NZ SME
SERVICES ENTITY

Special Purpose Financial Report 2018

Contents

Note:
A Special Purpose Financial Reporting Framework for use by For-Profit Entities ("SPFR for FPEs") *recognises that some users of special purpose financial statements may require more complex information and disclosures than others.* SPFR for FPEs *includes a choice of accounting policies for such entities, which are highlighted in these special purpose financial statements.*

NON-CORE COMPONENTS
OPTIONAL

Special Purpose Financial Report

Note:
This page is for illustrative purposes only and is not required for compliance with SPFR for FPEs.

Compilation report

Compilation report to the Directors of NZ SME Services Entity

Scope

On the basis of information you provided we have compiled, in accordance with Service Engagement Standard No. 2: *Compilation of Financial Information*, the special purpose financial statements of NZ SME Services Entity for the year ended xx Month 2018 as set out on pages x to xx. These have been prepared on the basis disclosed in the notes to the financial statements on page x.

Responsibilities

You have determined that the basis upon which the financial statements have been prepared is appropriate to meet your needs and for the purpose that the financial statements were prepared. The Directors are solely responsible for the information contained in the special purpose financial statements and have determined that the financial reporting framework used is appropriate to meet your needs and for the purpose that the special purpose financial statements were prepared.

The financial statements were prepared exclusively for your benefit. Neither we nor any of our employees accept responsibility on any grounds whatsoever, including liability in negligence, for the contents of the special purpose financial statements to any other person.

No audit or review engagement undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. A compilation is limited primarily to the collection, classification and summarisation of financial information. Our procedures do not include verification or validation procedures of the information. No audit or review engagement has been performed and accordingly no assurance is expressed.

CA ANZ Chartered Accountant Member
Chartered Accountant
Wanganui

____
[Signatory role]
[Date]

Note:
Care should be undertaken to ensure that the compilation report is addressed to parties contracting for compilation of the special purpose financial statements and liability is not extended to all possible users of the special purpose financial statements.

Company directory

As at xx Month 2018

Nature of Business	Architectural Services NZ SME Services Entity is a client focused architecture practice delivering high quality design in residential and small commercial projects.		
Registered Office	Victoria Avenue Wanganui		
Incorporation Number	77 0541		
Directors	DE Jones JK Potter		
Shareholders	DE Jones	Ordinary shares	00,000
	JK Potter	Ordinary shares	00,000
	DE Jones, JK Potter and PF Jackson (jointly as trustees for the JPJ Family Trust)	Ordinary shares	000,000
Chartered Accountant	CA ANZ Chartered Accountant Member Wanganui		
Bankers	Best Savings Bank Wanganui		
Solicitors	Top Shelf Lawyers Wanganui		

Note:
Provision of information included in the company directory may be useful to users of the special purpose financial statements; however, it is not required under either SPFR for FPEs *or the Financial Reporting Act 2013.*

Approval of financial report

The Directors are pleased to present the approved financial report including the historical financial statements of NZ SME Services Entity for year ended xx Month 2018.

APPROVED

For and on behalf of the Board of Directors

DE Jones	JK Potter
Director	Director
xx Month 2018	xx Month 2018

Note:
No formal approval of special purpose financial statements is required under either SPFR for FPEs *or the Financial Reporting Act 2013. Approval is therefore recommended for governance purposes but voluntary for compliance and may be included on the balance sheet to simplify compliance.*
SPFR for FPEs *paragraph 24.8 requires the disclosure of the date the report was authorised for issue and who provided that authorisation. This information is disclosed in Note 1 of the notes to the financial statements.*

CORE COMPONENTS REQUIRED

Special Purpose Financial Report

Note:
This page is for illustrative purposes only and is not required for compliance with SPFR for FPEs.

Statement of profit or loss

For the year ended xx Month 2018

SPFR Para[1]		**Note**	**2018 $**	**2017 $**
	Revenue			
9.32	Sales of services		0,000,000	0,000,000
9.32/ 14.9	Sales of services – joint venture		0,000	0,000
	Other income	**3**	00,000	00,000
			0,000,000	**0,000,000**
	Expenses			
	Expenses	**4**	000,000	000,000
5.3/5.11	**Exceptional items**	**5**	000,000	000,000
5.4	**Net operating profit/(loss) before tax**		**000,000**	**000,000**
5.3	Income tax expense	**6**	000,000	000,000
5.4	**Net profit/(loss)**		**000,000**	**000,000**

Note:
1. The minimum information required by SPFR for FPEs paragraphs 5.3 and 5.4 may be disclosed either on the face of the statement of profit or loss or in the notes to the financial statements. Entities disclosing all items of operating revenue and expenditure shall ensure classification in accordance with SPFR for FPEs*.*
2. An entity shall present additional line items, headings and subtotals in the statement of profit or loss when such presentation is relevant to an understanding of any entity's financial performance (SPFR for FPEs *Para 5.5).*

This statement is to be read in conjunction with the notes to the financial statements on pages x–x.

[1] For ease of reading, *SPFR for FPEs* has been abbreviated to SPFR throughout these tables.

Balance sheet

As at xx Month 2018

SPFR Para		Note	2018 $	2017 $
4.3/17.2	**Equity**	**7**	**0,000,000**	**0,000,000**
	Represented by:			
4.3	**Current assets**			
4.2	Cash and short-term deposits		00,000	-
4.2	Trade and other receivables		000,000	000,000
4.2	Work in progress			
4.2/21.6	Income tax receivable		00,000	-
4.2	Other current assets		00,000	00,000
			000,000	**000,000**
4.3	**Non-current assets**			
4.2/11.47	Property, plant and equipment	**8**	00,000	00,000
4.2/11.47	Investment property	**9**	00,000	-
4.2	Intangibles	**10**	000,000	000,000
4.2	Investment in shares		0,000	0,000
4.2	Term deposits		00,000	-
4.2	Other non-current assets		0,000	00,000
			000,000	**000,000**
4.3	**Total assets**		**000,000**	**000,000**
4.3	**Current liabilities**			
4.2	Current loans (includes bank overdrafts)		00,000	00,000
4.2/21.6	Income tax payable		-	0,000
4.2	Provisions	**13**	00,000	00,000
4.2	Trade and other payables		000,000	000,000
	Other current liabilities		00,000	00,000
			000,000	**000,000**
4.3	**Non-current liabilities**			
4.2	Non-current loans		00,000	00,000
4.2	Provisions	**13**	0,000,000	0,000,000
	Other non-current liabilities		000,000	0,000
			0,000,000	0,000,000
4.3	**Total liabilities**		0,000,000	0,000,000
4.3	**Net assets**		**0,000,000**	**0,000,000**

Note:
1. *Minimum information required by* SPFR for FPEs *is in paragraphs 4.2 and 4.3.*
2. *An entity shall present additional line items, headings and subtotals in the balance sheet when such presentation is relevant to an understanding of any entity's financial performance* (SPFR for FPEs *Para 4.4).*

This statement is to be read in conjunction with the notes to the financial statements on pages x–x.

Statement of changes in equity

For the year ended Month 2018

SPFR Para		**Note**	**Share capital $**	**Retained earnings $**	**Asset revaluation reserve $**	**Total $**
6.3	**Balance at x Month 2017**		000,000	0,000,000	00,000	0,000,000
6.3	Changes in opening balances for:					
6.3	– Prior period adjustments		-	-	-	-
6.3	– Changes in accounting policies		-	-	-	-
			000,000	**0,000,000**	**00,000**	**0,000,000**
6.3	Net profit/(loss)		-	000,000	-	000,000
6.3	Contributions from owners		-	-	-	-
6.3	Distributions to owners			(00,000)	-	(00,000)
6.3	Gain on revaluation of property, plant and equipment		-	-	-	-
6.3	Transfer on disposal of assets		-	-	-	-
6.3	**Balance at xx Month 2018**	**7**	**000,000**	**0,000,000**	**00,000**	**0,000,000**
6.3	**Balance at x Month 2016**		000,000	0,000,000	00,000	0,000,000
6.3	Changes in opening balances for:					
6.3	– Prior period adjustments		-	-	-	-
6.3	– Changes in accounting policies		-	-	-	-
			000,000	**0,000,000**	**00,000**	**0,000,000**
6.3	Net profit/(loss)		-	000,000	-	000,000
6.3	Contributions from owners		-	-	-	-
6.3	Distributions to owners			(00,000)	-	(00,000)
6.3	Gain on revaluation of property, plant and equipment		-	-	-	-
6.3	Transfer on disposal of assets		-	-	-	-
6.3	**Balance at xx Month 2017**	**7**	**000,000**	**0,000,000**	**00,000**	**0,000,000**

Note:
Minimum information required by SPFR for FPEs *paragraphs 6.3 may be disclosed either in the Statement of changes in equity as a primary financial statement or a reconciliation of equity movements may be may be provided in notes to the financial statements (refer Note 7).*

This statement is to be read in conjunction with the notes to the financial statements on pages x–x.

Notes to the financial statements

Note 1 – Reporting entity

SPFR
Para

7.5 NZ SME Services Entity is a company incorporated under the Companies Act 1993.

7.5 NZ SME Services Entity is a client-focussed architecture practice delivering high quality design in residential and small commercial projects.

24.8 The special purpose financial report was authorised for issue in accordance with a resolution of directors dated xx Month 2018.

Note:
SPFR for FPEs *permits entities choices in the adoption of accounting policies. Where optional policies are permitted, sample accounting policies will be disclosed in italics. Entities are only required to disclose accounting policies which impact the recognition and measurement of items in the statement of profit or loss or balance sheet.*
To ensure compliance with SPFR for FPEs *entities must adopt the accounting policies and disclosures as outlined in the framework. If the framework does not address a transaction, event or condition, guidance can be obtained from the underlying concepts and principals in the framework or by reference to New Zealand International Financial Reporting Standards ("NZ IFRS"). For complex transactions, e.g. financial derivatives, entities may opt to step up to a specific NZ IFRS rather than complying with the principles and disclosures provided under* SPFR for FPEs*. In such situations, an entity may still assert compliance with* SPFR for FPEs.

Note 2 – Statement of accounting policies

3.6 **Basis of preparation**

7.5 These financial statements have been prepared in accordance with the *Special Purpose Financial Reporting Framework for use by For-Profit Entities* (SPFR for FPEs) published by Chartered Accountants Australia and New Zealand.

The financial statements have been prepared for: (adjust/delete for users that are not applicable).

– the entity's owners;
– Inland Revenue; and
– the entity's financiers.

Alternate

The financial statements have been specifically prepared for the purposes of meeting the company's income tax requirements and to comply with obligations under the entity's loan agreement(s).

7.6 **Historical cost**

20.10 These financial statements have been prepared on a historical cost basis, except for certain assets which have been revalued as identified in specific accounting policies below. The financial statements are presented in New Zealand dollars (NZ$) and all values are rounded to the nearest NZ$, except when otherwise indicated.

8.22 **Changes in accounting policy**

There have been no changes in accounting policies. Polices have been applied on a basis consistent with those of the previous period.

Alternate disclosure where there has been a change in accounting policy

The policy in respect of property, plant and equipment has changed during the year to permit the company to recognise revaluations on certain categories of property, plant and equipment rather than at cost. The change provides reliable, relevant information to users by recognising assets held by the company at fair value. The change in policy has impacted the special purpose financial reports by increasing property, plant and equipment by $000,000 and increasing the asset revaluation reserve by $000,000.

All other accounting policies were applied on a consistent basis during the year.

Alternate first year of transition to *SPFR for FPEs*

The company transitioned on 1 April 2014 from preparation of general-purpose financial reporting in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") to special purpose financial reporting in accordance with SPFR for FPEs*. The transition had [minimal/ significant] impact on the accounting policies of the company. Significant changes include:*

[list amendments and impact on the entity's current year reporting only]

All other accounting policies have been applied consistently during the year.

5.10 **Exceptional items**

Exceptional items are large income and/or expense items that do not arise as a result of normal business operations and are not expected to recur. Exceptional items are disclosed in the statement of financial performance where the total value exceeds 5% of revenue.

23.10 **Business combinations**

Business combinations, excluding the acquisition of an equity interest, are accounted for using the purchase method. The cost of a business combination is an aggregate of the fair value of assets purchased, liabilities assumed or incurred and any equity issued in exchange for consideration received.

9.32 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

Sales of services are recognised in the period by reference to the stage of completion of the transaction at the end of the reporting period.

Lease income is recognised on a straight line basis over the life of the lease.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Dividends received are recognised on receipt, [net/gross] of non-refundable tax credits.

Either
Government grants are recognised as revenue on receipt where no performance conditions have been specified on receipt of the grant.

Or
Government grants requiring specified future conditions to be met are recognised as a liability on receipt. The grants are recognised as income over the period that the specified conditions are complete and the associated costs are recognised.

10.28 **Work in progress**

Work in progress is stated at the lower of cost, determined on a first-in-first-out basis and net realisable value.

15.38 **Accounts receivable**

Accounts receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. Individual debts that are known to be uncollectable are written off in the period that they are identified.

20.11 **Foreign currencies**

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. At balance date foreign monetary assets and liabilities are translated at the closing rate and variations arising from these transactions are included in the statement of profit or loss.

Alternate

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of settlement. At balance date outstanding foreign monetary assets and liabilities are translated at the closing rate and variations arising from these transactions are included in the statement of profit or loss.

11.47 **Property, plant and equipment and investment property**

11.48 Property, plant and equipment and investment property are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

11.35 – 11.39 **Alternate - Revaluation option – property plant and equipment**

Freehold land and buildings are revalued on a cyclical basis every three years to fair value, as determined by an independent valuer. Revaluation gains are transferred to the asset revaluation reserve for that class of assets. If any revaluation reserve has a deficit, that deficit is recognised in profit or loss in the period it arises. Any revaluation surplus that reverses previous revaluation deficits in subsequent periods is recognised as revenue in profit or loss.

11.40 – 11.41 **Alternate - Revaluation option – investment property**

Investment property is revalued to fair value on a cyclical basis every three years as determined by an independent valuer. Revaluation gains are recognised in profit or loss in the year of valuation.

All other repairs and maintenance expenditure is recognised in profit or loss as incurred.

11.48 *[disclosed either in accounting policies/property, plant and equipment note or in property, plant and equipment register if separately attached]*
Depreciation is calculated on a straight line/diminishing value basis over the estimated useful life of the asset *either* using depreciation rates published by Inland Revenue *or* based on estimates by management. Assets estimated useful life is reassessed annually. The following estimated depreciation rates/useful lives have been used:

Land	x%	diminishing value
Buildings	x – x%	diminishing value
Plant and equipment	x – x%	diminishing value
Etc for all classes of assets		

11.42 – 11.43/ 11.45 An item of property, plant and equipment or investment property is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

11.44 **Revaluation option – property, plant and equipment only**

Upon derecognition, the asset revaluation reserve relating to the asset disposed shall be transferred to retained earnings.

13.23 **Intangible assets**

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

13.15 **Internally generated intangibles – Research and development**

13.17/ 13.20 Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate; the technical feasibility of completing so it will be available for use or sale; the intention to complete and its ability to use or sell the asset; how the asset will generate future economic benefits; availability of resources to complete the asset; and the ability to reliably measure expenditure during development.

13.22 13.25 – 13.29 Intangible assets are amortised on a systematic basis over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the method for an intangible asset is reviewed at each financial year-end. Changes in the expected useful life are accounted for by changing the amortisation period for the current and future reporting years. Where no reliable estimate can be determined, the intangible asset will be amortised over 10 years.

The following estimated amortisation rates/useful lives have been used:

Software	x%	diminishing value
Patents	x	years straight line
Customer contracts	x	years straight line

13.33 Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

23.20 **Goodwill**

23.20 Goodwill is an intangible asset representing the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognised.

23.22 Goodwill is measured at cost less any accumulated impairment losses. Cost is the excess of consideration paid over the acquirer's interest in the net fair value of identifiable assets of the acquired business at the date of acquisition. Goodwill is assessed for impairment at least annually / written off on a straight line basis over ten years.

16.5 **Impairment of non-financial assets**

16.10 At each balance date, non-financial assets are classified into four categories: assets measured at fair value; assets currently available that the company intends to use to the end of its useful life; assets intended to be sold prior to the end of their useful life; and assets damaged or idle at balance date.

Assets measured at fair value or assets the company intends to use to the end of its useful life, are not reviewed for impairment at balance date.

Assets intended to be sold prior to the end of their useful life or assets damaged or idle at balance date are reviewed to determine if any indicators of impairment exist. If indicators exist the asset is tested for impairment to ensure that the carrying amount of the asset is recoverable.

If the recoverable amount of an asset is determined to exceed its carrying amount then the resulting difference is recognised as an impairment loss in profit or loss for that period.

14.6/ 14.8/ 14.10 **Joint ventures**

The company has an interest in joint venture operations, where the company is entitled to a share of future economic benefits and is exposed to the related risks, for activities jointly controlled by multiple participants. The company's interest is recorded using the proportionate method, where the company recognises its share, in the respective categories of:

- Assets employed;
- Liabilities incurred; Revenues earned and expenditure incurred (including movements in fair value, impairments recorded and gains/(losses) on derecognition of assets.

Financial instruments – financial assets

15.5 15.9 At initial recognition the company determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

15.17 *Amortised cost*

15.24 Includes assets where the company intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

15.29 *Cost*

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

15.26 *Fair value*

Financial assets not held at amortised cost or cost are held at fair value and include financial derivatives such as forward contracts and interest rate swaps. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available the instrument shall be measured at a prior year's fair value less any accumulated impairment loss.

15.31 Gains and losses are recognised in profit or loss for movements in the fair value of the assets and when the assets are derecognised.

15.16 **Financial instruments – financial liabilities**

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in profit or loss on an effective yield basis.

For entities with complex financial instruments adoption of recognition, measurement and disclosure requirements of NZ IFRS is recommended.

18.4 – 18.12 **Provisions**

Provisions are recognised when the company has an obligation which can be reliably measured at balance date as a result of a past event and it is probable that the company will be required to settle the obligation.

Where the company expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement *(i.e. insurance settlement)*.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at balance date. Movements in the best estimate are recorded in profit or loss.

19.11 – 19.17 **Leases** *[where the company is the leasee]*

Finance lease
Finance leases which effectively transfer to the company substantially all of the risks and rewards incidental to ownership of the leased item are capitalised at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Operating lease
Operating lease payments, where the lessors effectively retain substantially all the risk and benefits of ownership of the leased items, are recognised as an expense in profit or loss on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

19.18 – 19.23 **Leases** *[where the company is the lessor]*

Finance lease
Finance leases are capitalised at the net investment in the lease. The net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. Lease receipts are apportioned between interest received and reduction of the lease receivable so as to achieve a constant rate of return over the period of the lease.

Operating lease
Leases in which the company retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. The leased asset is included within property, plant and equipment and income recognised on a straight line basis over the life of the lease.

21.5 **Income tax**

21.13 Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue.

21.5 **Alternate – Income tax**

21.13 *Entities may account for income tax using the deferred income taxes method in accordance with NZ IFRS. If utilising this accounting policy choice entities must apply the recognition, measurement and disclosure requirements of NZ IAS 12 applying reduced disclosure regime disclosure concessions.*

27.4 **Goods and services tax**

27.6 All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Note 3 – Other income

SPFR Para		**2018 $**	**2017 $**
5.3/9.32/ 15.47	Interest	00,000	00,000
5.3/9.32	Dividends	00,000	00,000
5.3/9.32	Rental, lease and licence income	0,000	0,000
5.3	Gain on sale of assets	00,000	00,000
9.32	Government grants	00,000	00,000
5.3/9.32	Other income	00,000	00,000
		00,000	**00,000**
9.31	*If applicable: Government grants of $00,000 have not been recognised as other income due to unfulfilled service requirements at balance date, including [detail unfulfilled requirements].*		

Note 4 – Expenses (excluding exceptional expenses)

SPFR Para		**2018 $**	**2017 $**
IR	Bad debts written off	00,000	00,000
5.3	Depreciation of property, plant and equipment	00,000	00,000
5.3	Loss on sale of assets	00,000	00,000
5.3	Impairment losses	00,000	00,000
14.9	Joint venture expenditure	0,000	0,000
5.3	Amortisation of intangible assets	00,000	00,000
5.3/20.9	Foreign currency gains/(losses)	00,000	00,000
IR	Insurance	0,000	0,000
5.3	Finance costs	0,000	0,000
IR	Professional and consulting fees	0,000	0.000
IR	Rates	0,000	0,000
IR	Rental, lease and licence payments	0,000	0,000
IR	Repairs and maintenance	0,000	0,000
13.17/ 13.19	Research and development	0,000	0,000
IR	Owner/related party remuneration	00,000	00,000
IR	Salaries and wages to employees	000,000	000,000
IR	Contractor and subcontractor payments	0,000	0,000
IR	Other expenses	00,000	00,000
		000,000	**000,000**

Note 5 – Exceptional items

SPFR Para		**2018 $**	**2017 $**
	May include (depending on value and materiality):		
5.10	Revenue		
	Capital gain	(00,000)	(00,000)
5.10	Expenses		
	Restructuring costs	000,000	00,000
	Capital losses	0,000	0,000
	Loss on disposal of the quantity surveying division of the business	00,000	00,000
	Total exceptional items	**000,000**	**00,000**

Note:
*Additional disclosures should be made for material items of income and expenditure. An item is material if it is not known to users and its exclusion or misstatement could influence or change users' decisions (*SPFR for FPEs *Para 2.13 – 2.18). Where the special purpose financial statements are prepared for taxation purposes, additional information required to meet disclosures required by Inland Revenue's IR10 "Financial statements summary", released April 2013, are included with reference "IR". Entities may choose to disclose these in the notes to the financial statements or in a separate disclosure.*

Note 6 – Income tax expense

SPFR Para		**2018 $**	**2017 $**
21.14	Net profit before tax	000,000	000,000
21.14	Prima facie tax expense at xx% (2017: xx%) on net profit before tax	000,000	000,000
	Income tax effects of:		
9.33/IR	– Dividends received, net of imputation credits	00,000	00,000
9.33/IR	– Dividends received, gross of imputation credits	00,000	00,000
21.14	– Timing differences – accruals and provisions	00,000	00,000
21.14	– Realised untaxed capital gains	00,000	00,000
21.14	– Non-deductible expenses – entertainment	0,000	0,000
21.14	– Income tax losses brought forward	(0,000)	(00,000)
21.14	– Income tax losses carried forward, not recognised	00,000	0,000
21.13	Current tax expense	000,000	000,000
9.33	Imputation credits received on dividends received	(0,000)	(0,000)
21.14	Prior year – tax expense adjustment	0,000	0,000
21.9	Unutilised foreign tax credits – forgone	000	000
	Total income tax expense	**000,000**	**000,000**
21.14	Unused income tax losses available to carry forward	000,000	000,000

Note 7 – Equity [where the entity has elected not to prepare a statement of changes in equity]

SPFR Para		**2018 $**	**2017 $**
17.19	**Issued capital**		
6.3	000,000 ordinary shares, fully paid (2017: 000,000)	00,000	00,000
17.19	**Retained earnings/(Accumulated losses)**		
6.3	Opening balance	0,000,000	0,000,000
6.3	Net profit/(loss)	000,000	000,000
6.3	Dividend paid to owners	-	(00,000)
6.3	Closing balance	**0,000,000**	**0,000,000**
17.19	**Asset revaluation reserve**		
6.3	Opening balance	00,000	00,000
6.3	Gain/(loss) on revaluation of property, plant and equipment	-	-
6.3	Transfer to retained earnings on disposal of assets	-	-
6.3	Closing balance	**00,000**	**00,000**
	Total equity	**0,000,000**	**0,000,000**
	Required regardless if statement of changes in equity included or information disclosed in notes to the financial statements		
17.19	Each fully paid ordinary share confers on the holder one vote at a meeting of the company, a share in distributions approved by the Directors, and a share in distribution of the surplus assets of the company on dissolution.		

Note 8 – Property, Plant and Equipment

SPFR Para	**2018**	**Cost $**	**Accumulated depreciation and impairment $**	**Net book value $**
11.48	Land – valuation	00,000		00,000
11.48	Buildings – valuation	00,000		00,000
11.48	Plant and machinery – cost	00,000	00,000	00,000
11.48	Leasehold improvements – cost	00,000	00,000	00,000
11.48	Motor vehicles – cost	00,000	00,000	00,000
11.48	Motor vehicles leased – cost	00,000	00,000	00,000
11.48	Fixtures, fittings and equipment – cost	00,000	00,000	00,000
		000,000	**00,000**	**000,000**

SPFR Para	**2017**	**Cost $**	**Accumulated depreciation and impairment $**	**Net book value $**
11.48	Land – valuation	00,000		00,000
11.48	Buildings – valuation	00,000		00,000
11.48	Plant and machinery – cost	00,000	00,000	00,000
11.48	Leasehold improvements – cost	00,000	00,000	00,000
11.48	Motor vehicles – cost	00,000	00,000	00,000
11.48	Motor vehicles leased – cost	00,000	00,000	00,000
11.48	Fixtures, fittings and equipment – cost	00,000	00,000	00,000
		00,000	**00,000**	**00,000**

SPFR Para	
11.49	Land and buildings have been restated to valuation in accordance with the valuation report dated x Month 2018 by registered valuer S Precious B.Com (VPM) MPS of the firm Mt. Doom Valuers, Wanganui. The current revaluation surplus on revalued land and buildings is $0,000 (2017: $0,000). Land and buildings are re-valued at least every three years.
11.47	The company has committed to and contracted for $000,000 (2017: $00,000) of future capital expenditure which has not been accounted for in the financial statements.

Note 9 – Investment property

SPFR Para	**2018**	**Cost $**	**Accumulated depreciation and impairment $**	**Net book value $**
11.48	Willis Street, Wellington – cost	00,000		00,000
11.48	Queen Street, Auckland – cost	00,000		00,000
		00,000	**00,000**	**00,000**

SPFR Para	**2017**	**Cost $**	**Accumulated depreciation and impairment $**	**Net book value $**
11.48	Willis Street, Wellington – cost	00,000		00,000
11.48	Queen Street, Auckland – cost	00,000		00,000
		00,000	**00,000**	**00,000**

Note:
In addition to the disclosures required under SPFR for FPEs Section 11 *Property, Plant and Equipment and Investment Property, for income tax years commencing after 1 April 2015 Companies preparing financial statements under* SPFR for FPEs *should also include an appropriately detailed taxation-based schedule of the entity's fixed assets and depreciable property. This is in order to meet the minimum financial reporting requirements as determined by the Tax Administration (Financial Statements) Order 2014. The schedule is not required to be disclosed as part of the financial statements and may be maintained in a separate schedule for disclosure to Inland Revenue upon request.*

Note 10 – Intangibles

SPFR Para	**2018**	**Cost** **$**	**Accumulated amortisation and impairment** **$**	**Net book value** **$**
13.37	Software	00,000	0,000	00,000
13.37	Patents	00,000	0,000	00,000
13.37	Goodwill	0,000	0,000	0,000
13.37	Customer contracts	00,000	0,000	00,000
		00,000	**00,000**	**00,000**

SPFR Para	**2017**	**Cost** **$**	**Accumulated amortisation and impairment** **$**	**Net book value** **$**
13.37	Software	00,000	0,000	00,000
13.37	Patents	00,000	0,000	00,000
13.37	Goodwill	0,000	0,000	0,000
13.37	Customer contracts	00,000	0,000	00,000
		00,000	**00,000**	**00,000**

Note 11 – Joint ventures

Note: *Disclosure is for entities with material jointly controlled assets and operations only.*

SPFR Para		**2018** **$**	**2017** **$**
14.11	The company has an interest in the following joint venture: xx Building Joint Venture – a joint venture arrangement with Architectural Firms Incorporated in Australia for design of a landmark New Zealand property.	x%	x%

Note 12 – Financial instruments

Note:
If only financial assets held at amortised cost, i.e. accounts receivable, cash, short and fixed deposits, no additional disclosure is required(Para 15.39).
Where assets are held at fair value, entities are also required to disclose:
- *any assets held at a market value based on a quoted active price and any assets which have previously been held at market value and no quoted active price is available at year end; and*
- *the source of the active quotable price and the basis of the price.*

Where assets are held at cost and fair value is easily obtainable and reliably measured, i.e. listed equities on the stock exchange, the fair value is required to be disclosed.
Where assets have been pledged as security, the terms, conditions and total value of assets secured are required to be disclosed.

SPFR Para	**2018**	**Amortised cost $**	**Cost $**	**Fair value $**
15.39	Cash and short-term deposits	00,000	-	-
	Trade and other receivables	00,000	-	-
	Other current assets	00,000	-	-
	Investment in shares	-	0,000	-
	Term deposits	0,000	-	-
	Other non-current assets	-	-	-
		000,000	**0,000**	-

SPFR Para	**2017**	**Amortised cost $**	**Cost $**	**Fair value $**
15.39	Cash and short-term deposits	00,000	-	-
	Trade and other receivables	00,000	-	-
	Other current assets	00,000	-	-
	Investment in shares	-	0,000	-
	Term deposits	0,000	-	-
	Other non-current assets	-	-	-
		000,000	**0,000**	-

SPFR Para	
11.47 15.45	Plant and machinery with a net book value of $00,000 (2017: $00,000) has been provided as security on a loan from Grabit Finance Limited.
15.45	The bank overdraft provided by Best Savings Bank is secured over all assets and undertakings of the company.
15.46	*Where a breach or default has arisen on a financial instrument during the year, disclosure of:* – *details of the breach or default;* – *the carrying amount of the loan at balance date; and* – *whether the breach or default was remedied, or the terms of the loan renegotiated before the financial statements were authorised for issue.*

Note 13 – Provisions

Note:
A provision differs from the accrual of a liability contracted for or incurred at balance date where no invoice has been received, i.e. leases, employee benefits, warranties etc.

SPFR Para		**2018 $**	**2017 $**
18.15	Provision – employee benefits	00,000	00,000
	Provision – warranties	0,000	0,000
		00,000	**00,000**

Note 14 – Contingent assets and liabilities

Note:
Disclosure is required ***only*** *where a contingent asset or liability exists and the probability of incurring expenditure/receiving remuneration is not remote.*

SPFR Para	
18.16	At balance date the company received a claim in relation to alleged defects on a commercial property. Insufficient information is available at balance date to enable a proper assessment of the company's exposure, net of recoveries, to the claim. The company and its insurers are defending the claim.

Note 15 – Lease disclosures

SPFR Para		**2018 $**	**2017 $**
	Finance lease – future minimum lease payments		
19.24	Current	00,000	00,000
19.24	Non-current	0,000	0,000
		00,000	**00,000**
	Operating lease – future minimum lease payments under non-cancellable leases		
19.25	Current	00,000	00,000
19.25	Non-current	0,000	0,000
		00,000	**00,000**

Note 16 – Business combinations

SPFR Para	
23.28	On x Month 2017 the company acquired the business operations of Old GAAP Services Limited.

Note 17 – Subsequent events

SPFR Para	
24.9	Subsequent to balance date, on x Month 2018, the Directors declared an additional dividend of \$00,000. The dividend has not been recognised in the financial statements. Subsequent to balance date, market movements have resulted in a \$0,000 drop in the market value of shares held in listed companies. The decrease in value has not been recognised in this year's financial statements.

Note 18 – Related parties

25.9 The company's parent is a trustee in the JPJ Family Trust.

SPFR Para	**2018**	**Sales** **$**	**Purchases** **$**	**Loan receivables/ (payables)** **$**	**Receivables/ (payables)** **$**
25.8 – 25.14	**Shareholders**				
	JPJ Family Trust			(000,000)	(00,000)
	– interest paid	-	00,000	-	-
	– royalty licence fee	-	00,000	-	-
	– guarantee of borrowings, Grabit Finance Limited	-	-	-	-
	DE Jones			-	(000,000)
	– directors fees	-	0,000	-	-
	– employee remuneration	-	000,000	-	-
	JK Potter			-	00,000
	– interest received	00,000		-	-
	– directors fees	-	0,000	-	-
	– employee remuneration	-	000,000	-	-

SPFR Para	**2017**	**Sales** **$**	**Purchases** **$**	**Loan receivables/ (payables)** **$**	**Receivables/ (payables)** **$**
25.8 – 25.14	**Shareholders**				
	JPJ Family Trust			(000,000)	(00,000)
	– interest paid	-	00,000	-	-
	– royalty licence fee	-	00,000	-	-
	– guarantee of borrowings, Grabit Finance Limited	-	-	-	-
	DE Jones			-	(000,000)
	– directors fees	-	0,000	-	-
	– employee remuneration	-	000,000	-	-
	JK Potter			-	0,000
	– interest received	000		-	-
	– directors fees	-	0,000	-	-
	– employee remuneration	-	000,000	-	-

SPFR Para	
25.12	**Terms and conditions of transactions with related parties** Sales to and purchases from related parties are recorded on normal commercial terms. Loans from related parties are interest bearing and are repayable on demand. For the year ended xx Month 2018, the company has not made any allowance for impairment loss relating to amounts owed by related parties (2017: $nil).

Note:
In addition to the related party disclosures required in 25.8 – 25.14 above, for income tax years commencing after 1 April 2015, companies preparing financial statements under SPFR for FPEs *should also maintain a reconciliation of moments in current accounts and loan balances with owners and other associated persons (as defined by subpart YB of the Income Tax Act 2007). This is in order to meet the minimum reporting requirements as determined by the Tax Administration (Financial Statements) Order 2014. The reconciliations are not required to be disclosed as part of the financial statements but may be maintained in a separate schedule for disclosure to Inland Revenue on request.*

NON-CORE COMPONENTS
OPTIONAL

Special Purpose Financial Report

Cash flow statement

For the year ended xx Month 2018

SPFR Para		Note	2018 $	2017 $
	Cash flows from operating activities			
	Net profit		000,000	000,000
	Non-cash items			
	Depreciation	**4**	00,000	00,000
	Doubtful debts provision		0,000	-
	Gain/(loss) on disposal of property, plant and equipment		0,000	000,000
	Amortisation		0,000	00,000
	Impairment loss			
	Movement in working capital items			
	Decrease/(increase) in trade and other receivables	**12**	00,000	00,000
	Decrease/(increase) in work in progress		00,000	00,000
	Decrease/(increase) in other current assets	**B**	0,000	-
	Increase/(decrease) in tax payable			
	Increase/(decrease) in trade and other payables		(00,000)	00,000
	Increase/(decrease) in other liabilities	**C**	0,000	(00,000)
			00,000	**00,000**
	Net cash flows from (used in) operating activities		**000,000**	**000,000**
	Cash flows from investing activities			
	Sale of property, plant and equipment		00,000	000,000
	Drawdown of loan		00,000	-
	Purchase of property, plant and equipment		(00,000)	(00,000)
	Purchase of intangibles		(0,000)	(00,000)
	Net cash flows from (used in) investing activities		**00,000**	**(00,000)**
	Cash flows from financing activities			
	Finance lease acquired	**15**	000,000	-
	Dividends paid during the year	**7**	(00,000)	(00,000)
	Net cash flows from (used in) financing activities		**000,000**	**(00,000)**
	Net increase in cash and cash equivalents		000,000	00,000
	Cash and cash equivalents at beginning of year		(00,000)	00,000
	Cash and cash equivalents at end of year		**000,000**	**(00,000)**
	Represented by;			
	Cash and short-term deposits	**A**	00,000	0,000
	Term deposits	**12**	000,000	-
	Bank overdraft	**A**	-	(00,000)
			000,000	**(00,000)**

This statement is to be read in conjunction with the notes to the financial statements on pages x–x.

Notes to the financial statements – additional disclosures

Note A – Cash and short-term deposits

SPFR Para		**2018 $**	**2017 $**
	Cash on hand	**000**	000
	Best Savings Bank – On Call Savings Account	**00,000**	0,000
		00,000	**(00,000)**

Note B – Other current assets

SPFR Para		**2018 $**	**2017 $**
	Prepaid insurance	00,000	0,000
	Interest on investments accrued	00,000	00,000
	Rental, lease and licence income accrued	000,000	000,000
		00,000	**00,000**

Note C – Other current liabilities

SPFR Para		**2018 $**	**2017 $**
	Interest on bank loan	00,000	00,000
	Rates accrual	0,000	0,000
		00,000	**00,000**

Note D – Investments

SPFR Para		**Cost $**	**Accumulated revaluation $**	**Revaluation current year $**	**2018 Carrying value $**	**2017 Carrying value $**
	Free Entity Limited	00,000	00,000	0,000	00,000	00,000
	Jethro Holdings New Zealand Limited	00,000	0,000	00,000	00,000	00,000
	Shares in listed companies	00,000	00,000	00,000	00,000	00,000
	Shares in controlled unlisted companies:					
	– Boat (NZ) Management Limited	0,000	-		00,000	000,000
	– Jimbo Transport Company Limited	0,000	0,000		00,000	00,000
	Shares in uncontrolled unlisted companies:					
	– Great Drawings Limited	0,000	0,000		0,000	0,000
	Total Shares in unlisted companies	**00,000**	**0,000**		**00,000**	**00,000**
	Total Investments	**00,000**	**00,000**	**00,000**	**000,000**	**000,000**

Note K – Property, Plant and Equipment

SPFR Para	**2018**	**Cost $**	**Revaluation $**	**Accumulated depreciation $**	**Net book value $**
	Investment property	00,000	00,000	00,000	00,000
	Land	00,000	00,000	00,000	00,000
	Buildings	00,000	00,000	00,000	00,000
	Plant and machinery	00,000		00,000	00,000
	Leasehold improvements	00,000		00,000	00,000
	Motor vehicles	00,000		00,000	00,000
	Fixture and fittings	00,000		00,000	00,000
		00,000	**00,000**	**00,000**	**00,000**

SPFR Para	**2017**	**Cost** **$**	**Revaluation** **$**	**Accumulated depreciation** **$**	**Net book value** **$**
	Investment property	00,000	00,000	00,000	00,000
	Land	00,000	00,000	00,000	00,000
	Buildings	00,000	00,000	00,000	00,000
	Plant and machinery	00,000		00,000	00,000
	Leasehold improvements	00,000		00,000	00,000
	Motor vehicles	00,000		00,000	00,000
	Fixture and fittings	00,000		00,000	00,000
		00,000	**00,000**	**00,000**	**00,000**

Note:
Owners and management may want to provide additional information to users of financial information, including forecast financial information and five year trend information. These disclosures are not covered by SPFR for FPEs*. Preparers should seek guidance from FRS 42, FRS 43 and other applicable guidelines.*