure requirements

AASB101(51)(e)

97. The level of rounding used in presenting amounts in the financial report shall be displayed prominently, and repeated where it is necessary for a proper understanding of the information presented.

Rounding of amounts

ASIC2016/191

98. Financial reports and directors' reports that are prepared and lodged with ASIC under parts 2.M.3 and Part 7.8 of the Act must disclose amounts as they are recorded in the entity's financial records, which will be to the nearest dollars and cents. However, *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* permits amounts to be rounded at least to the nearest dollar, and under certain conditions even further. Subject to certain exclusions and conditions, amounts may be rounded off to the following prescribed amounts ('rounding factors'):

Assets:	Round off to nearest:
Less than $10 million	$1
Greater than $10 million (but less than $1,000m)	$1,000
Greater than $1,000 million (but less than $10,000m)	$100,000
Greater than $10,000 million	$1 million

Alternative rounding factors

ASIC2016/191.5(2)(b)

99. An entity may use alternative rounding factors provided that the alternative factors are:
    (a) one-tenth of one cent, one cent, $1, $1,000 or $100,000
    (b) less than the permitted rounding factor, and
    (c) consistently applied for all amounts in the financial report or directors' report to which the permitted rounding factor otherwise applied.

100. An example of the application of the above paragraph, is a company with assets in excess of $10,000 million which decides to round off to the nearest $100,000, rather than the also permitted $1 million. In such a case the company must round-off all amounts to the nearest $100,000 (except as stated in paragraphs 99 and 101-103 below). It cannot choose to round some amounts to $100,000 and others to $1 million.

Exclusions

ASIC2016/191.5(2)(b)

101. The ASIC instrument does not permit any amount to be rounded if the rounding has the potential to adversely affect:
    (a) decisions about the allocation of scarce resources made by users of the financial report and the directors' report, or
    (b) the discharge of accountability by management or the directors of the entity or in relation to the auditors.

Conditions

ASIC2016/191.5,6

102. The following conditions apply:

(a) if the amount is half or less than half the permitted rounding factor it must be shown as 'nil' or the equivalent thereof – except that if the amounts in the financial report (including the consolidated financial statements) and the comparative figures are half or less than half the prescribed amount, the item and the amount may be omitted

(b) comparative amounts must also be rounded

(c) the financial report or directors' report must state that the entity is an entity to which the ASIC instrument applies and that amounts have been rounded off in accordance with the instrument

(d) each page where rounding has occurred must clearly disclose the extent of rounding, and

(e) where amounts are rounded to the nearest $100,000, they must be presented in the form of millions of dollars and one decimal place representing hundreds of thousands of dollars, with a clear indication that the amounts are presented in millions of dollars.

Items not subject to full rounding

ASIC2016/191 as amended by ASIC2024/187

103. The following disclosures must be shown to the nearest dollar by entities with assets (or consolidated assets) of more than $10 million but not more than $1,000 million, and may only be rounded to the nearest $1,000 by entities with assets (or consolidated assets) of more than $1,000 million:

Financial statement disclosures

AASB 2(50), AASB 1060(168)	Share-based payments
AASB 1054(10), AASB 1060(98)	Remuneration of auditors
AASB 124(17), AASB 1060(194)	Compensation of key management personnel
AASB 124(18),(18A),(19), AASB 1060(196),(198),(199)	Related party transactions

Directors' report disclosures

CA 300(1)(g),(8),(9)	Indemnification/insurance of officers or auditors
CA 300(11B),(11C)	Non-audit services
CA 300(13)(a)	Fees paid to responsible entity and associates
CA 300A(1)(c),(1)(e)	Remuneration of directors and executives

104. The following disclosures may only be rounded to the nearest cent:

Financial statement disclosures

AASB 2(44),(46), AASB 1060(164)	Share prices and exercise prices of options for share-based payment disclosures

Directors' report disclosures

CA 300(6)(c)	Issue price of unissued shares or interests under option
CA 300(7)(d),(e)	Amounts unpaid, paid, or agreed to be considered as paid, on shares or interests issued as a result of the exercise of an option.

Earnings per share

ASIC2016/191.4

105. Basic and diluted earnings per share to be disclosed under paragraphs 66 to 69 of AASB 133 may only be rounded to the nearest one-tenth of a cent.

Illustrative wording

ASIC2016/191.5(2)(f)
AASB101(51)(e)

106. Suggested wording for the directors' report and financial report where amounts are rounded off to the nearest tenth of a million dollars or million dollars is set out below:

Rounding of amounts

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

Application to other financial reports and financial statements

ASIC2016/191

107. The instrument applies to all financial reports prepared and lodged under chapter 2M.3 of the Act, including half-year and concise reports. In addition, the instrument also permits rounding in profit and loss statements and statement of financial positions lodged with ASIC by the holder of an AFSL under section 989B of the Act. The same conditions must be satisfied, including the requirement for a clear disclosure of the extent of rounding, and a reference to *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

(k) Indemnification and insurance of officers and auditors

CA9,199A,199B,
300(1)(g),(8),(9)

108. The directors' report must disclose information about any indemnification or insurance arrangements that are permitted under CA 199A and 199B of the *Corporations Act 2001*. The provisions cover past and present officers or auditors. An officer is defined in CA 9 to mean:
   (a) a director or secretary of the corporation, or
   (b) a person:
      (i) who makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the corporation, or
      (ii) who has the capacity to affect significantly the corporation's financial standing, or
      (iii) in accordance with whose instructions or wishes the directors of the corporation are accustomed to act (excluding advice given by the person in the proper performance of functions attaching to the person's professional capacity or their business relationship with the directors or the corporation), or
   (c) a receiver, or receiver and manager, of the property of the corporation, or
   (d) an administrator of the corporation, or
   (e) an administrator of a deed of company arrangement executed by the corporation, or
   (f) a liquidator of the corporation, or
   (g) a trustee or other person administering a compromise or arrangement made between the corporation and someone else.

Insurance

CA199B

109. The disclosure in the VALUE ACCOUNTS Holdings Limited directors' report relates to an insurance arrangement. CA 199B prohibits a company or a related body corporate from insuring an officer or an auditor (whether the premium is paid directly or through an interposed entity) against liabilities (other than for legal costs) arising out of:

CA199B(1)(a)

   (a) conduct involving a wilful breach of duty in relation to the company, or

CA199B(1)(b)

   (b) a contravention of CA 182 or 183 (improper use of position or information by individual to gain advantage for self or some other person, or to cause detriment to company).

CA300(1)(g),(8)(b)

110. For insurance arrangements that are not prohibited under CA199B, CA 300(8) requires disclosure of details of any premium paid, or agreed to be paid, for insurance against a current or former officer's or auditor's liability for legal costs.

CA300(9)(a)-(c),(f)

111. Specific disclosures required in relation to insurance arrangements are:
   (a) for officers – their name or the class of officer to which they belong or belonged
   (b) for auditors – their name
   (c) except where prohibited by the insurance contract:
      (i) the nature of the liability, and
      (ii) the amount of the insurance premium.

Indemnities for officers and auditors

CA300(1)(g),(8)(a) 112. The directors' report must disclose details of any indemnity given to a current or former officer or auditor against a liability that is permitted under CA 199A(2) or (3), or any relevant agreement under which an officer or auditor may be given an indemnity of that kind. Generally, the disclosure of an indemnity will mirror the wording of the relevant indemnity in the contract or auditor's engagement letter.

113. CA 199A(2) prohibits a company or a related body corporate from indemnifying an officer or an auditor (whether by agreement or by making a payment and whether directly or through an interposed entity) against any of the following liabilities:

CA199A(2)(a) (a) owed to the company or a related body corporate

CA199A(2)(b) (b) for a pecuniary penalty order under CA 1317G or a compensation order under CA 1317H or CA 1317HA, and

CA199A(2)(c) (c) owed to a third party and which did not arise out of conduct in good faith.

CA199A(2) CA 199A(2) does not apply to a liability for legal costs.

114. CA 199A(3) prohibits a company or a related body corporate from indemnifying an officer or an auditor (whether by agreement or by making a payment and whether directly or through an interposed entity) against legal costs incurred in defending an action if the costs are incurred:

CA199A(3)(a) (a) in defending or resisting proceedings in which the person is found to have a liability for which they could not be indemnified under CA 199A(2)

CA199A(3)(b) (b) in defending or resisting criminal proceedings in which the person is found guilty

CA199A(3)(c) (c) in defending or resisting proceedings brought by ASIC or a liquidator for a court order if the grounds for making the order are found by the court to have been established, or

CA199A(3)(d) (d) in connection with proceedings for relief to the person under the *Corporations Act 2001* in which the court denies the relief.

CA199A(3) 115. CA 199A(3)(c) (paragraph 112(c) above) does not apply to costs incurred in responding to actions taken by ASIC or a liquidator as part of an investigation before commencing proceedings for the court order.

CA300(9)(a)-(e) 116. Specific disclosures required where an indemnity has been given or agreed to be given are:

(a) for officers – their name or the class of officer to which they belong or belonged
(b) for auditors – their name
(c) the nature of the liability
(d) for an indemnity given – the amount the company paid and any other action the company took to indemnify the officer or auditor, and
(e) for an agreement to indemnify – the amount that the agreement requires the company to pay and any other action the relevant agreement requires the company to take to indemnify the officer or auditor.

Other illustrative disclosures

CA300(9)(a)-(e) 117. Following are illustrative examples of disclosures which might be made with respect to an indemnity to comply with CA 300(8). Whether an indemnity requires disclosure and the details required to be disclosed will need to be decided on a case by case basis. Legal advice should be sought if there is any doubt as to the disclosure required to comply with CA 300(8).

Indemnities for officers

CA300(1)(g),(8)(a), (9)(a),(c),(d) During the financial year, VALUE ACCOUNTS Holdings Limited gave the chief executive officer, Mr N T Toddington and the company secretary, Ms S M Smith an indemnity against legal costs incurred in successfully defending proceedings brought against Mr Toddington and Ms Barker, in their capacity as officers of the company under the Fair Trading Act. The amount paid by the company was $20,000.

Agreement to indemnify officers

CA300(1)(g),(8)(a),(9)(a),(c),(e)

During the financial year, VALUE ACCOUNTS Holdings Limited agreed to indemnify each director and secretary of the company and of its Australian based subsidiaries against any liability:

(a) to a party other than VALUE ACCOUNTS Holdings Limited or a related body corporate, but only to the extent that the liability arises out of conduct in good faith, and

(b) for legal costs incurred in connection with proceedings for relief to the director or secretary under the *Corporations Act 2001* in which the court grants the relief.

The amount payable under the agreement is the full amount of the liability. No liability has arisen under these indemnities as at the date of this report.

Agreement to indemnify auditor

CA300(1)(g),(8)(a),(9)(b),(c),(e)

During the financial year, VALUE ACCOUNTS Holdings Limited agreed to indemnify Checker & Co, the former auditors of its subsidiary, VALUE Trading Limited, against:

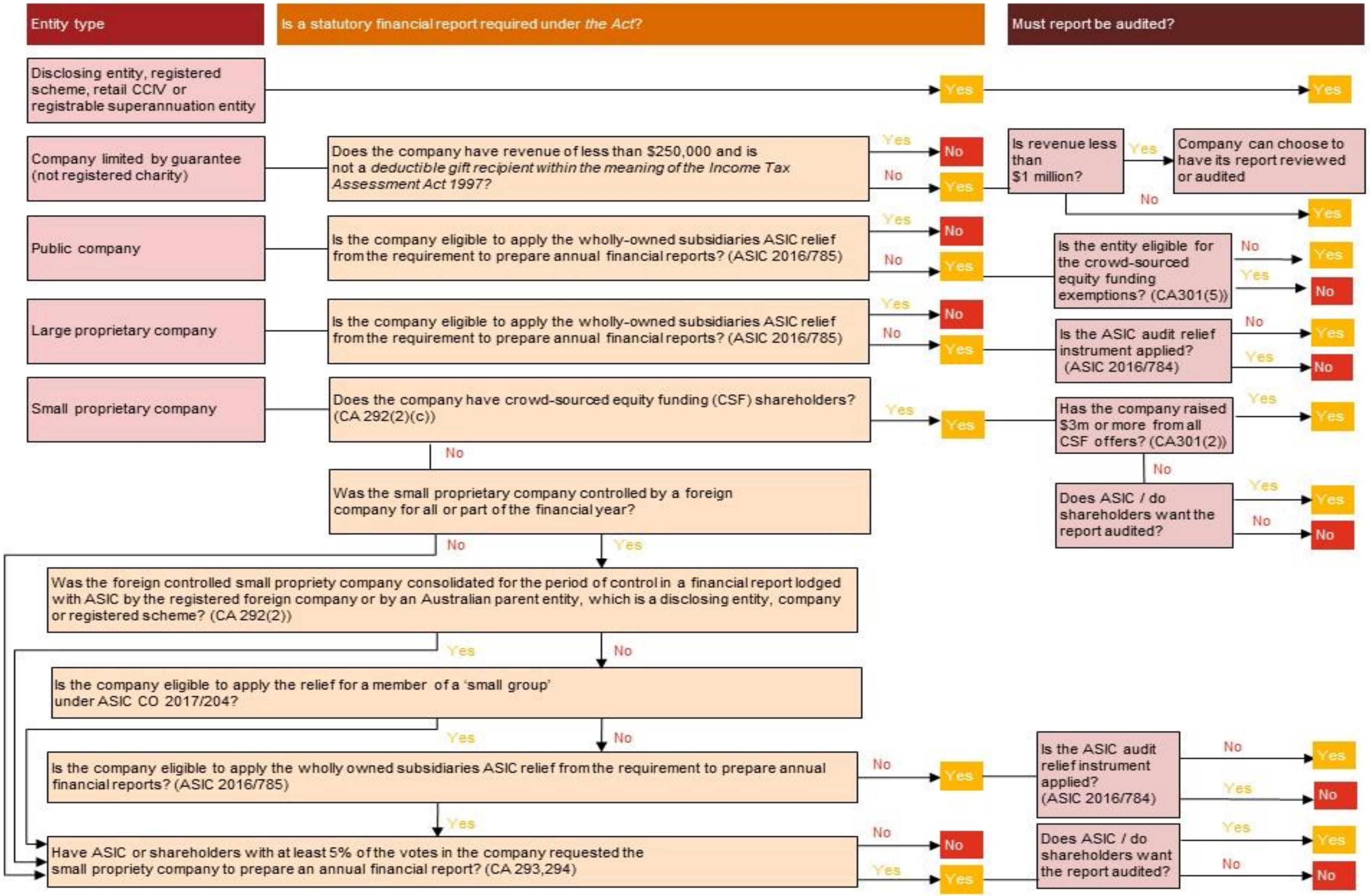
(a) all liabilities (other than liabilities to VALUE ACCOUNTS Holdings Limited, VALUE Trading Limited or a related body corporate) arising out of their duties as auditor of VALUE Trading Limited in the period 1 January 2024 up to the date of their resignation on 29 October 2024, but only to the extent that the liability arises out of conduct in good faith

(b) legal costs incurred in defending an action for a liability within the scope of the indemnity referred to in paragraph (a).

The amount payable under the agreement is the full amount of the liability. No liability has arisen under this indemnity as at the date of this report.

Appendix B: Preparation and audit of annual statutory financial reports

This flowchart identifies which entities must prepare audited financial reports under Chapter 2M of the *Corporations Act 2001* (the Act).



Corporations Act entities

The following table provides a brief summary of the types of entities that are regulated under the *Corporations Act 2001*. Further details are provided on the following pages.

	Type of entity	Description
CA45A,112,113,148	Proprietary company	• Can have no more than 50 non-employee shareholders • Must have ‘Proprietary’ in its name (or Pty) • Normally limited by shares, but can also be unlimited • Name must indicate whether limited (‘Limited’ or ‘Ltd’) or unlimited • Financial reporting obligations depend on whether the company is ‘large’ or ‘small’, see paragraph 1 below. • Special rules apply to proprietary companies that are undertaking crowd-sourced equity funding, see paragraph 11.
CA9,112	Public company	• A company other than a proprietary company or a CCIV • Can be limited by shares, limited by guarantee (see paragraph 10 below), no liability (mining companies only) or unlimited • Name must indicate whether the company is a no liability company (NL) or a limited company; an exception exists for companies limited by guarantee which are set up for charitable purposes.
CA9 CA601ED CA601FA CA601FB	Managed investment scheme	A scheme with the following features: • people contribute consideration to acquire rights to benefits produced by the scheme • the contributions are pooled or used in common enterprise, and • the members do not have day-to-day control over the operation of the scheme. Time sharing schemes are also MIS. Other types of entities are, however, specifically excluded, see the definition of MIS in section 9 of the Act. MIS have to be registered if • they have more than 20 members, • they were/are promoted by a person in the business of promoting schemes, or • ASIC determines that there are a number of schemes that are closely related and which, in aggregate, have more than 20 members. Registered MIS must have a responsible entity which is a public company that holds an AFS licence authorising it to operate a scheme. The responsible entity is liable to scheme members for all aspects of the scheme’s operation. It can delegate any aspect of operations to a third party (e.g. a custodian), but it cannot delegate its liability.
CA9 CR1.0.02A	Listed entity (company or registered scheme)	A reference to ‘listed’ means inclusion in the official list of a prescribed financial market operated in Australia. At present, the following markets are prescribed: • Asia Pacific Exchange Limited (now Sydney Stock Exchange Limited) • ASX Limited • Chi-X Australia Pty Ltd (now Cboe Australia Pty Ltd) • National Stock Exchange of Australia Limited (now NSX Limited) • SIM Venture Securities Exchange Ltd (now IR Plus Securities Exchange Ltd; licence cancelled 6 March 2018).
	Disclosing entity	All listed companies & listed registered schemes are disclosing entities. Other public companies and unlisted registered schemes may also satisfy the definition of a disclosing entity in certain circumstances (see paragraph 6 below).

	Type of entity	Description
CA9 SIS(10)	Registrable superannuation entity for the purpose of Chapter 2M of the *Corporations Act 2001*	A registrable superannuation entity (RSE) as defined in in the *Superannuation Industry (Supervision) Act 1993* (SIS Act) but excluding • exempt public sector superannuation schemes (as defined in the SIS Act) • excluded approved deposit funds (as defined in the SIS Act), and • small APRA funds, being a regulated superannuation fund with no more than 6 members. See paragraph 12 for further information.
CA Part 8B.4, Division 4	Corporate Collective Investment Vehicle (CCIV)	An investment structure with the following features: • a hybrid of a company and a trust • operated through a corporate director, which is a public company that holds an Australian Financial Services Licence (AFSL) • can either be a retail CCIV or a wholesale CCIV • must have the expression 'Corporate Collective Investment Vehicle' or 'CCIV' at the end of its name. See paragraph 13 for further information.

(a) Small proprietary companies

CA45A(2)

1. A proprietary company is a small proprietary company for a financial year if at least two of the following conditions are satisfied:
   (a) consolidated revenue is less than $50 million
   (b) consolidated gross assets at the end of the year are less than $25 million
   (c) the company and the entities it controls have fewer than 100 employees at the end of the financial year.

CR1.0.02B

The size thresholds were doubled for financial years commencing on or after 1 July 2019. For earlier financial years, they were $25 million revenue, $12.5 million assets and 50 employees.

CA45A(6)

2. Consolidated revenue and consolidated assets must be calculated in accordance with accounting standards in force at the relevant time even if the standards do not otherwise apply, e.g. because the company is not a reporting entity. The consolidation must include the parent entity and any entities it controls under the principles in AASB 10 *Consolidated Financial Statements,* but excludes any controlling entity or sister entities.

CA45A(5)

3. Employees are to be counted on a full-time equivalent basis as at the end of the financial year. Part-time employees are counted as an appropriate fraction of a full-time equivalent. Seasonal or casual employees are only included if they were employed on the last day of the financial year.

4. There is no definition of 'employees' in the *Corporations Act 2001* so the common law must be relied on for guidance. The most commonly applied criterion is the presence of a right of control by the employer over the manner in which an employee works.

CA293,294

5. Small proprietary companies requested to prepare financial reports by ASIC or members holding at least 5% of the voting rights will not need to apply accounting standards if the requests specify that the reports do not have to comply with them.

(b) Disclosing entities

CA111AC
CA111AD
6. A body is a disclosing entity if it has issued ED (short for 'enhanced disclosure') securities. Disclosing entities include:
   - CA111AE (a) entities that are listed on a prescribed financial market (limited to Australian markets)
   - CA111AF (b) entities that issue securities (other than debentures and managed investment products) pursuant to a disclosure document, and after such an issue, and at all times since the issue, at least 100 persons held securities in the relevant class
   - CA111AFA (c) entities that issue managed investment products under a Product Disclosure Statement, if at least 100 persons hold such products
   - CA111AG(1) (d) entities that issue securities (other than debentures) as consideration for offers under an off-market takeover bid, and after such an issue, and at all times since the issue, at least 100 persons held securities in the relevant class
   - CA111AG(2) (e) entities whose securities are issued under a compromise or scheme of arrangement, and after such an issue, and at all times since the issue, at least 100 persons held securities in the relevant class
   - CA111AI (f) borrowers required to appoint a trustee under CA 283AA.

Modifications to disclosing entity provisions

7. Modifications to the disclosing entity provisions have been made as follows:
   - (a) the following securities have been declared not to be ED securities:
     - CR1.2A.01(a) (i) listed securities of an entity classified as an exempt foreign entity under ASX Listing Rule 1.11 (known as an ASX Foreign Exempt Listing)
     - CR1.2A.01(b) (ii) securities quoted on the Australian Bloodstock Exchange Limited
   - (b) the following entities have been exempted from the disclosing entity provisions:
     - CR1.2A.02 (i) foreign companies issuing securities under foreign takeover offers or schemes of arrangement (where the requirements of CR 1.2A.02 are met)
     - CR1.2A.03 (ii) foreign companies offering shares for issue or sale to Australian employees under an employee share scheme in respect of which a disclosure document is lodged with ASIC.

Disclosing entities which cease to be disclosing entities before deadline

ASIC2016/190
8. *ASIC Corporations (Disclosing Entities) Instrument 2016/190* applies to entities which cease to be disclosing entities after the end of a financial year but before the earlier of:
   - (a) 3 months after the end of the financial year, and
   - (b) if the entity is required to have an annual general meeting (AGM), 21 days before the date of the next AGM after the end of the financial year.

ASIC2016/190
9. The instrument provides relief from the full-year financial reporting requirements of Chapter 2M of the Act to the extent that those requirements apply to the entity as a disclosing entity, on condition that:
   - (a) the entity complies with the requirements of Chapter 2M as if it had not been a disclosing entity at the end of the financial year, and
   - (b) the directors of the entity resolve before the earlier of the dates in paragraph 8 that there are no reasons to believe that the entity may become a disclosing entity before the end of the next financial year.

(c) Companies limited by guarantee

10. Companies limited by guarantee are subject to a three-tiered differential reporting framework:

CA45B CA292(3) CA294A CA294B	(a)	Companies with revenue less than $250,000 that are not *deductible gift recipients* within the meaning of the *Income Tax Assessment Act 1997*	do not need to prepare or lodge any financial reports, unless they are directed to do so by members or ASIC
CA301(3)	(b)	Companies with revenue less than $250,000 that are *deductible gift recipients*, and Companies with revenue more than $250,000 but less than $1 million	need to prepare and lodge a full financial report, but can choose to have that report reviewed rather than audited
	(c)	Companies with revenue of $1 million or more	must lodge an audited financial report

CA45B(c)(ii)

Where the company is required by the accounting standards to be included in consolidated financial statements, the above threshold amounts are those of the consolidated entity. This means that the size test may be applied at the level of a parent entity that sits above the entity in question.

Companies that are registered charities (see below) are exempt from complying with the financial reporting requirements of the Act and must instead comply with the requirements in the *Australian Charities and Not-for-Profit Commission (ACNC) Act 2012.*

(d) Reporting relief for companies undertaking crowd-sourced equity funding

11. Special exemptions apply to proprietary companies that are raising funds through the crowd-sourced funding regime. They:
    - CA201A(1) (a) must have at least two directors and a majority of the directors must ordinarily reside in Australia
    - CA113(2)(c),(d) (b) may have more than 50 shareholders, as long as the excess shareholders are employee or CSF shareholders
    - CA292(2)(c) (c) must prepare an annual financial report and directors report and lodge this with ASIC, even if it is a small proprietary company, and
    - CA301(2) CA325(2)] (d) do not need to appoint an auditor and have the financial report audited if they are a small proprietary company and the funds raised from all CSF offers are less than $3 million.

(e) Registrable superannuation entities (RSEs)

CA1684

12. For financial years beginning on or after 1 July 2023, RSEs will have to comply with the financial reporting requirements in Chapter 2M.3. This means that RSE licensees will need to:
    - CA292,CA300C (a) prepare a financial report and a directors' report, including remuneration report, for each financial year
    - CA301,CA307,CA308 (b) have the financial report and remuneration report audited and obtain a copy of the audit report
    - CA319 (c) lodge the annual report (comprising the financial report, directors' report with remuneration report and auditor's report) within 3 months of year-end.
    - CA314AA (d) make the annual report publicly available on the RSE's website from the day when the report is lodged with ASIC
    - SIS Act 29P(3) (e) include details of how to access the RSE's annual report with a the notice of the annual members' meeting, and
    - CA1017C(3AA) (f) provide a copy of the annual report for a specified financial year to a member upon request.

(f) Corporate Collective Investment Vehicles (CCIVs)

CA Part 8B.4, Division 4

13. A CCIV is an alternative investment structure that is a hybrid of a company and a trust. A CCIV has features that an ordinary company has, such as having its own legal identity, perpetuity, and relevantly, corporate veil but like a trust, will have flow through tax treatment and an Attribution Managed Investment Trust (AMIT) regime which aligns with the existing AMIT regime for managed investment schemes.
14. A CCIV is operated through a corporate director, which is a public company that holds an Australian Financial Services Licence (AFSL).
15. A CCIV is an umbrella investment structure which can hold multiple sub-funds. Each sub-fund has its own allocated assets and liabilities and is required to be operated as a separate business to any other sub-fund within the CCIV. Investors hold shares in the CCIV itself, which will be referable to a specific sub-fund of that CCIV.
16. CCIVs can either be retail CCIVs or wholesale CCIVs. All CCIVs must be registered with ASIC, but only retail CCIVs must
    - (a) provide their investors with product disclosure statements
    - (b) prepare annual financial reports and directors' reports for their sub-funds and lodge them with ASIC, and
    - (c) prepare and lodge a compliance plan with ASIC.
17. Wholesale CCIVs must comply with the requirements in Chapter 2M.2 to maintain financial records for each sub-fund, but they do not have comply with the annual financial reporting requirements in Chapter 2M.3.

CA1222N

18. Retail CCIVs may be listed on a prescribed financial market such as the ASX, provided they have only one single sub-fund. In this case, either the CCIV itself or its sub-fund can be listed. A CCIV with a listed sub-fund will be a listed company for the purpose of the *Corporations Act 2001.*

Appendix C: Annual reporting deadlines

The annual reporting deadlines for disclosing entities, other public and proprietary companies and registered schemes are summarised in the following table. 'Annual report' refers to the financial report for the financial year, including the directors' declaration, and the audit report on that financial report. It may also refer to a concise financial report prepared under CA 314(2).

The deadlines refer to periods after the year end, except in relation to responses to the extract of particulars, and the deadline for sending a notice of annual general meeting (AGM), which refers to a period prior to the date of the meeting.

		Disclosing entities				Proprietary companies	
	Action	**Listed**	**Unlisted**	**Other public companies[27,28]**	**Unlisted registered schemes, RSEs and retail CCIVs**	**Small[22]**	**Large**
	Sign directors declaration and report[1]	3 months	3 months	4 months	3 months	-[2,3]	4 months[2]
ASX(4.3A),(4.3B), **Listed entities only**	Lodge Appendix 4E with ASX	2 months[4-7]	-	-	-	-	-
CA319(3) CA1232	Lodge annual report with ASIC [20,21,25,26]	3 months[8-11]	3 months	4 months	3 months	-[2,20]	4 months [2,23]
CA315(1),(3),(4),(3AA) CA1232J	Send annual report to members [25,26]	4 months (schemes – 3 months)[12,13]	4 months[12]	4 months[12,28]	3 months	-[3]	4 months
CA249H(1),249HA, SIS Act 29P	Send notice of AGM	28 days[15]	21 days[14,15]	21 days[14,15,29]	Unlisted registered schemes and retail CCIVs: n/a-[17] RSEs: 21 days before AGM or 6 months after year end [29]	-[17]	-[17]
CA250N(2), SIS Act 29P	Hold AGM [27]	5 months [18]	5 months [18]	5 months [18.29]	Unlisted registered schemes and retail CCIVs: n/a [-17,18] RSEs: no later than 3 months after notice [19]	[-17,18]	[-17,18]
CA346A‑346C	Respond to ASIC re extract of particulars	Within 28 days of the date of issue of the extract by ASIC[19]					

Directors' declaration and directors' report

CA319(3)(a)

1. There is no specific deadline for signing the directors' declaration and report, but they will need to be signed by the stated deadlines to enable the annual report to be lodged with ASIC on time.

Proprietary company is a disclosing entity

CA319(3)(a)

2. A deadline of 3 months applies if the company is a disclosing entity.

Financial reports requested by shareholders or ASIC

CA315(2)
CA294(3)

3. If financial reports are requested by shareholders with at least 5% of the votes in the company, or ASIC, the deadline is the later of 4 months after year end or 2 months after the shareholder request, or, as specified in the ASIC request (the date must be a reasonable one in view of ASIC's request).

Listed entities

ASX(4.3A)
Listed entities only

4. A listed entity (except a mining or oil and gas exploration entity) must lodge the information set out in Appendix 4E (preliminary final report) with ASX. A responsible entity must give the information to ASX with any necessary adaptation. The information in Appendix 4E must use the same accounting policies as the accounts on which it is based and must comply with all relevant accounting standards. Foreign entities may provide the information in accordance with accounting standards acceptable to the ASX (e.g. International Financial Reporting Standards).

ASX(4.3B)
Listed entities only

5. The information referred to in paragraph 4 above must be given to ASX immediately all of it becomes available, and no later than it lodges any accounts with ASIC or the regulatory bodies in the jurisdiction in which it is established. In any event, Appendix 4E must be lodged with the ASX no later than 2 months after the end of the relevant financial year.

ASX(4.3D),(4.5A)
Listed entities only

6. Once a listed entity is or becomes aware of any circumstances which are likely to affect the results or other information contained in the preliminary final report given to the ASX under Listing Rules 4.3 or 4.3A, the entity must immediately give the ASX an explanation of the circumstances and the effects they are expected to have on the entity's current or future financial performance or financial position. There is no requirement to also include information about the circumstances in the financial statements, but some entities may wish to continue to make this disclosure, as previously required under Listing Rule 4.10.1.

ASX(5.5)
Listed entities only

7. Mining and oil and gas exploration entities are not required to lodge either Appendix 4E or Appendix 4D (half-year reporting). However, they must lodge quarterly reports which show their cash flows, changes in mining tenements and in issued securities with the ASX within one month after the end of the relevant quarter (Appendix 5B). Listed exploration entities must also lodge their annual financial report with the ASX and/or ASIC within the 3 months deadline that applies to all listed entities.

ASX(4.5)
ASIC-RG28
ASIC2016/181
Listed entities only

8. All listed entities that are established in Australia must give the annual report to the ASX when they lodge it with ASIC. They must also give the ASX a copy of any concise report at the same time. Under ASIC Regulatory Guide 28 and *ASIC Corporations (Electronic Lodgement of Financial Reports) Instrument 2016/181*, lodgement with the ASX can also satisfy a listed entity's obligation to lodge documents with ASIC. Special rules apply to entities that are not established in Australia, see ASX Listing Rules 4.5.2 and 4.5.3 for details.

ASX(4.7A)
Listed entities only

9. If an ASX Debt Listing is required to comply with CA 319 (disclosing entities) or CA 601CK (registered foreign companies), it must give ASX a copy of the documents that it lodges with ASIC no later than the time that it lodges them. If it is not required to comply with CA 319 or CA 601CK, it must give to ASX, in English, a copy of any annual accounts that it lodges with the regulatory authorities in the jurisdiction in which it is established within 10 business days of lodging them.

ASX(4.7A.1)
Listed entities only

10. If an ASX Debt Issuer was admitted on the basis of a guarantee provided by a parent entity, and the parent entity is required to comply with CA 601CK, the ASX Debt Issuer must give ASX a copy of the documents that the parent entity lodges with ASIC no later than the time that the parent entity lodges them. If the parent entity is not required to comply with CA 601CK, the ASX Debt Issuer must give to ASX, in English, a copy of any annual accounts that the parent entity lodges with the regulatory authorities in the jurisdiction in which it is established, immediately after the parent entity lodges them.

ASX(4.8)
Listed entities only

11. If securities in, or loans or advances to, an unlisted entity are a listed entity's main asset, the listed entity must give the ASX the latest accounts of the unlisted entity, together with any auditor's report or statement when the listed entity gives its annual report and any concise report to the ASX. This is not required if the unlisted entity is included in the listed entity's consolidated financial statements.

Sending annual reports to members

CA315(1)
CA314(1AA),(1AE)

12. The deadline is the latest date for sending annual reports to members. They must be sent at least 21 days before the AGM if that date is earlier. Entities may elect to make their annual report available on their web site and only send hard copy reports to those members that have requested them.

ASX(4.7),(4.7.1)
Listed entities only

13. If the annual report or concise report sent to members of a listed entity under CA 314 contains information additional to that lodged with the ASX/ASIC under Listing Rule 4.5 within 3 months after the year end (e.g. information required under ASX 4.10), it must give the ASX a copy of the report sent to members on the earlier of the first day it sends it to members or the last day for it to be given to members under CA 315 (i.e. 4 months, or 3 months for schemes). If the annual report sent to members does not include additional information/documents to those already lodged, the entity must tell the ASX that this is the case.

Annual general meeting (AGM)

CA249H(1)-(4)

14. Companies other than listed companies may specify a longer minimum period of notice of meetings if they have a Constitution. Such companies may call an AGM on shorter notice if all members entitled to attend and vote at the AGM agree beforehand. However, shorter notice is not permitted for an AGM of a public company at which a resolution will be moved to remove a director under CA 203D or to appoint a director in place of a director removed under that section. Shorter notice is also not permitted for a meeting of a company at which a resolution will be moved to remove an auditor under CA 329.

CA249J(4),CA110D
CA135(1)(a),(2)

15. Under CA 249J(4), a notice of meeting sent by post (including sending information by post to allow the recipient to access the notice electronically) is taken to be given 3 days after it is posted. A notice sent by electronic means, or made available by electronic means, is taken to be given on the business day after it is sent or the member is notified that the notice is available. CA 249J(4) is a replaceable rule. Replaceable rules apply to each company registered after 1 July 1998 and to any company registered before that date that repeals its Constitution. A replaceable rule may be displaced or modified by a company's Constitution.

CA250N(4)

16. A public company that has only one member is not required to hold an AGM unless specifically required to do so under its Constitution.

CA317
CA1232K

17. Registered schemes, proprietary companies and retail CCIVs are not required to hold AGMs unless specifically required to do so under their Constitution.

CA249R
CA252P
CA1228B

18. A company, registered scheme or retail CCIV may hold a meeting of its members at one or more physical venues and/or using virtual meeting technology. Holding a meeting using only virtual technology is only permitted if this is expressly required or permitted by the company's constitution. For registered schemes and retail CCIVs, the provisions that require or permit using virtual technology must have been included in the scheme's constitution at the time it was established or by special resolution of the members.

SIS Act 29P(3),(4)

19. RSEs must hold an annual members meeting under the *Superannuation Industry (Supervision) Act 1993*. The RSE licensee must give notice of the meeting no later than 6 months after the end of the financial year and at least 21 days before the meeting. The meeting must be held within 3 months after notice of the meeting was given. The meeting can be held by electronic means.

Extract of particulars

CA346A-346C
CA1351(3)(4)

20. ASIC must issue an extract of particulars to each company and registered scheme within two weeks of the entity's review date (generally the anniversary of the entity's registration), and the entity is required to correct any incorrect information within 28 days of the issue date of the extract. If the information in the extract of particulars is correct no response is required, but the annual review fee must be paid within 2 months of the review date. Companies also have the option of prepaying their annual review fee for a period of 10 years by way of a single lump sum payment.

Solvency resolution

CA347A

21. Directors who have not lodged a financial report with ASIC under Chapter 2M of the *Corporations Act 2001* within the period of 12 months before the entity's review date are required to pass a solvency resolution within 2 months after the review date. Entities to which this requirement applies include:
    (a) small proprietary companies that are not required to prepare and lodge financial reports
    (b) wholly-owned subsidiaries that have entered into deeds of cross guarantee with their parent entities and apply the ASIC relief from preparing financial reports, and
    (c) companies that have failed to lodge their financial reports with ASIC, as required by the Act.

CA347B(1),(2)

22. If the directors pass a negative solvency resolution the company must notify ASIC of that fact within 7 days of passing the resolution. If the directors do not pass a solvency resolution within 2 months after the review date the company must notify ASIC of that fact within 7 days after the 2 month period following the review date.

Proprietary companies

CA315(4),319(3)

23. The large proprietary company reporting deadlines apply to foreign controlled small proprietary companies which are required to report under CA 292(2)(b) if they are not eligible to apply the relief provided by *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* (see Appendix B). They also apply to small proprietary companies with crowd-sourced equity funding shareholders.

Externally administered companies

ASIC03/392

24. A company that has a liquidator appointed does not have to comply with Part 2M.3 (financial reporting) of the *Corporations Act* 2001. Such a company will not need to lodge an annual report with ASIC or send it to members.

ASIC03/392 25. Where a relevant external administrator is appointed in relation to a company no earlier than 3 months before the end of the company's reporting period, the company does not have to lodge an annual report with ASIC or send it to members until 6 months after that appointment. To rely on this relief, the company must comply with certain conditions set out in *ASIC Class Order 03/392.* For the purposes of the Class Order, a relevant external administrator is:

(a) an administrator of a company

(b) a managing controller appointed to the whole or substantially the whole of the property of a company

(c) a provisional liquidator of a company,

(d) where no other person was acting in one of those capacities in relation to the company at the time of their appointment.

ASIC-RG174(64)-(81) 26. ASIC may grant and externally administered public company an extension of time within which the company is required to hold an AGM. ASIC's policy in this regard is set out in Interim Policy Statement 174 *Externally administered companies*: *Financial reporting and AGMs*.

Other public companies – companies limited by guarantee

CA292(3) 27. Companies limited by guarantee are also public companies. However, they are only required to prepare and lodge a financial report if they:

CA45B (a) are a 'deductible gift recipient' within the meaning of the Income *Tax Assessment Act 1997,* or

CA45B (b) have revenue of more than $250,000, or

CA292(3),294A,294B (c) have been directed by members or ASIC to do so.

Companies that are registered charities are exempt from complying with the financial reporting requirements of the Act and must instead comply with the requirements in the *Australian Charities and Not-for-Profit Commission (ACNC) Act 2012,* see paragraph 74 of Appendix A for further information.

Appendix D: Review of operations

1. The directors' report for VALUE ACCOUNTS Holdings Limited has been prepared on the assumption that the review of operations has been presented as a separate section in the annual report. This is allowed by virtue of ASIC instrument 2016/188 – see page 46. There are no rules specifying the information a company must include in its review of operations, allowing companies flexibility to make this decision on the basis of their own unique business dynamics and those of the industry sectors in which they operate. As a result, we have not illustrated the review of operations for VALUE ACCOUNTS Holdings Limited. Instead, we have included the following guidance to assist preparers of a review of operations.

Requirements governing the review of operations

Information to be disclosed	Source of requirement	Where do the disclosures go?	Entities affected
Review of operations and the results of those operations [1]	**CA 299(1)(a)**	Directors' report or a document included with the directors' report. Cannot be transferred to the financial report	All entities
Information that members would reasonably require to make an informed assessment of the entity's: [1] (a) operations (b) financial position (c) business strategies and prospects for future financial years [2]	**CA 299A**	Directors' report or a document included with the directors' report. Cannot be transferred to the financial report	Listed entities
Review of operations and activities [3]	**ASX Listing Rule 4.10.17**	Anywhere in the annual report	Listed entities

1. Not required for the parent entity if consolidated financial statements are prepared (CA 299(2) and CA 299A(2)).
2. The required disclosures may omit information in relation to the entity's business strategies and prospects for future financial years if it is likely to unreasonably prejudice the entity. If material is omitted, the report must say so (CA 299A(3)), see commentary paragraph 6 on page 35 for further information.
3. Listing rule 4.10.17 is based on CA 299. ASX does not require the review of operations and activities to follow any particular format. Nor does ASX specify its contents. However, ASX supports the group of 100 publication *Guide to the Review of Operations and Financial Condition*.

While the content of the review of operations is not prescribed by legislation, there are various documents that provide guidance on the type of information to be included. Following is a brief outline of each of these guides.

ASIC guidance on review of operations

ASIC-RG247

2. ASIC's Regulatory Guide 247 *Effective disclosure in an operating and financial review* explains their expectations in relation to the disclosures contained in the operating and financial review (OFR) section within the annual report. In particular, an OFR should:
   - be presented in a single, self-contained section
   - identify underlying drivers of the entity's performance and financial position
   - disclose exposures that are not recognised in the financial statements (e.g. identify off-balance sheet items or undervalued assets)
   - provide information about the entity's strategy and business prospects that covers more than just the next financial year
   - provide specific disclosures about business risks that could affect the entity's achievement of its financial prospects, and
   - prominently highlight uncertainties about the entity's going concern and any qualification by the entity's auditor, or 'emphasis of matter' paragraph included in the audit opinion.

ASIC-RG247

3. The guide further explains under what circumstances entities can claim the 'unreasonable prejudice exemption to disclosure and what they need to do before they can apply it (see commentary paragraph 6 on page 35 for further information).

Group of 100 Guide

4. The Group of 100 Incorporated published a *Guide to the Review of Operations and Financial Condition* (G100 Guide) to assist listed entities in the preparation of the review of operations and activities an entity must provide to the ASX. The ASX has endorsed the guide and included it in their Guidance Note 10. Australian unlisted companies can also refer to the G100 Guide for key principles to consider when preparing a review of operations that complies with the provisions of the *Corporations Act 2001*.
5. The key objective of the review of operations, as stated in the G100 Guide, is to complement and supplement the financial statements by providing "a critical and objective analysis and explanation of a company's past and likely future performance and financial condition" including:
   - the opportunities and risks associated with the past operations of the company
   - the opportunities and risks likely to impact on the future activities of the company
   - short and long-term analyses of the business as seen through the eyes of the directors, and
   - analysis of industry-wide and company-specific financial and non-financial information that is relevant to an assessment of the company's performance and prospects.
6. To assist companies, the G100 Guide provides a framework for preparing a review of operations (see following table) and recognises that different companies will have specific disclosure needs depending on their size, industry group and other factors. Not all of the items will be relevant to all companies, nor should the guidance be regarded as a comprehensive list of the matters that should be considered by directors to be relevant to a thorough assessment of the business.

G100 Disclosure framework

Company overview and strategy	Review of operations	Investments for future performance	Review of financial condition
Description of business and external environment	Operating results for the period	Capital expenditure program	Discussion of the capital structure and treasury policy
Corporate objectives to enhance shareholder wealth	Shareholder returns in terms of dividends and increases in shareholder funds	Other activities and expenditures designed to enhance future profits	Cash from operations and other sources of cash
Strategies for achieving key business objectives	Dividend distribution policy		Discussion of liquidity and funding
Dynamics of the business			Resources of the company
Key financial and non-financial performance indicators			Impact of legislation and other external requirements
Underpinned by risk management and corporate governance frameworks			

IFRS Practice Statement *Management Commentary*

7. In December 2010, the IASB released a practice statement setting out a framework for the preparation and presentation of management commentary (i.e. review of operations) to accompany financial statements prepared in accordance with IFRS. The AASB has made the statement available to Australian constituents as guidance for entities to consider when presenting narrative reporting to accompany general purpose financial statements prepared in accordance with Australian Accounting Standards. The statement sets out the principles, qualitative characteristics and content elements necessary to provide current and potential future capital and debt providers with decision-useful information. Management commentary should provide users with integrated information that provides context for the related financial statements, including management's view on what has happened (positive and negative), why it happened and what the implications are for the company's future. Compliance with the practice statement is not mandatory.

8. Unless the ASX revises its guidance note, Australian listed entities can continue referring to the G100 guide, or they could elect to apply the practice statement if they wished to. The two documents are not dissimilar, but the requirements of the practice statement are broader in the following areas:
   - The practice statement requires disclosure of critical financial and non-financial resources available to the entity, whereas the G100 guide only requires disclosure of capital structure, liquidity and funding.
   - The practice statement requires disclosure of an analysis of the prospects of the entity, e.g. targets for financial and non-financial measures; the G100 guide requires only disclosure of investments for future performance.
9. In May 2021, the IASB published an exposure draft with proposals for a comprehensive new framework for preparing management commentary which would replace the current practice statement. While the proposals were broadly supported, it was put on hold in 2022. However, the IASB decided in April 2024 to finalise the proposals, and now expects to issue the revised Practice Statement in the first half of 2025.

ASIC guide on the use of non-IFRS financial information

10. Entities should also consider ASIC Regulatory Guide 230 Disclosing non-IFRS financial information when they are compiling the review of operations. The guide applies to any financial information that is presented other than in accordance with all relevant accounting standards. ASIC acknowledges that non-IFRS financial information may be valuable in documents such as a review of operations, as it may help the users of the financial report to make informed decisions about the entity’s operations and financial position, business strategies and future prospects. However, the information must be presented and explained in such a way that it is not misleading to its users. To ensure this is the case, ASIC has provided detailed guidelines which include the following points:
    - IFRS financial information should be given equal or greater prominence compared to non-IFRS financial information and non-IFRS financial information must be clearly labelled as such.
    - Entities should clearly explain how the non-IFRS financial information is calculated and reconcile it to the IFRS financial information.
    - A consistent approach must be adopted from period to period. All changes from one period to the other, including the reasons behind the change and the financial impact, should be clearly articulated.
    - Items that have occurred in the past or are likely to occur again in the future should not be described as ‘one-off’ or ‘non-recurring’.
    - Non-IFRS financial information must be unbiased and not be used to remove ‘bad news’.
    - The directors should state why they believe that the non-IFRS financial information is useful for investors to understand the entity’s financial condition and results of operations.
    - There should be a statement as to whether the non-IFRS information has been audited or reviewed.

Appendix E: Alternative presentation of primary statements

AASB101(10)(b),(10A)

Consolidated statement of profit or loss and other comprehensive income

(Illustration of a single statement and showing expenses by nature)

		Notes	2024 $'000	2023 Restated * $'000
AASB101(51)(c),(e) AASB101(113)				
AASB101(82)(a)	**Continuing operations**			
	Revenue	3	**197,659**	161,604
	Finance income	5(d)	**1,616**	905
	Other income	5(a)	**11,348**	12,033
	Other gains/(losses) – net	5(b)	**4,593**	(671)
	Changes in inventory		**6,681**	5,255
	Raw materials		**(62,218)**	(54,108)
	Employee benefit expenses		**(56,594)**	(52,075)
	Advertising		**(14,265)**	(6,662)
	Transportation		**(8,584)**	(6,236)
	Depreciation and amortisation	3(b),8(a) 8(b),8(d)	**(12,540)**	(10,080)
	Operating leases		**(1,215)**	(1,010)
	Impairment of goodwill	8(d)	**(2,410)**	-
	Write-off of assets damaged by fire		**(1,210)**	-
	Other		**(3,775)**	(2,363)
AASB101(82)(ba)	Net impairment losses on financial and contract assets	12(c)	**(849)**	(595)
AASB101(82)(b)	Finance costs	5(d)	**(7,491)**	(6,735)
AASB101(82)(c)	Share of net profit of associates and joint ventures accounted for using the equity method	16(e)	**340**	355
	Profit before income tax		**51,086**	39,617
AASB101(82)(d) AASB112(77)	Income tax expense	6	**(16,182)**	(11,575)
	Profit from continuing operations		**34,904**	28,042
AASB5(33)(a) AASB101(82)(ea)	Profit from discontinued operation (attributable to equity holders of the company)	15	**727**	399
AASB101(81A)(a)	**Profit for the period**		**35,631**	28,441
	Other comprehensive income			
AASB101(82A)(a)(ii)	*Items that may be reclassified to profit or loss*			
AASB101(82A),(7)(da)	Changes in the fair value of debt instruments at FVOCI	9(c)	**126**	(228)
AASB101(82A),(7)(e)	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	9(c)	**20**	15
AASB101(82A),(7)(c) AASB121(32)	Exchange differences on translation of foreign operations	9(c)	**(617)**	185
AASB5(38)	Exchange differences on translation of discontinued operation	15	**170**	58
AASB101(82A),(7)(e)	Gains on cash flow hedges	9(c)	**326**	1,423
AASB101(82A),(7)(g)(h)	Costs of hedging	9(c)	**(88)**	73
AASB101(82A),(7)(e)	Hedging losses reclassified to profit or loss	12(a)	**(155)**	(195)
AASB101(82A),(7)(c) AASB9(6.5.13)	Gains on net investment hedge	9(c)	**190**	-
AASB101(91)	Income tax relating to these items	9(c)	**(68)**	(326)
	Subtotal other comprehensive income		**(96)**	1,005

AASB101(10)(b),(10A)

Consolidated statement of profit or loss and other comprehensive income

(Illustration of a single statement and showing expenses by nature)

Reference		Notes	2024 $'000	2023 Restated * $'000
AASB101(51)(c),(e) AASB101(113)				
	Subtotal other comprehensive income		**(96)**	1,005
AASB101(82A)(a)(i)	*Items that will not be reclassified to profit or loss*			
AASB101(82A),(7)(a)	Gain on revaluation of land and buildings	9(c)	**7,243**	5,840
AASB101(82A),(7)(e)	Changes in the fair value of equity investments at FVOCI	9(c)	**632**	(1,230)
AASB101(82A)	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	9(c)	**300**	100
AASB101(82A),(7)(b) AASB119(120)(c)	Remeasurements of post-employment benefit obligations	9(c)	**119**	(910)
AASB101(91)	Income tax relating to these items	9(c)	**(2,489)**	(1,140)
AASB101(81A)(b)	**Other comprehensive income for the period, net of tax**		**5,709**	3,665
AASB101(81A)(c)	**Total comprehensive income for the period**		**41,340**	32,106
AASB101(81B)(a)	Profit is attributable to:			
	Owners of VALUE ACCOUNTS Holdings Limited		**32,626**	26,123
	Non-controlling interests		**3,005**	2,318
			35,631	28,441
AASB101(81B)(b)	Total comprehensive income for the period is attributable to:			
	Owners of VALUE ACCOUNTS Holdings Limited		**38,434**	29,530
	Non-controlling interests		**2,906**	2,576
			41,340	32,106
	Total comprehensive income for the period attributable to owners of VALUE ACCOUNTS Holdings Limited arises from:			
	Continuing operations		**37,549**	29,073
AASB5(33)(d)	Discontinued operations		**885**	457
			38,434	29,530
AASB133(66)	**Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:**			
	Basic earnings per share	22	**56.9**	47.3
	Diluted earnings per share	22	**55.8**	47.1
AASB133(66)	**Earnings per share for profit attributable to the ordinary equity holders of the company:**			
	Basic earnings per share	22	**58.2**	48.0
	Diluted earnings per share	22	**57.1**	47.8

* See note 11(b) for details regarding the restatement as a result of an error and note 26 for details about restatements for changes in accounting policies.

Not mandatory

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

AASB101(10)(d)
AASB107(1),(10)
AASB101(113)

Consolidated statement of cash flows – indirect method

Reference		Notes	2024 $'000	2023 $'000
AASB107(10),(18)(a)	**Cash flows from operating activities**			
AASB107(14)	Cash generated from operations	10(a)	**66,960**	48,781
AASB107(31)-(33)	Interest received		**1,262**	905
AASB107(31)-(33)	Interest paid		**(8,127)**	(6,799)
AASB107(14)(f),(35),(36)	Income taxes paid		**(16,458)**	(12,163)
	Net cash inflow from operating activities		**43,637**	30,724
AASB107(10),(21)	**Cash flows from investing activities**			
AASB107(39)	Payment for acquisition of subsidiary, net of cash acquired	14	**(2,600)**	-
AASB107(16)(a)	Payments for property, plant and equipment	8(a)	**(25,387)**	(14,602)
AASB107(16)(a)	Payments for investment property	8(c)	**(1,900)**	-
AASB107(16)(c)	Payments for financial assets at FVOCI		**(259)**	(2,029)
AASB107(16)(c)	Payments for financial assets at amortised cost	7(b)	**-**	(1,175)
AASB107(16)(a)	Payment of software development costs	8(d)	**(880)**	(720)
AASB107(16)(e)	Loans to related parties		**(1,180)**	(730)
AASB107(39)	Proceeds from sale of the engineering division	15	**3,110**	-
AASB107(16)(b),(14)	Proceeds from sale of property, plant and equipment		**9,585**	639
AASB107(16)(d)	Proceeds from sale of financial assets at FVOCI		**1,375**	820
AASB107(16)(f)	Repayment of loans by related parties		**469**	626
AASB107(38)	Dividends from joint ventures and associates	16(e)	**160**	220
AASB107(31),(33)	Other dividends [4]		**3,300**	4,300
AASB107(31),(33)	Interest received on financial assets held as investments		**258**	249
	Net cash (outflow) from investing activities		**(13,949)**	(12,402)
AASB107(10),(21)	**Cash flows from financing activities**			
AASB107(17)(a)	Proceeds from issues of shares and other equity securities	9(a)	**12,413**	-
	Proceeds from calls on shares and calls in arrears	9(a)	**1,500**	-
AASB107(17)(c)	Proceeds from borrowings	10(c)	**46,053**	26,746
AASB107(17)(c)	Proceeds received under a supplier finance arrangement	7(g)	**3,070**	2,520
AASB107(17)(b)	Payments for preference shares bought back	9(a)	**(1,350)**	-
AASB107(17)(b)	Payments for shares acquired by the VALUE Employee Share Trust		**(1,217)**	(299)
	Share issue and buy-back transaction costs	9(a)	**(245)**	-
AASB107(17)(d)	Repayment of borrowings	10(c)	**(33,484)**	(24,835)
AASB107(17)(d)	Repayments to a financial institution under a supplier finance arrangement	7(g)	**(2,980)**	(2,550)
AASB107(17)(e)	Payments of lease liabilities (principal)	10(c)	**(1,942)**	(1,338)
AASB107(42A),(42B)	Transactions with non-controlling interests	16(c)	**(1,500)**	-
AASB107(31),(34)	Dividends paid to owners of VALUE ACCOUNTS Holdings Limited	13(b)	**(22,357)**	(10,478)
AASB107(31),(34)	Dividends paid to non-controlling interests in subsidiaries	16(b)	**(3,017)**	(1,828)
	Net cash (outflow) from financing activities		**(5,056)**	(12,062)
	Net increase in cash and cash equivalents		**24,632**	6,260
	Cash and cash equivalents at the beginning of the financial year		**28,049**	21,573
AASB107(28)	Effects of exchange rate changes on cash and cash equivalents		**(248)**	216
	Cash and cash equivalents at end of year	7(e)	**52,433**	28,049
AASB107(43)	Non-cash financing and investing activities	10(b)		
AASB5(33)(c)	Cash flows of discontinued operations	15		

Not mandatory *The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

10 Cash flow information

(a) Cash generated from operations

		Note	2024 $'000	2023 $'000
	Profit before income tax from:			
	Continuing operations		**51,086**	39,617
	Discontinued operations	15	**1,111**	570
AASB107(18)(b),(20)	**Profit before income tax including discontinued operations**		**52,197**	40,187
	Adjustments for:			
	Depreciation and amortisation	5(c)	**12,540**	10,080
	Impairment of goodwill	4	**2,410**	-
	Write-off of assets destroyed by fire	4	**1,210**	-
	Non-cash employee benefits expense – share-based payments		**2,156**	1,353
	Net (gain)/loss on sale of non-current assets		**(1,620)**	530
	Gain on disposal of engineering division	15	**(760)**	-
	Fair value adjustment to investment property	8(c)	**(1,350)**	(1,397)
	Fair value adjustment to derivatives		**(11)**	621
	Fair value (gains) on non-current financial assets at FVTPL	7(d)	**(120)**	-
	Share of profits of equity-method investees	16(e)	**(340)**	(355)
	Gain on derecognition of contingent consideration payable	14	**(135)**	-
	Gain on remeasurement of contingent consideration receivable		**(130)**	-
	Dividend income and interest classified as investing cash flows		**(3,558)**	(4,549)
	Finance costs – net	5(d)	**5,875**	5,830
	Net exchange differences		**604**	479
	Change in operating assets and liabilities, net of effects from business combinations and sale of engineering division:			
	(Increase) in trade receivables		**(6,470)**	(4,647)
	Decrease/(increase) in contract assets		**1,258**	(1,220)
	(Increase) in inventories		**(1,340)**	(1,832)
	Decrease/(increase) in financial assets at FVTPL		**465**	(1,235)
	Decrease in other operating assets		**2**	5,202
	Increase/(decrease) in trade and other creditors		**1,339**	(6)
	Increase in contract liabilities		**457**	870
	Increase/(decrease) in other operating liabilities		**1,066**	(1,704)
	Increase in other provisions		**1,215**	574
	Cash generated from operations		**66,960**	48,781

Appendix F: Areas not illustrated

Biological assets

AASB101(10)(b),(10A)

Consolidated statement of profit or loss (extract)

	Notes	2024 $'000	2023 $'000
Revenue	3	**26,240**	27,548
Change in fair value of biological assets (AASB141(40))	8(b)	**22,500**	18,028
Cost of sales of livestock and palm oil		**(23,180)**	(24,348)

AASB101(10)(a)

Consolidated statement of financial position (extract)

	Notes	31 Dec 2024 $'000	31 Dec 2023 $'000	1 January 2023 $'000
Non-current assets (AASB101(60),(66))				
Property, plant and equipment (AASB101(54)(a))	8(a)	**X**	X	X
Biological assets (AASB101(54)(f))	8(b)	**4,300**	5,760	3,500
Current assets (AASB101(60),(66))				
Biological assets (AASB101(54)(f))	8(b)	**19,188**	12,437	18,920

2 Segment information

(a) Description of segments and principal activities

AASB101(138)(b) AASB141(46)(a)
The group is engaged in the business of farming sheep primarily for sale to meat processors. The group is also engaged in the business of growing and managing palm oil plantations for the sale of palm oil. The group earns ancillary income from various agricultural produce, such as wool.

AASB8(22)(a),(b),(aa)
The group's strategic steering committee, consisting of the chief executive officer, the chief financial officer and the manager for corporate planning, receives separate reports for each sheep farm and palm oil plantation. However, the farms and the plantations have been aggregated into two operating segments, being sheep and palm oil, as since they have the same economic characteristics.

3 Revenue

AASB8(23)(a)
The group derives the following types of revenue by operating segment:

	2024 $'000	2023 $'000
Sheep (AASB15(114))		
Sale of livestock (note 8(b))	**9,225**	12,096
Sale of wool	**2,500**	2,350
Sale of palm oil (note 8(b))	**14,515**	13,102
Total revenue	**26,240**	27,548

8 Non-financial assets and liabilities

(a) Property, plant and equipment

	Non-current assets	Mature oil palm trees $'000	Immature oil palm trees $'000	Freehold land $'000	Freehold buildings $'000	Other corporate assets $'000	Total $'000
	At 1 January 2023						
AASB116(73)(d)	Cost or fair value	8,200	2,000	X	X	X	X
AASB116(73)(d)	Accumulated depreciation	-	-	X	X	X	X
	Net book amount	8,200	2,000	X	X	X	X
	Year ended 31 December 2023						
AASB116(73)(e)	Opening net book amount	8,200	2,000	X	X	X	X
AASB116(73)(e)(i),(74)(b)	Additions		2,503	X	X	X	X
AASB116(73)(e)(ix)	Transfer	3,000	(3,000)				
AASB116(73)(e)(vii)	Depreciation charge	(2,000)	-	X	X	X	X
AASB116(73)(e)	Closing net book amount	9,200	1,503	X	X	X	X
	At 31 December 2023						
AASB116(73)(d)	Cost or fair value	11,200	1,503	X	X	X	X
AASB116(73)(d)	Accumulated depreciation	(2,000)	-	X	X	X	X
AASB101(77)	Net book amount	9,200	1,503	X	X	X	X
	Year ended 31 December 2024						
AASB116(73)(e)	Opening net book amount	9,200	1,503	X	X	X	X
AASB116(73)(e)(i),(74)(b)	Additions	-	4,309	X	X	X	X
AASB116(73)(e)(ix)	Transfer	2,700	(2,700)				
AASB116(73)(e)(vii)	Depreciation charge	(2,400)	-	X	X	X	X
AASB116(73)(e)(v) AASB136(126)(a),(b)	Impairment loss	-	-	X	X	X	X
AASB116(73)(e)	Closing net book amount	9,500	3,112	X	X	X	X
	At 31 December 2024						
AASB116(73)(d)	Cost or fair value	13,900	3,112	X	X	X	X
AASB116(73)(d)	Accumulated depreciation and impairment	(4,400)	-	X	X	X	X
AASB101(77)	Net book amount	9,500	3,112	X	X	X	x

AASB101(117)

(i) Accounting for land and buildings and oil palm trees

AASB116(73)(a) Land and buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to other reserves in shareholders' equity (note 9(b)). All other property, plant and equipment, including oil palm trees is recognised at historical cost less depreciation.

AASB116(50),(73)(b) Depreciation is calculated using the straight-line method to allocate the items' cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

AASB116(73)(c)

- Buildings 25–40 years
- Oil palm trees 25 years
- Corporate assets 3–10 years

The group's oil palm trees qualify as bearer plants under the definition in AASB 141 *Agriculture* and are therefore accounted for under the rules for plant and equipment. The trees are classified as immature until the produce can be commercially harvested. At that point they are reclassified and depreciation commences. Immature oil palm trees are measured at accumulated cost.

(b) Biological assets [2]

(i) Analysis by group of biological assets

AASB141(41) Biological assets comprise sheep and oil palm fresh fruit bunches (FFB) growing on palm trees.

AASB13(93)(e)

		2024			2023		
			Oil palm			Oil palm	
		Sheep	**FFB**	**Total**	Sheep	FFB	Total
		$'000	**$'000**	**$'000**	$'000	$'000	$'000
AASB141(50)	Opening balance at 1 January	**11,450**	**6,747**	**18,197**	18,781	3,639	22,420
AASB141(50)(b)	Increase due to purchases	**5,971**	**-**	**5,971**	2,097	-	2,097
AASB141(50)(a)	Livestock losses	**(480)**	**-**	**(480)**	(350)	-	(350)
AASB141(50)(a),(51)	Change in fair value due to biological transformation	**3,444**	**18,006**	**21,450**	1,430	15,500	16,930
AASB141(50)(a),(51)	Change in fair value due to price changes	**1,180**	**350**	**1,530**	1,088	360	1,448
AASB141(50)(d)	Transfer of harvested fresh fruit bunches (FFB) to inventory	**-**	**(14,115)**	**(14,115)**	-	(12,752)	(12,752)
AASB141(50)(c)	Decrease due to sale of lambs for slaughter	**(9,065)**	**-**	**(9,065)**	(11,596)	-	(11,596)
AASB141(50)	Closing balance at 31 December	**12,500**	**10,988**	**23,488**	11,450	6,747	18,197
	Current assets:						
	- Sheep held for slaughter	**8,200**	**-**	**8,200**	5,690	-	5,690
	- Oil palm FFB on trees	**-**	**10,988**	**10,988**	-	6,747	6,747
		8,200	**10,988**	**19,188**	5,690	6,747	12,437
	Non-current assets:						
	- Breeding stock – mature	**3,950**	**-**	**3,950**	5,190	-	5,190
	- Breeding stock – immature	**350**	**-**	**350**	570	**-**	570
	Total non-current	**4,300**	**-**	**4,300**	5,760	**-**	5,760

AASB141(46)(b) As at 31 December 2024 the group had 6,500 sheep (2023 – 5,397 sheep) and 3,123 sheep were sold during the year (2023 – 4,098 sheep sold).

As at 31 December 2024 there were 2,600,000 hectares of palm oil plantations (2023 – 2,170,000 hectares). During the year the group sold 550,000 kgs of palm oil (2023 – 545,000 kgs).

(ii) Accounting for biological assets

Biological assets are measured at fair value less costs to sell, see (iii) below for further information on determining the fair value.

AASB101(117) Costs to sell include the incremental selling costs, including auctioneers' fees, commission paid to brokers and dealers and estimated costs of transport to the market, but they exclude finance costs and income taxes.

AASB141(43) Sheep held for slaughter are classified as immature until they are ready for slaughter. Livestock are classified as current assets if they are to be sold within one year.

AASB141(7),(13)
AASB116(6) The oil palm trees are bearer plants and so they are therefore presented and accounted for as property, plant and equipment, see note 8(a). However, the FFB growing on the trees are accounted for as biological assets until the point of harvest. Harvested FFB are transferred to inventory at fair value less costs to sell when harvested.

AASB141(26) Changes in fair value of livestock and oil palm FFB on trees are recognised in the statement of profit or loss.

Farming costs such as feeding, labour costs, pasture maintenance, veterinary services and shearing are expensed as incurred. The costs of purchase of sheep plus transportation charges are capitalised as part of biological assets. [1]

(b) Biological assets

AASB101(117)

(iii) Measuring biological assets at fair value

AASB13(91)(a),(93)(d)

Sheep are measured at fair value less costs to sell, based on market prices at auction of livestock of similar age, breed and genetic merit with adjustments, where necessary, to reflect the differences. Market prices are obtained from the weekly auctions at the local market, which is considered the principal market for the purpose of the valuation.

AASB13(91)(a),(93)(d)

The fair value of growing oil palm FFB is determined using a discounted cash flow model based on the expected palm oil yield by plantation size, the market price for crude palm oil and palm kernel oil and after allowing for harvesting costs, contributory asset charges for the land and palm trees owned by the entity and other costs yet to be incurred in getting the fruit bunches to maturity.

AASB101(122),(125)
AASB13(93)(d)

Significant estimates and judgements

In measuring the fair value of sheep and oil palm FFB various management estimates and judgements are required:

Sheep

Estimates and judgements in determining the fair value of sheep relate to market prices, average weight and quality of animals and mortality rates.

The sheep grow at different rates and there can be a considerable spread in the quality and weight of animals that affects the price achieved. An average weight is assumed for the slaughter sheep livestock that are not yet at marketable weight.

Oil palm FFB on oil palm trees

Estimates and judgements in determining the fair value of the FFB growing on palm trees include the volume and stages of maturity of FFB at reporting date, palm oil yield, the long-term crude palm oil price, palm kernel oil price and the discount rates. See below for key assumptions about unobservable inputs and their relationship to fair value.

(iv) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the biological assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its non-financial and assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in note 7(i).

AASB13(93)(a),(b)

At 31 December 2024	Notes	**Level 1 $’000**	**Level 2 $’000**	**Level 3 $’000**	**Total $’000**
Sheep					
Mature – breeding stock		**-**	**3,950**	**-**	**3,950**
Immature – breeding stock		**-**	**350**	**-**	**350**
Held for slaughter		**-**	**8,200**	**-**	**8,200**
Oil palm FFB on trees		**-**	**-**	**10,988**	**10,988**
Total biological assets		**-**	**12,500**	**10,988**	**23,488**

AASB13(93)(a),(b)

At 31 December 2023	Notes	Level 1 $’000	Level 2 $’000	Level 3 $’000	Total $’000
Sheep					
Mature – breeding stock		-	5,190	-	5,190
Immature – breeding stock		-	570	-	570
Held for slaughter			5,690	-	5,690
Oil palm FFB on trees		-	-	6,747	6,747
Total biological assets		-	11,450	6,747	18,197

There were no transfers between any levels during the year.

(b) Biological assets

The quality of livestock sold at the local markets is considered to approximate the group's breeding and slaughter livestock. Sheep have therefore been classified as level 2 in the fair value hierarchy, since no significant adjustments need to be made to the prices obtained from the local markets.

AASB13(93)(e) The movements in the fair value of assets within level 3 of the hierarchy, being the oil palm FFB growing on trees, can be seen from the table in (i) above. The gains or (losses) recognised in relation to the oil palm FFB are as follows:

		2024 $'000	2023 $'000
AASB13(93)(e)(i)	Total gains for the period recognised in profit or loss under 'Change in fair value of biological assets'	**18,356**	15,860
AASB13(93)(f)	Change in unrealised gains or losses for the period recognised in profit or loss attributable to oil FFB held at the end of the reporting period	**9,300**	5,900

(v) Valuation inputs and relationships to fair value

AASB13(93)(d),(99) The following table summarises the quantitative information about the significant unobservable inputs used in the fair value measurements of the oil palm FFB on trees. The fair values are determined based on discounted cash flows.

AASB13(91)(a),(93)(d),(h)(i)

Description	Fair value at 31 Dec 2024 $'000	Fair value at 31 Dec 2023 $'000	Unobservable inputs *	Range of inputs (probability-weighted average) 2024	Range of inputs (probability-weighted average) 2023	Relationship of unobservable inputs to fair value
Oil palm FFB on trees	10,988	6,747	Palm oil yield – tonnes per hectare	20–30 (24) per year	20–30 (25) per year	The higher the palm oil yield, the higher the fair value
			Crude palm oil price	US$800–$1,100 ($900) per tonne	US$750–$1,070 ($900) per tonne	The higher the market price, the higher the fair value
			Palm kernel oil price	US$1,000–$1,200 ($1,050) per tonne	US$900–$1,150 ($1,030) per tonne	
			Discount rate	9%–11% (10.5%)	9%–11% (10.5%)	The higher the discount rate, the lower the fair value

AASB13(93)(h)(i) * There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(vi) Valuation processes

AASB13(93)(g) The group's finance department includes a team that performs the valuations of the group's biological assets for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every six months, in line with the group's half-yearly reporting requirements.

The main level 3 inputs used by the group are derived and evaluated as follows:

- Palm oil yield is determined based on the age of the plantation, historical yields, climate-induced variations such as severe weather events, plant losses and new areas coming into production.
- Crude palm oil prices and palm kernel oil prices are quoted prices for the relevant region.
- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Changes in level 2 and level 3 fair values are analysed at the end of each reporting period during the half-yearly valuation discussion between the CFO, AC and the valuation team. As part of this discussion the team presents a report that explains the reason for the fair value movements.

The cash outflows include notional cash flows (contributory asset charges) for the land and palm trees owned by the entity. They are based on market rental payable for orchards of similar size and maturity.

12 Financial risk management (extracts)

(a) Financial risk management strategies for biological assets

AASB141(49)(c)

The group is exposed to risks arising from environmental and climatic changes, commodity prices and financing risks.

The group's geographic spread of farms allows a high degree of mitigation against adverse climatic conditions such as droughts and floods and disease outbreaks. The group has strong environmental policies and procedures in place to comply with environmental and other laws.

The group is exposed to risks arising from fluctuations in the price and sales volume of sheep. Where possible, the group enters into supply contracts for sheep to ensure that sales volumes can be met by meat-processing companies. The group has long-term contracts in place for the supply of palm oil to its major customers.

The seasonal nature of the sheep farming business requires a high level of cash flow in the second half of the year. The group actively manages the working capital requirements and it has secured sufficient credit facilities to meet the cash flow requirements.

18 Commitments

AASB141(49)(b)

The group has entered into a contract to acquire 250 breeding sheep at 31 December 2024 for $1,250,000 (2023 – nil).

AASB101(117)

25 Summary of other potentially material accounting policies (extracts)

AASB101(112)(a),(117)

(a) Basis of preparation

(ii) Historical cost convention

AASB101(117)(a)

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

- certain financial assets and liabilities (including derivative instruments) certain classes of property, plant and equipment, and investment property – measured at fair value
- contingent consideration – measured at fair value, and
- certain biological assets – measured at fair value less costs to sell, and
- defined benefit pension plans – plan assets measured at fair value.

Biological assets

IFRIC Update September 2019

1. The Committee confirmed that entities can either capitalise the costs relating to the biological transformation of biological assets (subsequent expenditure) or recognise them as expenses when incurred. This accounting policy choice is applied consistently to each group of biological assets and it should be disclosed where relevant for an understanding of the financial statements.

Disclosures not illustrated: not applicable to VALUE Agriculture Limited

2. The following disclosure requirements of AASB 141 *Agriculture* are not illustrated above:

Reference	Item	Nature of disclosure
AASB141(49)(a)	Biological assets with restricted title and/or pledged as security	Disclose existence and carrying amount.
AASB141(50)(e),(f)	Reconciliation of carrying amount of biological assets	Show separately increases due to business combinations and net exchange differences.
AASB141(53),AASB101(97)	Material items of income or expense as a result of climatic, disease and other natural risks	Disclose amount and nature.
AASB141(54)-(56)	The fair value of biological assets cannot be measured reliably	Provide additional information.
AASB141(57)	Government grants received in relation to agricultural activity	Disclose the nature and extent of the grants, any unfulfilled conditions and other contingencies and if there are significant decreases expected in the level of government grants.

Oil and gas exploration assets

8 Non-financial assets and liabilities

(a) Property, plant and equipment (extracts)

Reference	Non-current assets	Capitalised exploration and evaluation expenditure $'000	Capitalised development expenditure $'000	Subtotal – assets under construction $'000	Production assets $'000	Other businesses and corporate assets $'000	Total $'000
AASB116(73) AASB6(24)(b),(25)							
	At 1 January 2024						
AASB116(73)(d)	Cost	218	12,450	12,668	58,720	3,951	75,339
AASB116(73)(d)	Accumulated amortisation and impairment	(33)	-	(33)	(5,100)	(77)	(5,210)
	Net book amount	185	12,450	12,635	53,620	3,874	70,129
	Year ended 31 December 2024						
AASB116(73)(e)	Opening net book amount	185	12,450	12,635	53,620	3,874	70,129
AASB116(73)(e)(viii)	Exchange differences	17	346	363	1,182	325	1,870
AASB116(73)(e)(i),(74)(b)	Acquisitions	-	386	386	125	4	515
AASB116(73)(e)(i),(74)(b)	Additions	45	1,526	1,571	5,530	95	7,196
AASB116(73)(e)(ix)	Transfers	(9)	(958)	(967)	1,712	-	745
AASB116(73)(e)(ii)	Disposals	(12)	(1,687)	(1,699)	-	-	(1,699)
AASB116(73)(e)(vii)	Depreciation charge	-	-	-	(725)	(42)	(767)
AASB116(73)(e)(v)	Impairment charge	(7)	(36)	(43)	(250)	(3)	(296)
AASB1 (73)(e)	**Closing net book amount**	219	12,027	12,246	61,194	4,253	(77,693)
	At 31 December 2024						
AASB116(73)(d)	Cost	264	12,027	12,291	67,019	4,330	83,640
AASB116(73)(d)	Accumulated amortisation and impairment	(45)	-	(45)	(5,825)	(77)	(5,947)
AASB101(77), AASB116(74)(b)	Net book amount	219	12,027	12,246	61,194	4,253	77,693

AASB101(117) *(i) Accounting for oil and gas assets*

AASB6(24)(a) Oil and natural gas exploration and evaluation expenditures are accounted for using the 'successful efforts' method of accounting. Costs are accumulated on a field-by-field basis. Geological and geophysical costs are expensed as incurred. Costs directly associated with an exploration well, and exploration and property leasehold acquisition costs, are capitalised until the determination of reserves is evaluated. If it is determined that commercial discovery has not been achieved, these costs are charged to expense.

Capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure.

Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to development tangible and intangible assets. No depreciation and/or amortisation is charged during the exploration and evaluation phase.

Development tangible and intangible assets

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of commercially proven development wells, is capitalised within property, plant and equipment and intangible assets according to nature. When development is completed on a specific field, it is transferred to production or intangible assets.

Oil and gas production assets

Oil and gas production properties are aggregated exploration and evaluation tangible assets, and development expenditures associated with the production of proved reserves.

Depreciation/amortisation

No depreciation or amortisation is charged during the exploration and evaluation phase.

Oil and gas properties intangible assets are depreciated or amortised using the unit-of-production method. Unit-of-production rates are based on proven developed reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods. Oil and gas volumes are considered produced once they have been measured through meters at custody transfer or sales transaction points at the outlet valve on the field storage tank.

(a) Property, plant and equipment (extracts)

Impairment – exploration and evaluation assets

AASB6(18)

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs of disposal and their value in use.

Impairment – proved oil and gas production properties and intangible assets

AASB136(9),(18),(59)

Proven oil and gas properties and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(ii) Other exploration and evaluation assets and liabilities

AASB6(24)(b)

In addition to the exploration and evaluation assets disclosed above, the group also has the following assets and liabilities relating to exploration:

	2024 $'000	2023 $'000
Receivables from joint venture partners (note 7(a))	**35**	22
Payables to subcontractors and operators (note 7(f))	**32**	34

(iii) Amounts recognised in profit or loss

AASB6(24)(b)

Exploration and evaluation activities have led to total expenses of $5,900,000 (2023: $5,700,000), of which $5,200,000 (2023: $4,300,000) are impairment charges to write off costs of unsuccessful exploration activities.

In 2024, the disposal of a 16.67% interest in an offshore exploration stage 'Field X' resulted in post-tax profits on sale of $3,000,000 (2023: nil).

Cash payments of $41,500,000 (2023: $39,500,000) have been incurred related to exploration and evaluation activities. The cash proceeds due to the disposal of the interest in Field X were $8,000,000 (2023: nil).

(c) Intangible assets (extracts)

AASB138(118)
AASB6(24)(b),(25)

	Non-current assets	Capitalised exploration and evaluation expenditure $'000	Capitalised development expenditure $'000	Subtotal – assets under construction $'000	Production assets $'000	Goodwill $'000	Other $'000	Total $'000
AASB3(B67)(d)(i) AASB138(118)(c)	**At 1 January 2024**							
	Cost	5,192	750	5,942	3,412	9,475	545	19,374
	Accumulated amortisation and impairment	(924)	-	(924)	(852)	(75)	(19)	(1,870)
	Net book amount	4,268	750	5,018	2,560	9,400	526	17,504
	Year ended 31 December 2024							
	Opening net book amount	4,268	750	5,018	2,560	9,400	526	17,504
AASB3(B67)(d)(vi) AASB138(118)(e)(vii)	Exchange differences	152	8	160	195	423	28	806
AASB138(118)(e)(i)	Acquisitions	26	32	58	5	-	5	68
AASB138(118)(e)(i)	Additions	381	8	389	15	-	86	490
AASB138(118)(e)(viii)	Transfers to production	(548)	(302)	(850)	105	-	-	(745)
AASB138(118)(e)(ii)	Disposals	-	(28)	(28)	(15)	-	-	(43)
AASB138(118)(e)(vi)	Amortisation charge	-	-	-	(98)	-	(42)	(140)
AASB3(B67)(d)(v) AASB136(130)(b) AASB138(118)(e)(iv)	Impairment charge	(45)	-	(45)	-	(175)	(5)	(225)
	Closing net book amount	4,234	468	4,702	2,767	9,648	598	17,715
AASB3(B67)(d)(viii) AASB138(118)(c)	**At 31 December 2024**							
	Cost	5,203	468	5,671	3,717	9,898	659	19,945
	Accumulated amortisation and impairment	(969)	-	(969)	(950)	(250)	(61)	(2,230)
AASB101(77)	Net book amount	4,234	468	4,702	2,767	9,648	598	17,715

Oil and gas exploration assets

Comparatives required

Disclosure objectives

AASB101(38)

1. This appendix does not show any comparative information for the illustrative disclosures. However, readers should note that comparative amounts must be disclosed to comply with the requirements of AASB 101.

Appendix G: New standards and amendments

This appendix provides a summary of (a) new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2024 (that is, years ending 31 December 2024), (b) IFRS Interpretations Committee agenda decisions issued in the last 12 months, and (c) forthcoming requirements, being standards and amendments that will become effective on or after 1 January 2024.

(a) New standards and amendments – applicable 1 January 2024

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2024:

Title	Key requirements	Effective date * and further guidance
AASB 2020-1 *Amendments to Australian Accounting Standards –Classification of Liabilities as Current or Non-current [AASB 101]* AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date [AASB 101]* AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants [AASB 101 and AASB Practice Statement 2]* AASB 2023-3 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants: Tier 2 [AASB 1060]*	Amendments made to AASB 101 *Presentation of Financial Statements* in 2020 and 2022 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (for example, the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period). Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either on or before the reporting date, this needs to be considered in the classification as current or non-current even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants with which the entity must comply within 12 months of the reporting date. The disclosures include: • the carrying amount of the liability • information about the covenants (including the nature of the covenants and when the entity is required to comply with them), and • facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants. The amendments must be applied retrospectively in accordance with the requirements in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.	1 January 2024 In brief INT2022-16
AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback [AASB 16]*	In November 2022, the AASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in AASB 16 *Leases* which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.	1 January 2024 In brief INT2022-12

(a) New standards and amendments – applicable 1 January 2024

Title	Key requirements	Effective date * and further guidance
AASB 2023-1 *Amendments to Australian Accounting Standards – Supplier Finance Arrangements [AASB 7 & AASB 107]* AASB 2024-1 *Amendments to Australian Accounting Standards - Supplier Finance Arrangements: Tier 2 Disclosures [AASB 1060]*	In June 2023, the AASB issued amendments to AASB 107 and AASB 7 to require specific disclosures about supplier finance arrangements (SFAs). The amendments respond to investors' need for more information about SFAs to be able to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk. The new disclosures will provide information about: (a) The terms and conditions of SFAs. (b) The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented. (c) The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers. (d) The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements. (e) Non-cash changes in the carrying amounts of financial liabilities in (b). (f) Access to SFA facilities and concentration of liquidity risk with finance providers. Entities will be required to aggregate the information that they provide about SFAs. However, entities should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information where the range of payment due dates is wide, and disclose the type and effect of non-cash changes that are needed for comparability between periods. The AASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year ends, unless an entity has a financial year of less than 12 months. Entities reporting under the simplified disclosure regime will also be required to provide the information in 1 to 5 above, with similar transitional relief.	1 January 2024 In depth INT2023-06

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities [AASB 13] ^*	The AASB has added authoritative implementation guidance to AASB 13 Fair Value Measurement for application by not-for-profit (NFP) public sector entities.
	The guidance clarifies, for the fair value measurement of assets that are not held primarily for their ability to generate net cash inflows:
	• That the entity only needs to consider whether the asset's highest and best use differs from its current use when the asset is either
	  • classified as held for sale or held for distribution to owners, or
	  • it is highly probable that the asset will be used for an alternative purpose to its current use.
	• That the asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both
	  • the capability of the asset to be used to provide needed goods or services to beneficiaries, and
	  • the resulting cost of those goods or services.
	• That If both, the market selling price of a comparable asset and some market participant data required to measure the fair value of the asset are not observable, an entity uses its own assumptions as a starting point in developing unobservable inputs and adjusts those assumptions to the extent that reasonably available information indicates that other market participants would use different data.
	• How the cost approach is to be applied to measure the asset's fair value, including guidance on the nature of costs to induce in the replacement cost of a reference asset and how to identify economic obsolescence.
		1 January 2024

* Applicable to reporting periods commencing on or after the given date, unless otherwise stated.

^ Applicable only to not-for-profit and/or public sector entities.

(b) IFRS Interpretations Committee agenda decisions issued in the last 12 months

As at 30 September 2024, the following agenda decisions were issued that might be relevant for the preparation of annual reports in 2024. The date issued refers to the date of approval by the IASB according to IASB's website. For more recent information refer to our web site at viewpoint.pwc.com.

Date issued	Topic
October 2023	Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)
October 2023	Homes and Home Loans Provided to Employees
October 2023	Guarantee over a Derivative Contract (IFRS 9)
January 2024	Merger between Parent and Its Subsidiary in Separate Financial Statements (IAS 27)
April 2024	Payments Contingent on Continued Employment during Handover Periods (IFRS 3)
April 2024	Climate-related Commitments (IAS 37)
July 2024	Disclosure of Revenues and Expenses for Reportable Segments In brief INT2024-18

(c) Forthcoming requirements

As at 30 September 2024, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2024. For more recent information refer to our web site at www.viewpoint.pwc.com.

Title	Key requirements	Effective Date * and further guidance
AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability [AASB 1, AASB 121 & AASB 1060]	In October 2023, the AASB amended AASB 121 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, AASB 121 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. Early application is permitted. Refer to *Filling the gap in currency accounting: new IFRS requirements for lack of exchangeability* for further details.	1 January 2025 (early adoption is available) In brief INT2023-19
AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector* ^	The AASB has added modifications to AASB 17 Insurance Contracts which apply only to public sector entities. These modifications provide public sector entities with: • pre-requisites, indicators and other considerations to help identify which arrangements fall within the scope of AASB 17 in a public sector context • an exemption from sub-grouping onerous versus non-onerous contracts at initial recognition • an exemption from sub-grouping contracts issued no more than a year apart • an amendment to the initial recognition requirements so that they do not depend on when contracts become onerous • guidance on coverage periods, which has consequences for assessing eligibility for the premium allocation approach in a public sector context • an accounting policy choice to measure liabilities for remaining coverage applying the premium allocation approach, and • a transition requirement which grandfathers existing arrangements such that they can either be classified as liability for incurred claims within the scope of AASB 17 or a provision within the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets. AASB 1050 Administered Arrangements was also amended to provide an accounting policy choice for government departments to apply either AASB 17 or ASB 137 in determining the information to be disclosed about administered captive insurer activities.	1 July 2025

* Applicable to reporting periods commencing on or after the given date, unless otherwise stated.

^ Applicable only to not-for-profit and/or public sector entities.

(c) Forthcoming requirements

Title	Key requirements	Effective Date * and further guidance
AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments [AASB 7 & AASB 9]*	In July 2024, the AASB issued targeted amendments to AASB 9 Financial Instruments and AASB 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments: (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The amendments in (b) are most relevant to financial institutions, but the amendments in (a), (c) and (d) are relevant to all entities. The amendments to AASB 9 and AASB 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted.	1 January 2026 In brief INT2024-14
AASB 18 *Presentation and Disclosure in Financial Statements*	This is the new standard on presentation and disclosure in financial statements, which replaces AASB 101, with a focus on updates to the statement of profit or loss. The key new concepts introduced in AASB 18 relate to: • the structure of the statement of profit or loss with defined subtotals; • requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss • required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and • enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.	1 January 2027 (early adoption is permitted) - for for-profit entities 1 January 2028 (early adoption is permitted) - for not-for-profit and superannuation entities In brief INT2024-06 For financial services companies, see In brief INT2024-08 For treasury topics for corporate entities, see In brief INT2024-09
AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11 [AASB 1, AASB 7, AASB 9, AASB 10 & AASB 107]*	The AASB has made the following minor improvements in September 2024: • AASB 1 *First-time Adoption of International Financial Reporting* – to improve consistency between AASB 1 and AASB 9 *Financial Instruments* in relation to the requirements for hedge accounting, and improve the understandability of AASB 1; • AASB 7 *Financial Instruments: Disclosures* – to improve consistency in the language used in AASB 7 with the language used in AASB 13 *Fair Value Measurement*; • AASB 9 *Financial Instruments* – to clarify how a lessee accounts for the derecognition of a lease liability when it is extinguished and address an inconsistency between AASB 9 and AASB 15 *Revenue from Contracts with Customers* in relation to the term 'transaction price'; • AASB 10 *Consolidated Financial Statements* – to clarify the requirements in relation to determining de facto agents of an entity; and • AASB 107 *Statement of Cash Flows* – to replace the term 'cost method' with 'at cost' as the term is no longer defined in Australian Accounting Standards.	1 January 2026

* Applicable to reporting periods commencing on or after the given date, unless otherwise stated.

(c) Forthcoming requirements

Title	Key requirements	Effective Date * and further guidance
AASB 2014-10 *Amendments to Australian Accounting Standards: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128* AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	The AASB has made limited scope amendments to AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in AASB 3 *Business Combinations*). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. *** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method. However, the AASB cannot legally issue amendments without an operative date. It has therefore initially deferred the application date to 1 January 2018 and subsequently extended this to 1 January 2025. • Even though the amendments are not yet mandatory, they can be applied early if an entity elects to do so.	n/a ***

* Applicable to reporting periods commencing on or after the given date, unless otherwise stated.

Appendix H: Effect of climate change on financial statements

1. Entities might provide disclosures under one or more sustainability reporting frameworks applicable in their relevant jurisdictions. For more information regarding the disclosure frameworks, reporting requirements and application guidance, refer to our *Sustainability reporting guide* and our Global sustainability reporting landing page on Viewpoint.

   In Australia, most entities that are required to prepare financial statements under Chapter 2M of the Corporations Act will be required to prepare a sustainability report that complies with Australian Sustainability Reporting Standards (ASRS). For more information, see our Australian publication *Sustainability reporting standards and legislation finalised: mandatory sustainability reporting begins.*

2. Overall, it will be important for entities to ensure consistency between their financial and sustainability reporting on key assumptions where such consistency is necessary for compliance with Australian Accounting Standards (AAS).

3. The incorporation of sustainability related impacts, risks and opportunities -- and, in particular, climate-related impacts, risks and opportunities -- when making estimates and judgements continues to be a focus for investors and regulators.

4. Climate change, in particular, might have a significant effect on entities' financial position or performance there are physical risks (such as damage to assets as a result of fires or flooding caused by extreme weather events) as well as transitional risks and opportunities resulting from regulations (such as additional costs incurred by the entity as a result of transitioning to a low-carbon economy, changes in the market or technological innovations).

AASB101(112)(c)

5. Accounting standards have an overarching requirement to disclose information that users need in order to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance. Therefore, in light of the current focus on, and effect of, sustainability reporting (specifically climate), entities should ensure that they have assessed the effect of climate change and other sustainability matters, risks, and opportunities (as applicable) and, they should provide adequate disclosures to comply with AAS.

6. The objective of this appendix is to:
   - summarise key development from the IASB and AASB, specifically with response to climate related reporting matters, and
   - discusses how climate change could affect certain measurements and therefore the related disclosures in the financial statements.

7. We have outlined some of the relevant considerations when making estimates and judgements and drafting the related disclosures to satisfy current IFRS Accounting Standards and AAS requirements. For further information see our In depth *Impact of ESG matters on IFRS financial statements* and our webpage on Viewpoint *Environmental, Social and Governance (ESG) in IFRS* on Viewpoint

8. Whilst this appendix summarises certain climate related considerations that might be relevant for an entity, it is not an exhaustive list of all possible matters that could arise. Entities will need to assess the impact that climate related matters have on their financial statements based on their specific facts and circumstances which might involve considerations over and above the ones listed in this appendix.

Recent developments in IASB/AASB guidance

9. At it's April 2024 board meeting, the IASB discussed and did not object to an IFRIC agenda decision for Climate-related Commitments (AASB 137 Provisions, Contingent Liabilities and Contingent Assets). The IFRS Interpretations Committee was asked specifically how recognising a provision under IAS 37 applies to net zero commitments. The agenda decision clarifies that, at the time when the entity makes a net zero commitment statement, that judgement will need to be applied to the specific facts and circumstances to determine if a constructive obligation exists. If there is a constructive obligation, and each of the recognition criteria in IAS 37 is met, an entity might need to recognise a provision for net zero commitments.
10. In July 2024, the Committee received a follow-up submission requesting further clarification for situations in which a provision for a net-zero commitment is recognised, specifically whether the corresponding amount is recognised as an expense or as an asset. Entities should continue to monitor developments as this submission is discussed by the Committee.

ED331

11. In August 2024, the AASB published an ED on *Climate-related and Other Uncertainties in the Financial Statements* to propose illustrative examples of how an entity might apply the requirements in AAS to disclose the effects of climate-related and other uncertainties in the financial statements. The ED includes examples for materiality judgements, disclosure of assumptions, disclosures about credit risk, disaggregated information and decommissioning and restoration provisions.
12. While the proposed examples in the ED are still subject to change, entities might find the examples a useful source of information in assessing how to comply with existing standards in conjunction with the educational material published by the IASB discussed below
13. Until the project is completed, the IASB's educational material remains a valuable source of guidance under IFRS Accounting Standards for considering climate-related effects. ESMA has also released its report *The Heat is On* as part of its strategic priorities to promote high-quality sustainability disclosures. However, preparers should continue to closely monitor accounting and regulatory developments in this area.

Effect of climate-related uncertainties on the financial statements

Note 1 – Going concern

AASB101(25)
ASA570(19)

14. AASB 101 requires management to assess an entity's ability to continue as a going concern when preparing financial statements. In assessing whether the going concern basis of preparation is appropriate, management considers all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. If climate-related matters create material uncertainties related to events or conditions that might cast significant doubt on an entity's ability to continue as a going concern, the entity should disclose these uncertainties even if the financial statements continue to be prepared on a going concern basis. See the commentary to note 1 for further guidance on going concern disclosures.

AASB101(122)
AASB7(39)

15. Where management has concluded that there are no material uncertainties related to the going concern assumption that require disclosure, but reaching that conclusion involves significant judgement (for example, about the feasibility and effectiveness of any planned mitigation activities), AASB 101 requires disclosure of that judgement. Entities should also consider the interrelationship with the liquidity risk disclosures discussed in note 12(d).

Note 7(a) – Trade receivables and other loans and receivables

AASB7(35B)

16. AASB 7 *Financial Instruments: Disclosures* requires disclosure of information which enables the users to understand the effect of credit risk on the amount, timing and uncertainty of future cash flows.

AASB9(5.5.17)(c)

17. The risks relating to climate change on borrowers might affect a lender's exposure to credit losses for its financial assets. The expected credit loss (ECL) model in AASB 9 *Financial Instruments* requires the use of reasonable and supportable information that is available without undue cost or effort. Climate change might affect the assumptions that lenders make to estimate ECL. It could also affect the risk ratings for individual borrowers or groups of borrowers or their probability of default. In some cases, it could result in a transfer of loans between stages.

AASB7(35I)

18. AASB 7 requires that entities to provide qualitative and quantitative information about the changes in the amount of ECL and the reason for those changes. To the extent that any changes in ECL are the result of changes made to the assumptions about the effect of climate change or other climate-related risks, that fact should be disclosed.

Notes 7(i) and 8(j) - Fair value measurements

AASB13 (93)(d), (h)(i)-(ii)

19. AASB 13 *Fair Value Measurement* requires disclosure of the inputs used in fair value measurements and, for recurring fair value measurements with significant unobservable inputs, a description of the sensitivity of those measurements to changes in unobservable inputs. These might include assumptions about climate-related risks.
20. Valuation models for assets or liabilities items that are not traded in an active market should be reviewed to ensure that they adequately incorporate inputs and assumptions , which might be affected by climate-related risks, including but not limited to:
    (a) discount rates
    (b) the timing and amount of forecasted cash flows (for example, the fair value measurement for an investment property might need to be adjusted to reflect climate related uncertainties on rental income, occupancy rates as well as insurance cost assumptions)
    (c) the highest and best use for certain assets measured at fair value
    (d) inflation rates, and
    (e) other assumptions that a market participant would consider in the circumstances.

Notes 8(a) and 8(d) – Property, plant and equipment and intangible asset impairment

21. Climate-related risk can have a significant effect on impairment of non-financial assets. Climate change could be an indicator of impairment and it could trigger the need for an impairment test. For example, a decline in demand for products that emit greenhouse gases could indicate that a manufacturing plant might be impaired.
22. Further, the inputs and assumptions used in both a value in use or fair value less costs of disposal model could be significantly affected by climate-related uncertainties.

AASB136(130)(f),(132),(134)
AASB101(125)

23. For these reasons, impairment disclosures might need to explain climate-related effects. Where climate-related risks and opportunities could have a significant effect on an entity's operations, information about how this has been factored into the recoverable amount calculations would be relevant for the users of the financial statements. In some cases, the conclusion not to adjust an impairment model for climate-related risk, for example, might be based on significant judgements or assumptions and entities should also explain these in their disclosures.
24. Many companies discuss climate scenarios as part of their management commentary or sustainability reporting. These scenarios might stem from the Paris Agreement, from net zero targets or from the TCFD reporting requirements. Such scenario analyses are likely to interact with the disclosures required by AASB 101 *Presentation of Financial Instruments* or AASB 136 *Impairment of Assets*. However, the premise of the narrative disclosures is not identical to what AASB 136 requires.

AASB136(134)(f)

25. For example, AASB 136 requires a sensitivity analysis if a reasonably possible change in assumptions would lead to an impairment. This might include a reasonably possible unfavourable change in an assumption relating to climate change. ESRS E1, on the other hand, might requires a scenario disclosure that is based on climate change mitigation of a 1.5° limitation on temperature rise, even though these might not be assumptions that are aligned with a company's best estimate or with market participant assumptions. Entities might consider explaining how the assumptions used for the impairment test under AASB 136 differ from assumptions used in their reporting on climate change scenarios to help financial statement users to understand the linkage.
26. Management should consider whether other information, such as climate reporting on climate change scenarios included in the entity's management commentary or annual report, is consistent with the audited financial statements. In addition to this, regulators in a number of territories have been clear that they expect entities to explain and reconcile any discrepancies in the assumptions used.

Notes 8(a) and 8(d) – Property, plant and equipment and intangible asset – useful lives

27. In addition to impairment, entities might also need to reassess the useful lives and residual values of property, plant and equipment and intangible assets as a result of climate change. For example, climate effects could result in earlier obsolescence of assets, or legal restrictions might be placed on the use of the assets or lead to inaccessibility of the assets. In the most extreme cases, if assets become inaccessible either as a result of either natural climate events or government action, an entity could even lose control of assets permanently.

AASB116(56)
AASB138(90)
AASB101(125)

28. Entities must consider many factors in determining the useful life of assets, including obsolescence from changes in market demand and other economic factors. This estimation of the useful life of assets is a matter of judgement. Entities should consider disclosing if there are any estimation uncertainties related to the effects of climate-related risk on the useful lives of assets. An example might be where there are multiple potential outcomes, and some of which could significantly shorten the asset's life compared to the scenario with the highest probability used in determining useful life.

29. Entities might also have new forms of intangibles such as carbon emissions rights and they should consider the appropriate disclosure of policies for such schemes (see discussion in para 57 below).

Note 8(e) – Deferred tax assets

AASB112(24),(34)
AASB101(122),(125)

30. Entities should assess the effects of climate-related matters on the estimation of future taxable profits and whether they are sufficient to recover the deferred tax assets. The assumptions used in these estimations should be consistent with those used elsewhere in the financial statements. To the extent that these assumptions are material in understanding the estimates and judgements which have been made in the recognition of the deferred tax assets, these assumptions should be disclosed.

Note 8(f) – Inventory

AASB102(28)
AASB101(122),(125)

31. Inventories could become impaired if their cost is not recoverable and entities must write down such inventories to their net realisable value. Some sectors might experience increased volatility in the market prices of assets as a result of changes in demand patterns for certain commodities, which could expose those inventories to greater risk of impairment.
32. In other cases, certain assets might be discontinued from use or production, which could result in an impairment of the parts for those assets. For example, a certain model of combustion engine might be discontinued because it no longer meets emission standards, making the parts used to produce or service that engine obsolete. If the entity has made any significant estimates or judgements in this context, it should disclose them.
33. Entities might also have new forms of inventory such as carbon emissions rights and they should consider the appropriate disclosure of policies for such schemes (see discussion para 57 below).

Note 8(i) – Provisions and contingent liabilities

AASB137(14)

34. Climate-related risks can have an effect on the recognition and disclosure of provisions and contingent liabilities. Actions taken or statements made by the entity might give rise to constructive obligations, even in the absence of legislation requiring the entity to act. However, even in situations where a constructive obligation exists, a provision would not be recognised until all three of the recognition criteria are met.
35. Consider an entity that in 2024 publicly announced its commitment to reduce emissions by at least 60% by 2029,and it published a transition plan outlining how the entity would modify its business practices including purchase of carbon credits to achieve these reductions. The entity would need to consider the facts and circumstances surrounding the commitment, including the actions that it has taken to fulfil the commitment, and apply judgement in order to determine whether a constructive obligation was created and whether it would give rise to a provision.

IFRIC agenda decision on Climate-related Commitments (April 2024)

36. In this example, which was considered by the Committee in its agenda decision, a provision would not be recognised in the 2024 financial statements because, even if there is a constructive obligation, there is not a present obligation as a result of a past event until emissions were actually exceeded in 2029, and the first recognition criterion is not met. The full agenda decision includes an analysis for all three recognition criteria.

AASB137(85)(b)

37. Entities must disclose an indication of the uncertainties relating to the amount or timing of any outflow as well as major assumptions made concerning future events. To the extent that climate-related risk affects the assumptions or uncertainties, entities should explain this in their notes.

AASB137(87)

38. In addition, climate-related risks could also affect the aggregation of provisions or contingent liabilities for disclosure purposes. In determining which provisions or contingent liabilities may be aggregated to form a class, it is necessary to consider the similarities and differences of these items. Climate-related risk might be incorporated differently into provisions which were previously aggregated. Entities should therefore consider whether further disaggregation of the classes is required as the effects of climate-related risk evolve and become better understood.

IFRIC agenda decision on Negative Low Emission Vehicle Credits (July 2022)

39. In July 2022, the IASB discussed and did not object to an IFRIC agenda decision with respect to whether a particular government emission credit regime measures to encourage reductions in vehicle carbon emissions give rise to a liability within the scope of IAS 37. The agenda decision did not change any of the current guidance in IAS 37; however, it provided some useful clarifications, together with the related agenda discussion papers, about how an entity should consider the existing requirements in IAS 37. Although the specific issue considered in the agenda decision related to an emission credit obligation, the principles in the agenda decision might provide a helpful framework to determine whether a liability exists in general.

Note 11(a) – Critical estimates and judgements

AASB101(125)(a)-(b)

40. There is an overarching requirement to disclose sources of estimation uncertainty in AASB 101. If assumptions that an entity makes about the future have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, the entity is required to disclose information about those assumptions and the nature and carrying amount of those assets and liabilities. This information helps users of the financial statements to understand the judgement applied by management and what should be disclosed will depend on the specific facts and circumstances. If the accounting estimate is highly sensitive to one estimated input, it might be useful to disclose the estimated input and the sensitivity of the accounting estimate to changes of this input.
41. The entity might further need to explain the effect of various potential climate scenarios on significant estimates made in preparing the financial report. In addition, entities would typically explain changes made to past assumptions.

AASB101(112)(c)

42. AASB 101 also has an overarching disclosure requirement to ensure that the financial statements capture all information that would be considered material and relevant to an understanding of them but is not presented elsewhere in the financial statements. This might be especially relevant for entities whose financial position or performance is particularly affected by climate-related matters.

Consistency is important

AASB101(112)
AASB S1(23),
AASB S2(23)

43. The IFRS Sustainability Disclosure Standards, and the Australian Sustainability Reporting Standards specifically require consistency of the disclosures and assumptions used in preparing the financial statements and sustainability disclosures. Entities should ensure that their disclosures of critical estimates and other relevant information in the financial statements are consistent with the non-financial information disclosed elsewhere (for example, in the company's sustainability report) in relation to:
    (a) climate-related matters
    (b) the effect and consideration of climate-related risk, and
    (c) any material disclosure in relation to significant judgements and estimates of uncertainty arising as a result of climate-related risks and opportunities.
44. Questions often arise about whether an entity's financial statements are 'Paris aligned'. This refers to whether they comply with the legally binding instrument that many nations have signed relating to limiting carbon emissions to a level designed to cap global temperature rises. Whether financial statements are 'Paris aligned' is not easy to determine because of the variety of measurement techniques required by Australian Accounting Standards depending on the item being considered in the statement of financial position. Therefore, it might be easier for the recognition and measurement of some items to be more closely aligned to Paris assumptions than others.
45. In addition to ensuring consistency of the disclosures about climate-related matters and their effect on both financial and non-financial information, entities also need to ensure consistency of the assumptions used in developing estimates for the financial statements, where possible. Where there is not consistency between the assumptions used, entities need to explain those differences
46. For example, where an entity publicly discusses a best estimate about the effect of the Paris Agreement on the entity in a sustainability report and an Australian Accounting standard requires a best estimate approach to be used in measurement (for example, for the purpose of impairment calculations), the entity should need to consider consistency and disclosures on any differences in the assumptions used between the estimates used for financial reporting and those disclosed in the sustainability reporting.
47. Where there are comments in the sustainability report about estimates that have not been reflected in financial reporting (for example, because the entity is relying on a market participant's assumptions in a fair value measurement which differ) the entity should consider explaining why such items have been reflected on a different basis in financial reporting.

Note 12(b) – Financial risk management – market risk

AASB7(Appendix A)

48. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by:
    (a) factors specific to the individual financial instrument or its issuer, or
    (b) factors affecting all similar financial instruments traded in a market.

AASB7(40)

Entities must disclose a sensitivity analysis which shows how profit or loss and equity would have been affected by changes in risk variables.

AASB7(40),(41)

AASB7(20B)-(20D)

49. Climate risk could have a significant effect on market risk, for example, for investments in industries affected both positively and negatively by climate-related risk. In some cases, it might be necessary to provide additional explanations and disclose a sensitivity analysis that reflects interdependencies between risk variables. For example, if an entity has an interest rate that is floating based on both meeting both its climate initiatives and a market benchmark, the entity should consider disclosing how the impact of meeting the climate initiative was incorporated into the sensitivity analysis. An entity should also consider the disclosure requirements regarding contingent events that could change the amount of contractual cash flows for financial instruments (such as sustainability linked loans) in AASB 2024-2 *Amendments to Australian Accounting Standards –Classification and Measurement of Financial Instruments [AASB 7 & AASB 9]*-– see Appendix G(c).

Note 12(c) – Financial risk management – credit risk and concentrations of risk

AASB7(34)(c),(B8)

50. AASB 7 requires that entities to disclose concentrations of risk including:
    (a) how management determines such concentrations
    (b) a description of the shared characteristic that identifies each concentration, and
    (c) the amount of the risk exposure associated with all financial instruments sharing that characteristic.
51. Entities might have to change the way in which they are approaching their risk concentration disclosures to take into account climate-related risk. For example, more precision in determining geographic concentration might be necessary to reflect heightened risk in particular areas (such as city versus provincial/state disclosures where a particular city is particularly impacted) or more precision in the industry sector (such as a more precise disaggregation of exposure to different industrial products sectors based on carbon intensity).

Note 12(d) – Financial risk management – liquidity risk

AASB7(Appendix A)

52. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

AASB7(39)

53. Entities are required to disclose a maturity analysis for their financial instruments as well as a description of how they manage the liquidity risk inherent in the maturities.

AASB7(B11D)

54. Where the effects of climate change could accelerate the timing or alter the amount of contractual maturities of financial liabilities, for example as a result of clauses in a sustainability linked loan, entities should disclose that information.
55. Where the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. For example, where the amount payable varies with changes in an index, the amount disclosed will be based on the index's level at the end of the period. In this case, entities should disclose the risk that the amount payable will increase depending on the index.

AASB101(135)(a)(ii),(76ZA)(b)

56. As an entity's climate-related risk exposures become more significant, there could also be growing pressure on an entity's debt covenants. In this context, disclosures about key covenants and facts and circumstances, if any, that indicate that the entity might have difficulty complying with the covenants and that non-current liabilities could become repayable within the next 12 months might become increasingly material. Reduced access to funding from investors in carbon-intensive industries could also be a risk that entities need to address and disclose.

Note 25 – Other potentially material accounting policies

AASB108(8)
AASB101(117)-(121)

57. In an effort to lower emissions and achieve carbon neutrality, many entities are entering into more complex transactions and arrangements for which the accounting continues to evolve. Examples of these include emissions trading schemes and virtual power purchase arrangements. In some cases, these transactions and arrangements are clearly within the scope of an Australian Accounting Standard while in other cases it is less clear. For more guidance, refer to our In depth INT2022-06 *Accounting for Green/Renewable Power Purchase Agreements from the Buyer's Perspective*.

AASB108(10)

58. In the absence of an Australian Accounting Standard that specifically applies to a transaction, other event or condition, management should use its judgement in developing and applying an accounting policy that results in relevant and reliable information.

AASB101(117)-(117B)

59. Entities should disclose accounting policy information if it is material. Information is material if, when considered together with other information included in the financial statements, it can reasonably be expected to influence user's decisions made on the basis of the financial statements. AASB 101 also notes that an accounting policy might be material because of the nature of the entity's operations even if amounts for current and prior periods are not material. Furthermore, accounting policies developed in accordance with AASB 108 are an example of policies that would likely be considered material..

60. Entities should therefore not underestimate the importance of disclosing climate-related accounting policies in the notes to the financial statements.

Emissions trading schemes

61. There is no specific accounting standard that deals with accounting for emissions trading schemes. IFRIC 3 *Emission Rights* was intended to address the accounting in this area, but it was withdrawn in 2005.

AASB101(117)-(117B)

62. The withdrawal of IFRIC 3 means that there are a number of accounting models that entities can use under AASB 108 for accounting for the participation in these schemes. Entities should disclose the accounting policies adopted for:
    (a) recognition
    (b) initial measurement
    (c) subsequent measurement, and
    (d) presentation of the balances.

    See the discussion about disclosure of accounting policies in paragraphs 57 to 60.

63. Emissions credits granted by a government entity are generally accounted for under AASB 120 as the receipt of a non-monetary asset. However, AASB 120 allows for different accounting policy choices with respect to measurement on initial recognition and the presentation in both the statement of financial position and the statement of profit or loss and other comprehensive income. Disclosure of the accounting policy for these programs is key to understanding the effect of these programs on the financial statements.

64. To the extent that entities determine that aspects of their emissions trading schemes meet the definition of financial assets and qualify for derivative or hedge accounting they should further consider the disclosure requirements of AASB 7 and AASB 13.

65. For a detailed discussion on accounting for emissions trading schemes refer to our publication *Emissions trading schemes: The opportunities ahead*.

Accounting for carbon offsets in the voluntary carbon market

66. The voluntary carbon market (VCM) is growing. However, similarly to emission trading schemes there are also no accounting standards or IFRS interpretations that directly address the accounting for carbon offsets and related projects. Our In depth INT2023 *IFRS Financial reporting considerations for entities participating in the voluntary carbon market* discusses how the accounting for carbon offset arrangements by various counterparties can be addressed using current accounting standards and interpretations.

67. Entities participating in the VCM will need to explain what accounting policies they have applied to carbon offsets and related projects.

Appendix I: Abbreviations

Abbreviations used in this publication are set out below:

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
AASB (Number)	Accounting Standards issued by the AASB
AASB (Number)R	Revised accounting standard – not yet operative
AASB-I (Number)	Interpretations issued by the AASB
ABN	Australian Business Number
ACN	Australian Company Number
ACNC (Number)	*Australian Charities and Not-for-profits Commission Act 2012*
ACNC Reg (Number)	*Australian Charities and Not-for-profits Commission Regulation 2013*
ADI	Authorised Deposit-taking Institution
AFSL	Australian Financial Services Licence
AGM	Annual General Meeting
AIFRS	Australian equivalents to International Financial Reporting Standards
APES	Standards issued by the Accounting Professional & Ethical Standards Board (APESB)
APM	Alternative profit measure
APS	Miscellaneous Professional Statements
ASA	Auditing Standards issued by the AUASB under the *Corporations Act 2001*
ASIC	Australian Securities and Investments Commission
ASIC Act	*Australian Securities and Investments Commission Act 2001*
ASIC MR	ASIC Media Releases
ASIC RG	ASIC Regulatory Guide
ASIC (Number)	ASIC Class Orders and Legislative Instruments (since 2015)
ASX	ASX Limited, trading as Australian Securities Exchange
ASX (Number)	ASX Listing Rules
AUASB	Auditing and Assurance Standards Board
bps	basis points
CA	*Corporations Act 2001*
CAANZ	Chartered Accountants in Australia and New Zealand
CCIV	Corporate Collective Investment Vehicle
CGC (Number)	ASX Corporate Governance Council - Principles of Good Corporate Governance and Best Practice Recommendations
CGS	Corporate Governance Statement
CGPR	(ASX) Corporate Governance Best Practice Recommendations
CGU	Cash-generating unit
CODM	Chief operating decision maker
Committee	IFRS Interpretations Committee of the IASB
Conceptual Framework	Conceptual Framework for Financial Reporting as issued by the AASB in May 2019
CPA	CPA Australia
CR	*Corporations Regulations 2001*
CSF	Crowd-sourced equity funding
DP	Discussion Paper
EBITDA	Earnings before interest, tax, depreciation and amortisation
ED	Exposure Draft

ED securities	Enhanced Disclosure securities
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
FRC	Financial Reporting Council
FRS	Financial Reporting Standard (UK)
FVLCOD	Fair value less cost of disposal
FVOCI	(Financial assets/liabilities at) fair value through other comprehensive income
FVTPL	(Financial assets/liabilities at) fair value through profit or loss
GAAP	Generally Accepted Accounting Principles
GGS	General Government Sectors
GPFS	General Purpose Financial Statements
GS	Guidance Statements issued by the AUASB
GST	Goods and Services Tax
IAS® standards	International Accounting Standards
IASB®	International Accounting Standards Board
ICAEW Tech	UK Institute of Chartered Accountants in England and Wales Technical Release
IFRIC®	IFRIC Interpretations issued by the IFRS Interpretations Committee
IFRS® [Number]	IFRS Accounting Standards issued by the IASB ('R' indicates revised standard before its mandatory application date)
IFRS® S[Number]	IFRS Sustainability Disclosure Standards issued by the ISSB
ISSB	International Sustainability Standards Board
ITC	Invitation to Comment issued by the AASB
KPI	Key Performance Indicator
LTI	Long-term Incentive
MEC group	Multiple Entry Consolidated group
MIS	Managed Investment Scheme
NFP	Not-for-Profit
NCI	Non-controlling interest
OCI	Other comprehensive income
Pillar Two rules	Global Anti-Base Erosion Proposal (GloBE) from the Organisation for Economic Co-operation and Development (OECD)
RCF	(Revised) Conceptual Framework issued by the IASB in 2018
RSE	Registrable Superannuation Entities as defined in the SIS Act
SI	UK Statutory Instrument
SIS	*Superannuation Industry (Supervision) Act 1993*
STI	Short-term Incentive
TSR	Total shareholder return
UIG	Urgent Issues Group
UIG (Number)	UIG Interpretations

Adelaide

Kaurna Country
Level 11, 70 Franklin Street, Adelaide
GPO Box 418, Adelaide, SA 5001
Tel: +61 8 8218 7000
Fax: +61 8 8218 7999

Brisbane

Turrbal and Jagera Countries
480 Queen Street, Brisbane
GPO Box 150, Brisbane, QLD 4001
Tel: +61 7 3257 5000
Fax: +61 7 3257 5999

Canberra

Ngunnawal Country
Level 1, JAGA, 33 Allara Street
GPO Box 447, Canberra, ACT 2601
Tel: +61 2 6271 3000
Fax: +61 2 6271 3999

Greater Western Sydney

Burramattagal Country
Level 11, 1PSQ, 169 Macquarie Street, Parramatta
PO Box 1155, Parramatta, NSW 2124
Telephone: +61 2 9659 2476
Fax: +61 2 8286 9999

Melbourne & PwC's Digital Services

Wurundjeri Country
2 Riverside Quay, Southbank
GPO Box 1331, Melbourne, VIC 3001
Telephone: +61 3 8603 1000
Fax: +61 3 8603 1999

Newcastle

Awabakal Country
Level 3, 45 Watt Street, Newcastle
PO Box 798, Newcastle, NSW 2300
Telephone: +61 2 4925 1100
Fax: +61 2 4925 1199

Perth

Whadjuk Country
Level 15, Brookfield Place
125 St Georges Terrace, Perth
GPO Box D198, Perth, WA 6840
Telephone: +61 8 9238 3000
Fax: +61 8 9238 3999

Sydney

Gadigal Country
One International Towers
Watermans Quay, Barangaroo
GPO Box 2650, Sydney, NSW 2001
Telephone: +61 2 8266 0000
Fax: +61 2 8266 9999

Internet website
www.pwc.com.au

Notes