

**NZ SME
PRODUCTS ENTITY**

Special Purpose Financial Report 2015

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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 these entities, which are highlighted in these special purpose financial statements.

**NON-CORE COMPONENTS
OPTIONAL**

Special Purpose Financial Report

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 Products 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 Products Entity for the year ended xx Month 2015 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.

NZICA 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 2015

Nature of Business	Widget manufacturer NZ SME Products Entity manufactures widgets.		
Registered Office	Victoria Avenue Wanganui		
Incorporation Number	77 0540		
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	NZICA 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 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 Products Entity for year ended xx Month 2015.

APPROVED

For and on behalf of the Board of Directors

DE Jones
Director
xx Month 2015

JK Potter
Director
xx Month 2015

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 24.9 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

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 2015

<i>SPFR para</i> ¹		Note	2015	2014
	Income			
9.32	Income from sale of goods		0,000,000	0,000,000
9.32/14.12	Sales of services – joint venture		0,000	0,000
			0,000,000	0,000,000
	Cost of sales		000,000	000,000
5.4	Gross profit		0,000,000	0,000,000
	Other income	3	00,000	00,000
	Expenses	4	000,000	000,000
5.4/5.12	Exceptional items	5	00,000	00,000
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. 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).

3. Cost of sales is not required to be disclosed on the face of the statement of profit or loss however may be beneficial to users of the financial statements to explain the movement between sales revenue and gross profit.

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 2015

<i>SPFR para</i>		Note	2015	2014
4.3/17.3	Equity	7	0,000,000	0,000,000
	<i>Represented by:</i>			
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	Inventories	12	00,000	00,000
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	14	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	14	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 paragraphs 4.2 and 4.3 may be disclosed either on the face of the balance sheet or in the notes to the financial statements.

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 on pages x – x.

Statement of changes in equity

As at xx Month 2015

<i>SPFR para</i>	2015	Note	Share capital	Retained earnings	Asset revaluation reserve	Total
			\$	\$	\$	\$
6.3	Balance at x Month 2014		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 x Month 2015	7	000,000	0,000,000	00,000	0,000,000
6.3	Balance at x Month 2013		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 x Month 2014	7	000,000	0,000,000	00,000	0,000,000

Note: Disclosure of minimum information required by SPFR for FPEs paragraphs 6.3 may be disclosed either in the statement of changes in equity or within notes to the financial statements (refer Note 7).

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

Notes to the financial statements

Note 1 – Reporting entity

*SPFR*²
para

- 7.5 NZ SME Products Entity is a company incorporated under the Companies Act 1993.
- 7.5 NZ SME Products Entity is a widget manufacturer.
- 24.9 The special purpose financial report was authorised for issue in accordance with a resolution of directors dated xx Month 2015.

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 specific NZ IFRS standards 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

SPFR
para

3.6 **Basis of preparation**

7.5

These financial statements have been prepared in accordance with *A Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs)* published by the New Zealand Institute of Chartered Accountants.

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**

20.13 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. Policies have been applied on a consistent basis with those of the previous period.

² For ease of reading, *SPFR for FPEs* has been abbreviated to *SPFR* throughout these tables.

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 information 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 current year reporting only of the entity]

All accounting policies were applied consistently during the year.

5.11 **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 separately in the statement of profit or loss where the total value exceeds 5% of revenue.

23.13 **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 (or 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 performed are recognised as a liability on receipt. The grants are recognised as income over the period that the specified conditions are complete and associated the costs are recognised.

10.28 **Inventories**

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

The cost of work in progress and finished goods includes the cost of direct materials, direct labour and a proportion of the manufacturing overhead, based on the normal capacity of the facilities, expended in putting the inventories in their present location and condition.

15.43 **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.

20.14 **Foreign currencies**

20.15 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 – **Alternate – Revaluation option – property plant and equipment**
11.39

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.

11.49 **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 An item of property, plant and equipment or investment property is derecognised upon disposal or
11.43 when no further future economic benefits are expected from its use or disposal. Any gain or loss
11.45 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 **Alternate – Revaluation option – property, plant and equipment only**

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

Intangible assets

13 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 Research costs are expensed as incurred. Development expenditure on an individual project is
13.20 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 Intangible assets are amortised on a systematic basis over their useful life and tested for impairment
13.25 – whenever there is an indication that the intangible asset may be impaired. The amortisation period
13.29 and the method for an intangible asset are 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.

23.25 **Goodwill**

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.

23.7 – Goodwill is measured at cost less any accumulated impairment losses. Cost is the excess of
23.8 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.

16.8 **Impairment of non-financial assets**

16.13 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 their 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 their 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.

14.9 **Joint ventures**

14.11
14.13

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

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

15.22 *Amortised cost*

15.29 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.

15.34 *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.

15.31 *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 the fair value for a prior year less any accumulated impairment loss.

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

15.21 **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.

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

18.5 – **Provisions**

18.13

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.

19.15 – **Leases** [*where the company is the lessee*]
19.21

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.

19.22 – **Leases** [*where the company is the lessor*]
19.27

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		2015	2014
5.3/9.32/1 5.52	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	<i>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].</i>		

Note 4 – Expenses (excluding exceptional expenses)

SPFR para		2015	2014
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
14.12	Joint venture expenditure	0,000	0,000
5.3	Amortisation of intangible assets	00,000	00,000
5.3/20.12	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
13.30	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		2015	2014
	May include (depending on value and materiality):		
5.11	Revenue		
	Capital gain	(00,000)	(00,000)
5.11	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 will be required to meet the disclosures required by Inland Revenue's IR10 "Financial statements summary" released April 2013. These 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

<i>SPFR Para</i>		2015 \$	2014 \$
21.13	Net profit before tax	000,000	000,000
21.13	Prima facie tax expense at xx% (2014: 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
21.13	– Timing differences – accruals and provisions	00,000	00,000
21.13	– Realised untaxed capital gains	00,000	00,000
21.13	– Non-deductible expenses – entertainment	0,000	0,000
21.13	– Income tax losses brought forward	(0,000)	(00,000)
21.13	– Income tax losses carried forward, not recognised	00,000	0,000
21.12	Current tax expense	000,000	000,000
9.33	Less imputation credits on gross dividends received	(0,000)	(0,000)
21.13	Prior year – tax expense adjustment	0,000	0,000
21.19	Unutilised foreign tax credits – forgone	000	000
	Total income tax expense	000,000	000,000
21.13	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]

<i>SPFR Para</i>		2015 \$	2014 \$
17.23/6.3	Issued capital		
17.23/6.3	000,000 ordinary shares, fully paid (2014: 000,000)	00,000	00,000
17.23/6.3	Retained earnings/(Accumulated losses)		
6.3	Opening balance as at x Month 2014	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 as at x Month 2015	0,000,000	0,000,000
17.23/6.3	Asset revaluation reserve		
6.3	Opening balance as at x Month 2014	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 as at x Month 2015	00,000	00,000
	Total equity	0,000,000	0,000,000
17.23	Required regardless if statement of changes in equity included or information disclosed in notes to the financial statements		
	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

<i>SPFR Para</i>	2015	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

<i>SPFR Para</i>	2014	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

<i>SPFR para</i>	
11.49	Land and buildings have been restated to valuation in accordance with the valuation report dated x Month 2015 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 (2014: \$0,000). Land and buildings are revalued annually.
11.47	The company has committed to and contracted for \$000,000 (2014: \$00,000) of future capital expenditure which has not been accounted for in the financial statements.

Note 9 – Investment property

<i>SPFR Para</i>	2015	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

<i>SPFR Para</i>	2014	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	2015	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	2014	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		2015 \$	2014 \$
14.14	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 – Inventories

SPFR Para		2015 \$	2014 \$
	Stock in transit	00,000	00,000
10.28	Raw materials	00,000	00,000
10.28	Work in progress	00,000	00,000
10.28	Finished goods	00,000	00,000
		00,000	00,000
10.28	Stock in transit is secured against the purchase price of goods until settlement.		

Note 13 – 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 15.44).

Where assets are held at fair value entities are also required to disclose:

- assets held at market value based on a quoted active price and assets have previously been held at market value and no quoted active price is available at year end; and*
- 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.

<i>SPFR Para</i>	2015	Amortised cost \$	Cost \$	Fair value \$
15.44	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	-

<i>SPFR Para</i>	2014	Amortised cost \$	Cost \$	Fair value \$
15.44	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	-

<i>SPFR Para</i>	
11.47 15.50	Plant and machinery with a net book value of \$00,000 (2014: \$00,000) has been provided as security on a loan from Grabit Finance Limited.
15.50	The bank overdraft provided by Best Savings Bank is secured over all assets and undertakings of the company.
15.51	Where a breach or default has arisen on a financial instrument during the year, disclosure of: <ul style="list-style-type: none"> – 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 payable were renegotiated before the financial statements were authorised for issue.

Note 14 – Provisions

Note: A provision differs from 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		2015 \$	2014 \$
18.16	Provision – employee benefits	00,000	00,000
	Provision – warranties	0,000	0,000
		00,000	00,000

Note 15 – 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	
18.17	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 16 – Lease disclosures

SPFR Para		2015 \$	2014 \$
	Finance lease – future minimum lease payments		
19.28	Current	00,000	00,000
19.28	Non-current	0,000	0,000
		00,000	00,000
	Operating lease – future minimum lease payments under non-cancellable leases		
19.29	Current	00,000	00,000
19.29	Non-current	0,000	0,000
		00,000	00,000

Note 17 – Business combinations

SPFR Para	
23.34	On 30 June 2014 the company acquired the business operations of Old GAAP Services Limited.

Note 18 – Subsequent events

SPFR Para	
24.10	Subsequent to balance date, on xx month 2015, 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 19 – Related parties

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

SPFR Para	2015	Sales	Purchases	Loan receivables/ (payables)	Receivables/ (payables)
		\$	\$	\$	\$
25.10 – 25.13	Shareholders				
	JPJ Family Trust			(000,000)	(00,000)
	– interest paid	-	00,000	-	-
	– royalty licence fee	-	00,000	-	-
	– guarantee of borrowings, Gorbit 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	2014	Sales	Purchases	Loan receivables/ (payables)	Receivables/ (payables)
		\$	\$	\$	\$
25.10 – 25.13	Shareholders				
	JPJ Family Trust			(000,000)	(00,000)
	– interest paid	-	00,000	-	-
	– royalty licence fee	-	00,000	-	-
	– guarantee of borrowings, Gorbit 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	<p>Terms and conditions of transactions with related parties</p> <p>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 2015, the company has not made any allowance for impairment loss relating to amounts owed by related parties (2014: \$nil).</p>

Note:

In addition to the related party disclosures required in 25.8 – 25.14 as outlined 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 financial reporting requirements as determined by the Tax Administration (Financial Statements) Order 2014. Disclosure of the reconciliations is not required 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 2015

<i>SPFR para</i>	Note	2015 \$	2014 \$
Cash flows from operating activities			
Net profit		000,000	000,000
Non-cash items			
Depreciation		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		00,000	00,000
Decrease/(increase) in inventories		00,000	00,000
Decrease/(increase) in other current assets		0,000	-
Increase/(decrease) in tax payable			
Increase/(decrease) in trade and other payables		(00,000)	00,000
Increase/(decrease) in other liabilities		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		000,000	-
Dividends paid during the year		(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		00,000	0,000
Term deposits		000,000	-
Bank overdraft		-	(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

<i>SPFR para</i>		2015 \$	2014 \$
	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

<i>SPFR para</i>		2015 \$	2014 \$
	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

<i>SPFR para</i>		2015 \$	2014 \$
	Interest on bank loan	00,000	00,000
	Rates accrual	0,000	0,000
		00,000	00,000

Note D – Investments

<i>SPFR para</i>		Cost \$	Accumulated revaluation \$	Revaluation current year \$	2015 Carrying value \$	2014 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 E – Property, plant and equipment

<i>SPFR para</i>	2015	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

<i>SPFR para</i>	2014	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 F – Cost of goods sold

<i>SPFR para</i>	2015	2014
	\$	\$
Opening inventories at beginning of year	00,000	00,000
Purchases	000,000	0,000
Direct costs	000,000	00,000
Closing inventories at end of year	(00,000)	(00,000)
	000,000	000,000

Note:

Owners and management may want to provide additional information to users of financial information, including forecast financial information and five-year trend information. SPFR for FPEs does not address such disclosures. Preparers should seek guidance from FRS 42, FRS 43 and other guidelines issued by the New Zealand Institute of Chartered Accountants.