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Pinnacle IFRS NZ Limited

NZIAS1(51)(a)

NZBN 01234567

Annual Report - 31 December 2024

Pinnacle IFRS NZ Limited
Directors' report
31 December 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Pinnacle IFRS NZ Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2024.

With the unanimous agreement of all shareholders, the company has taken advantage of the reporting concessions available to it under section 211(3) of the Companies Act 1993.

The directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the company as at 31 December 2024 and its financial performance for the year ended on that date.

The directors consider that the financial statements of the company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting standards have been followed.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors have responsibility for the maintenance of a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The directors consider they have taken adequate steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

This report is made in accordance with a resolution of directors, pursuant to section 211(1)(k) of the Companies Act 1993.

On behalf of the directors

___________________________	___________________________	
Christina Example	Daniel Example	1
Director	Director	

24 February 2025
Auckland

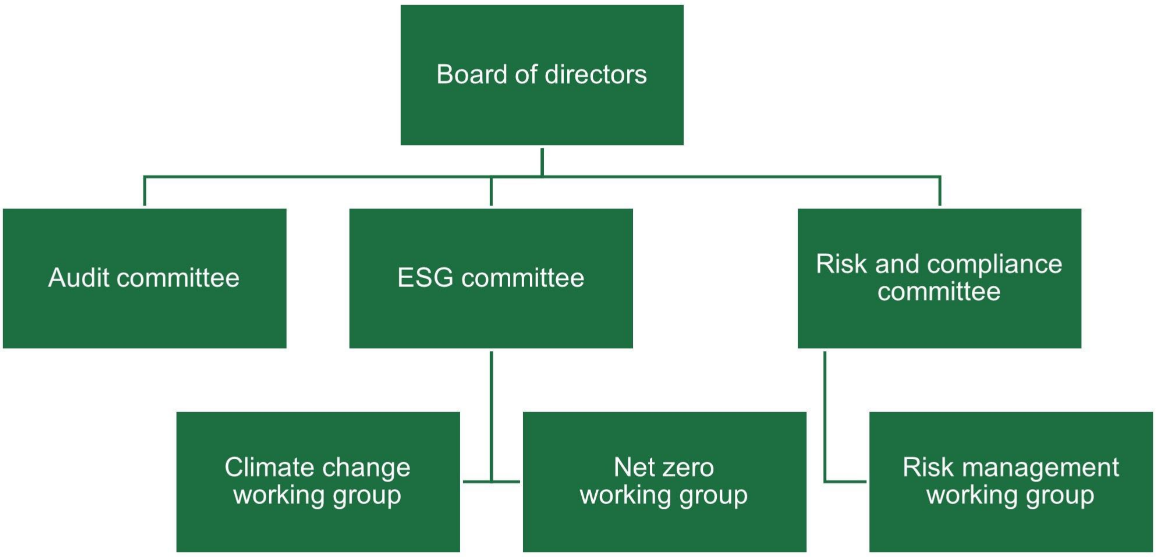
The following is a summary of our approach towards climate-related issues across the consolidated entity.

Governance NZCS1(7)-(9) 3

Governance processes, controls and procedures
The consolidated entity recognises that good governance is essential to delivering on our strategic and climate-related goals. There are various processes, controls and procedures in place to ensure good governance, underpinned by the Code of Conduct and policies in place. These ensure that our employees understand the expectations on our business to meet employment standards, maintain a safe and healthy workplace, respect human rights and protect customers.

The Planet Plan details the consolidated entity's climate-related risks and opportunities. It is reviewed, updated as required and approved by the Pinnacle IFRS NZ Limited Board on an annual basis.

The diagram below demonstrates how climate-related information flows through the consolidated entity's governance structure. This allows for the integration of climate-related considerations in day-to-day operations and supports informed decision-making on material climate-related risks and opportunities across the organisation.



Board-level governance NZCS1(7)(a),(b),(8)
The Pinnacle IFRS NZ Limited Board is the governance body responsible for the oversight and implementation of Pinnacle IFRS NZ Limited's overall strategic and environmental goals, including oversight of climate-related risks and opportunities.

The Board sets, oversees and monitors progress against metrics and targets for managing climate-related risks and opportunities via the following processes:

- Quarterly meetings, which include discussion of updates on emerging climate-related risks and opportunities from relevant members of the Executive team
- Quarterly special purpose meetings, where strategy and specific governance matters are discussed with the relevant committees
- Review and discussion of updates on Environmental, Social and Governance (ESG) and climate-related topics throughout the year via Board papers and training and focus sessions

The Board monitors its skills and competencies to identify any areas where further training, knowledge and/or expertise may be required to ensure that it can provide appropriate oversight of climate-related risks and opportunities relevant to the consolidated entity. The Board also commissions an external review of its performance and skills at least every three years.

The consolidated entity's climate-related disclosures are approved by the Board based on the recommendation of the ESG committee, which assists the Board to oversee the integrity of the annual climate-related disclosures.

Executive-level governance NZCS1(7)(c),(9)
The Executive team receives advice from employees, suppliers and customers regarding the impact of climate-related risks and opportunities, which is considered when making recommendations to the Board.

The risk management working group supports the risk and compliance committee and is responsible for the oversight of material risks across the consolidated entity, including climate-related risks. The risk management working group receives quarterly risk reporting, which includes updates on sustainability and climate-related risks, from the wider organisation.

The ESG committee meets monthly. It provides recommendations to the Executive team and oversees the implementation of the climate-related targets in the Planet Plan. The ESG committee has the authority to consider climate-related risks and opportunities including:

- Strategic direction in response to climate change and ESG
- Decarbonisation and position statements
- Physical and transition climate risk modelling
- Climate risk appetite decisions relating to suppliers and customers with sustainability risk factors

Management-level governance NZCS1(7)(c),(9)
The climate change working group supports the ESG committee and advocates for climate action and increased awareness and capacity across the organisation. The group meets monthly and consists of key senior managers who implement ESG initiatives.

The net zero working group supports the implementation of the consolidated entity's emissions reduction target. The group meets monthly and its membership consists of management and employees who work with suppliers and employees to influence the operational emissions.

Remuneration NZCS1(8)(d)
The consolidated entity's performance is assessed on the achievement of financial and non-financial measures as detailed in relevant Executive team scorecards. Scorecard measures are linked to the key strategic priorities, including risk, performance and customer and colleague outcomes.

The Executive team performance metrics are reviewed and approved annually by the Board. The Board determines progress and performance against outcomes against the metrics for each financial year as part of the consolidated entity's performance review process.

Strategy NZCS1(11)-(16) 4
As New Zealand transitions to a low-carbon economy, the electronics industry has a large role to play. The consolidated entity's Strategic Plan contains the roadmap for its climate-related actions with a view to play an important part in that transition.

The consolidated entity understands that climate change will impact its operations, suppliers, customers and employees. This section outlines significant transition risks, physical risks and opportunities that have been identified based on the current understanding of its exposure to the impacts of climate change.

Current climate-related impacts NZCS1(11)(a),(12)
Two major floods occurred during the financial year in the Auckland and Hawkes Bay regions, both caused by unprecedented rainfall. These floods caused extensive damage to the region and the consolidated entity's property.

In addition, Cyclone Christoph impacted the majority of the East Coast of the North Island, resulting in landslides, property damage and power outages.

Scenario analysis NZCS1(11)(b),(13)
Climate scenario analysis is a strategy and risk management tool used to help the consolidated entity understand the climate-related risk and opportunities to its business model over time.

The consolidated entity has undertaken various scenario analysis projects using the three scenarios as per the XRB recommended guidance *The Futures of Retail* (Integrated Climate Change Scenarios for New Zealand's Retail Sector). An overview of the three scenarios is shown below.

	Scenario 1 Orderly +1.5C aligned	**Scenario 2 Disorderly +1.7C aligned**	**Scenario 3 Hothouse +3.0C aligned**
Key assumption	International and domestic policy settings aim to limit total warming by the end of this century to less than 1.5C. This entails halving greenhouse gas emissions by 2030 and reaching net zero emissions around 2050.	International and domestic policy settings aim to limit total warming to less than 1.5C in this century. However, decisive action is delayed. Global emissions peak in 2030, then drop sharply. As a result of delayed action, deeply destabilising policies are now required to keep total warming below potentially catastrophic levels.	A divided world that refuses to cooperate and confront the non-negotiable realities of planetary boundaries. Instead, countries focus on their short-term domestic best interests, resulting in persistent and worsening inequality and environmental degradation. International and domestic policy settings result in well over 3.0C warming by the end of this century.
Global warming trajectory	+1.4C global warming at 2100	+1.7C global warming at 2100	+3.9C global warming at 2100
Policy response	Immediate and smooth	Delayed	Indiscernible
Demand for technology change	Fast	Slow then fast	Slow
Physical risk	Low	Moderate	High
Transition risk	Moderate	High	Low

The Executive team participated in a series of workshops where the risks and opportunities of each scenario were considered and actions the consolidated entity could take were discussed and documented. The consolidated entity plans to conduct further scenario analysis workshops throughout the greater organisation.

Climate-related risks and opportunities NZCS1(11)(c),(14)(a),(c)

Climate-related risks and opportunities are assessed across short-term (2025), medium-term (2030) and long-term (2050) horizons. The Planet Plan details the consolidated entity's response in delivering its strategic objectives and how it will ensure that capital is deployed to the right parts of the organisation to address climate-risks and opportunities and to accelerate the transition to a low-emissions, climate-resilient organisation.

The organisational structure of the consolidated entity has been designed to ensure that climate-related considerations are embedded into its day-to-day operations with advice on material climate-related risks and opportunities being informed from across the organisation. This allows for informed decision-making processes including regarding funding and internal capital deployment.

Climate-related physical risks NZCS1(11)(c),(14)(b)

Climate-related physical risks are risks that arise from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity.

The nature, sector and geography of the consolidated entity's assets or business activities vulnerable to climate-related physical risks are detailed as follows:

Risk	**Sector**	**Geography**
Impact of damage from adverse weather on asset carrying values	All	All
Operational interruptions caused by extreme weather events	All	All
Reduced revenue from decreased production capacity (e.g. transport difficulties, supply chain interruptions)	Logistics, Manufacturing	All
Increased operating costs due to supply and demand for resources impacted by adverse climate events	Retailing	All
Increased insurance premiums and potential for reduced availability of insurance on assets in high-risk locations	All	All

Climate-related transition risks

NZCS1(11)(c),(14)(b)

Climate-related transition risks are risks that arise from transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks. These risks could carry financial implications for the consolidated entity such as increased operating costs or asset impairment due to new or amended climate-related regulations.

The nature, sector and geography of the consolidated entity's assets or business activities vulnerable to climate-related transition risks are detailed as follows:

Risk	Sector	Geography
Impairment of plant and equipment highly exposed to transition risk	All	All
Concentration of credit exposure to carbon-related assets	Retailing	All
Revenue derived from sales to customers susceptible to transition risk	Retailing	All
Inadequate market supply or price volatility in credible carbon credits	All	All
Increased production costs due to changing input prices (e.g. energy, water) and output requirements (e.g. waste treatment)	Manufacturing	All

Climate-related opportunities

NZCS1(11)(c),(14)(b)

Responding to climate change provides opportunities for the consolidated entity as the technology industry and entire economy moves towards a low emissions, climate-resilient era. Opportunities to assist the community may emerge from resource efficiency and cost savings, development of new products and services and access to new markets.

Examples of climate-related opportunities that the consolidated entity has identified to date include:

- New Zealand's economy and transport system have been almost entirely electrified, resulting in new opportunities for low-emissions manufacturing, distribution and logistics
- Providing training and resources on climate change, the transition to a low emissions economy and our role in that transition to our customers and staff
- Engaging with high-emitting customers on their specific ESG risks and opportunities and supporting their transition planning
- Integrating sustainability into our business and consumer product offerings
- Thought leadership through our participation in conferences, panels and partnerships

Anticipated climate-related impacts

NZCS1(11)(d),(15)

Uncertainty around variables including climate legislation and adaptation plans present challenges in the meaningful financial quantification of anticipated impacts of climate-related risks and opportunities. The consolidated entity has engaged industry experts to assist in assigning metrics to its disclosures relating to anticipated impacts, with a view to including further disclosures in its next Annual Report.

The consolidated entity has identified the following anticipated impacts of its climate-related physical risks:

Source	Anticipated impacts of physical risk	Anticipated timeframe
Increase in frequency and intensity of adverse weather events (e.g. droughts, floods, storms)	Impact on physical asset carrying values	Long-term
Operational interruptions caused by extreme weather events	Decrease in margin/profit	Short-term
Decreased production capacity (e.g. transport difficulties, supply chain interruptions)	Reduced revenue due to reduced supply of goods	Medium-term
Supply and demand for resources impacted by adverse climate events	Increased operating costs associated with supply and demand	Medium-term
Increased claims made on insurers due to physical risks	Increased insurance premiums and potential for reduced availability of insurance on assets in high-risk locations	Short-term

The consolidated entity has identified the following anticipated impacts of its climate-related transition risks:

Source	**Anticipated impacts of transition risk**	**Anticipated timeframe**
Manufacturing facilities determined to be in 'at risk' locations	Impairment of plant and equipment highly exposed to transition risk	Long-term
Consumer preferences and expectations regarding 'green' investments	Concentration of credit exposure to carbon-related assets	Medium-term
Changing market / consumer preferences towards products seen as better for the environment	Revenue derived from sales to customers susceptible to transition risk	Medium-term
Inadequate market supply or price volatility in credible carbon credits	Risk of impairment in carbon credit financial statement recognition	Medium-term
Increased production costs due to changing input prices (e.g. energy, water) and output requirements (e.g. waste treatment)	Decrease in margin/profit	Medium-term

The consolidated entity has identified the following anticipated impacts of its climate-related opportunities:

Source	**Anticipated impacts of opportunities**	**Anticipated timeframe**
New Zealand's economy and transport system have been almost entirely electrified, resulting in new opportunities for low-emissions manufacturing, distribution and logistics	Diversified revenue streams and associated increases in profit	Short-term
Providing training and resources on climate change, the transition to a low emissions economy and our role in that transition to our customers and staff	Increased employee engagement and likelihood of quality recruitment	Medium-term
Engaging with high-emitting customers on their specific ESG risks and opportunities and supporting their transition planning	Completeness of emissions profile	Medium-term
Integrating sustainability into our business and consumer product offerings	Reduced cost of decarbonisation and associated impact on profit	Long-term
Thought leadership through our participation in conferences, panels and partnerships	Positioning as a leader in sustainability and associated reputational advantages	Short-term

Transition planning NZCS1(11)(e),(16)
The Planet Plan details the consolidated entity's vision to transition to a zero emissions economy which supports the regeneration of the natural environment and builds climate resilience.

To achieve its vision, the consolidated entity has set the transition planning objectives and key actions / targets outlined below.

Objectives	**Key actions / targets**
Transition the investment portfolio to net zero emissions by 2030	Develop an action plan to decarbonise the investment portfolio and increase investment in climate solutions
Support our customers to transition to low-emissions, climate-resilient technology	Innovate with new, targeted sustainability products technology and identify customer growth opportunities
Understand the climate-related risks and opportunities and support our customers to adapt and build resilience	Integrate climate change into the Risk Management Strategy and core risk and operational policies
Continue to actively reduce emissions across our operations and supply chain	Reduce operational emissions by 50% by the end of 2030

During the next year, the consolidated entity plans to evolve the Planet Plan to include further information on its response to climate change based on progress to date against its targets and how it needs to ensure capital is deployed to the right parts of the organisation to address climate risk and accelerate the transition to a low-emissions, climate-resilient economy.

Risk management NZCS1(18),(19) 5

NZCS1(18)

Risk management approach
The consolidated entity assesses climate-related transition and physical risks to the extent possible based on available data. Further information is available in the Strategy section of the Climate Statement.

The Board approves the overarching Risk Management Strategy (RMS) following receipt of a recommendation from the risk and compliance committee.

Both the RMS and ESG policies are implemented through risk appetite metrics and matrices and ESG checklists to ensure these are appropriately rolled out to and implemented across the organisation.

Risk identification NZCS1(19)(a),(b)
The consolidated entity uses risk identification tools and methods to understand current and emerging risks. It also monitors and assesses current risks to manage these effectively within the recognised risk appetite. The consolidated entity continues to make progress on the use of tools and methods to integrate climate-related risk into the overall risk identification process, as more data and tools become available.

Examples of tools and methods used to identify the scope, size and potential impacts of climate-related risks are detailed below:
- Customer engagement: ESG checklists are completed to identify ESG risks, including climate-related risk for customers who fall within defined sector criteria.
- Stress testing: Every year, participation in the Institute of Technology stress testing assessment of flooding risks to technology companies. Stress test results are incorporated into the RMS.
- Scenario analysis: Information on the approach to scenario analysis is included in the Strategy section of the Climate Statement.
- Regulatory change monitoring: The consolidated entity follows its existing regulatory change process for monitoring and identifying regulatory change relating to climate-related risk and where necessary, embeds required changes into the organisation.

Climate-related risks are assessed across short-term (2025), medium-term (2030) and long-term (2050) horizons. The Planet Plan details the consolidated entity's response in delivering its strategic objectives and how it will ensure that capital is deployed to the right parts of the organisation to address climate-risks and opportunities and to accelerate the transition to a low-emissions, climate-resilient organisation.

Risk assessment NZCS1(19)(c),(d)
The consolidated entity uses annual stress testing and scenario analysis to assess risk, understand vulnerabilities and inform risk assessments and decision making. The impacts of climate-related risks across other relevant material risk categories, including credit risk and operational risk are also assessed monthly via the various climate-related working groups.

Due to the nature of understanding evolving climate-related impacts, data is limited in relation to some customers, sectors and suppliers. These limitations mean that there may be aspects of the value chain that are currently not included in the risk assessment processes detailed above.

Aspects of the value chain that are currently excluded are as follows:
- Emissions reporting of purchased goods and services
- The impact of physical risks on certain parts of the value chain

Risk management NZCS1(19)(e)
The consolidated entity's approach to managing climate-related risk continues to evolve as its understanding of risk improves. The consolidated entity also acknowledges that its exposure to climate-related risk extends beyond its core business, impacting customers and communities.

The consolidated entity prioritises risks with the largest potential consequences and aims for proportionate risk management. Proportionate means risks are identified, assessed, evaluated and significant risks are treated in a timely and reasonably practicable ways.

Risk management options used to manage climate-related risks are as follows:
- Working with customers, counterparties and suppliers identified as having higher climate risks to manage and improve climate risk profiles
- Setting limits and applying other risk management measures to companies, economic sectors, geographical regions or segments of products or services that do not align with the consolidated entity's strategy or risk appetite
- The ESG policies detail high risk and sensitive categories for certain sectors which supply materials for manufacturing. The consolidated entity applies sector specific criteria when onboarding suppliers
- Encouraging suppliers and customers to implement adaptation or transition plans

Metrics and targets NZCS1(21)-(24) 6

NZCS1(21)(a), (22)(a)(i),(ii)

Greenhouse gas emissions
The measurement approach, inputs and assumptions used to measure greenhouse gas (GHG) emissions are detailed below.

The consolidated entity measures its GHG inventory in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard and Toitū net carbonzero certification requirements.

The greenhouse gas emissions are categorised as follows:

- Scope 1: Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity
- Scope 2: Indirect greenhouse gas emissions that occur from the generation of purchased electricity, heat or steam consumed by an entity
- Scope 3: Indirect emissions outside of Scope 2 emissions that occur in the value chain of an entity, including both upstream and downstream emissions

Location-based emissions NZCS1(21)(b), (22)(a)(i),(ii)

The location-based method is used to report Scope 2 emissions. It reflects the average emissions factors of the electricity grids on which the consolidated entity consumes electricity.

The Scope 1 and Scope 2 carbon dioxide emissions by the consolidated entity during the year ended 31 December 2024 were as follows:

	2024 mtCO2e	2023 mtCO2e
Fuel combustion	5,897	6,237
Facility operation	9,317	9,249
Total Scope 1 emissions	15,214	15,486
Total Scope 2 emissions (location-based)	76,152	78,819

The Scope 1 and Scope 2 carbon dioxide emissions by other investees (associates, joint ventures and unconsolidated subsidiaries) excluded from the consolidated entity's calculations during the year ended 31 December 2024 were as follows:

	2024 mtCO2e	2023 mtCO2e
Fuel combustion	2,433	1,896
Facility operation	4,579	4,627
Total Scope 1 emissions	7,012	6,523
Total Scope 2 emissions (location-based)	52,044	54,197

Scope 3 categories NZCS1(22)(a)(iii)

In accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Scope 3 emissions are classified as upstream or downstream based on the financial transactions of the consolidated entity as follows:

- Upstream emissions are indirect greenhouse gas emissions related to purchased or acquired goods and services
- Downstream emissions are indirect greenhouse gas emissions related to sold goods and services

The Standard further classifies Scope 3 emissions into 15 distinct categories. Where relevant to the consolidated entity, Scope 3 emissions are reported according to these categories. The Scope 3 emissions of the consolidated entity were as follows:

	2024 mtCO2e	2023 mtCO2e
1. Purchased goods and services	10,371	10,428
2. Capital goods	2,693	1,872
4. Upstream transportation and distribution	6,390	7,421
6. Business travel	937	884
7. Employee commuting	1,263	1,455
Total upstream emissions	21,654	22,060
9. Downstream transportation and distribution	8,944	10,612
10. Processing of sold products	48,849	50,336
11. Use of sold products	23,683	24,871
15. Investments	2,551	2,087
Total downstream emissions	84,027	87,906
Total Scope 3 emissions	105,681	109,966

Greenhouse gas emissions intensity NZCS1(22)(b)

Intensity ratios express GHG emissions impact per unit of physical activity or unit of economic output.

The consolidated entity's emissions intensity performance was as follows:

	2024	2023
Operating revenue (gross mandatory tCO2e/$Millions)	3.34	3.61
Operating revenue (gross tCO2e/$Millions)	3.66	3.79

Financed emissions
As a result of participating in financial activities, the consolidated entity faces risks and opportunities related to the greenhouse gas emissions associated with those activities.

The consolidated entity has identified the following risks relating to its investments in listed and unlisted ordinary shares:
- Credit risk relating to investing in companies affected by increasingly stringent carbon taxes, fuel efficiency regulations and/or other policies
- Credit risk relating to investing in companies susceptible to technological shifts
- Reputational risk arising from investing in companies financing fossil-fuel projects

Transition risks NZCS1(22)(c)
The amount and percentage of the consolidated entity's assets or business activities vulnerable to climate-related transition risks are detailed as follows:

	2024 $'000	2023 $'000	2024 %	2023 %
Impairment of plant and equipment highly exposed to transition risk	29,680	32,487	28.3%	32.4%
Concentration of credit exposure to carbon-related assets	6,358	2,727	48.9%	56.1%
Revenue derived from sales to customers susceptible to transition risk	80,861	92,660	18.6%	22.9%
Inadequate market supply or price volatility in credible carbon credits	22,106	32,948	0.1%	0.1%
Increased production costs due to changing input prices (e.g. energy, water) and output requirements (e.g. waste treatment)	76,509	74,392	66.2%	67.7%

Physical risks NZCS1(22)(d)
The amount and percentage of the consolidated entity's assets or business activities vulnerable to climate-related physical risks are detailed as follows:

	2024 $'000	2023 $'000	2024 %	2023 %
Impact of damage from adverse weather on asset carrying values	116,698	128,129	18.7%	20.2%
Operational interruptions caused by extreme weather events	168,893	167,213	38.2%	40.6%
Reduced revenue from decreased production capacity (e.g. transport difficulties, supply chain interruptions)	98,594	108,729	22.3%	26.4%
Increased operating costs due to supply and demand for resources impacted by adverse climate events	14,458	17,367	12.5%	15.8%
Increased insurance premiums and potential for reduced availability of insurance on assets in high-risk locations	45	38	2.1%	1.7%

Climate-related opportunities NZCS1(22)(e)

The amount and percentage of the consolidated entity's assets or business activities aligned with climate-related opportunities are detailed as follows:

	2024 $'000	2023 $'000	2024 %	2023 %
New Zealand's economy and transport system have been almost entirely electrified, resulting in new opportunities for low-emissions manufacturing, distribution and logistics	39,525	43,048	6.3%	6.8%
Providing training and resources on climate change, the transition to a low emissions economy and our role in that transition to our customers and staff	12,170	11,616	1.9%	1.8%
Engaging with high-emitting customers on their specific ESG risks and opportunities and supporting their transition planning	192,300	194,597	41.2%	44.7%
Integrating sustainability into our business and consumer product offerings	460,740	430,883	73.6%	68.1%
Thought leadership through participation in conferences, panels and partnerships	65,105	49,985	10.4%	7.9%

In 2025, the consolidated entity will commit to delivering $20.2 million in climate change solutions by 2030, addressing the risks and opportunities detailed above and in accordance with the Planet Plan and its commitment to allocating capital in a way that drives positive economic, social and environmental impacts.

Internal emissions price NZCS1(22)(g)

The consolidated entity acknowledges the importance of having an internal price of carbon that is supported by robust methodology and is regularly reviewed and has contracted an independent expert to assist in this process.

The independent expert provided three price path scenarios covering a high, mid and low-price path using current New Zealand Unit (NZU) prices as below:

	2024 $	2030 $	2050 $
High-price-path	69	271	426
Mid-price-path	69	178	291
Low-price-path	69	102	164

The consolidated entity currently uses the mid-price-path for internal risk management. This decision will continue to be reviewed and updated as required.

Management remuneration NZCS1(22)(h)

The consolidated entity's performance is assessed on the achievement of financial and non-financial measures as detailed in relevant Executive team scorecards. Scorecard measures are linked to the key strategic priorities, including risk, performance and customer and colleague outcomes.

The Executive team performance metrics are reviewed and approved annually by the Board. The Board determines progress and performance against outcomes against the metrics for each financial year as part of the consolidated entity's performance review process.

Targets NZCS1(21)(d),(23)

The Planet Plan details the consolidated entity's vision to transition to a zero emissions economy which supports the regeneration of the natural environment and builds climate resilience.

Details of decarbonisation targets that have been set across the consolidated entity are as follows:

Sector	Scope	Target type	Target	Metric	Reference year	Interim target
Manufacturing	Scope 1, 2 and 3	Absolute emissions	60% reduction by 2030	tCO2e	2021	N/A
Retailing	Scope 1 and 2	Emissions intensity	42% reduction by 2030	kgCO2e	2022	N/A
Logistics	Scope 1, 2 and 3	Absolute emissions	25% reduction by 2030	tCO2e	2021	N/A

As per the scenario analysis included in the Strategy section of this Climate Statement, the consolidated entity has analysed the risks and opportunities associated with the Orderly assumption whereby international and domestic policy settings aim to limit total warming by the end of this century to less than 1.5C. This entails halving greenhouse gas emissions by 2030 and reaching net zero emissions around 2050.

The following table provides details of the consolidated entity's GHG emissions targets.

Target	Metric	Performance against metric	Offset
Reduce operational CO2e by 50% (vs 2020) by 2030	Reduce scope 1, 2 and 3 mandatory emissions to 120,000 tCO2e	18% reduction in 2024 vs 2020. Aided in part by a reduction in the national electricity emissions factor	Offset remaining emissions in line with Toitū net carbonzero certification
Convert vehicle fleet to 100% EV by 2030	Number of electric vehicles in the fleet	68% (122) of the vehicle fleet is now EV/PHEVs as at 31 December 2024	No offsets used
Transition all cash investments to sustainable finance by 2030	Total monetary value of cash invested with finance institutions that have achieved global sustainable finance market standards	As at 31 December 2024 76% (74%) of cash investments are invested with verified sustainable finance providers	No offsets used
Achieve net zero whole of company operations by 2050	Sector specific scope 1, 2 and 3 targets across manufacturing, logistics and retailing sectors	Net 20% reduction in 2024 vs 2020. Aided in part by a reduction in the national electricity emissions factor	Offsets are used only when deemed appropriate and in accordance with the criteria detailed in the Planet Plan

Metrics
The following table provides an overview of the consolidated entity's performance against climate metrics.

	Baseline 2020 mtCO2e	2022 mtCO2e	2023 mtCO2e	2024 mtCO2e	Target 2030 mtCO2e
Scope 1	20,841	17,891	15,486	15,214	10,420
Scope 2	87,412	82,667	78,819	76,152	43,706
Scope 3	131,446	112,208	109,966	105,681	65,723
Total gross operational emissions against baseline	239,699	212,766	204,271	197,047	119,849

Additional information NZCS1(24)(a),(b)
The consolidated entity's operational emissions have been certified by Toitū Envirocare, in line with ISO 14064-3:2019 and Toitū net carbonzero Programme Technical Requirements for the 1 January 2024 to 31 December 2024 measurement period.

Organisational targets were set with reference to the methodology described in the GHG Protocol and ISO 14064-1:2018 standard. The operational control consolidation approach has been applied, which aligns with the direct operational footprint of all our businesses worldwide. This scope includes our corporate offices, manufacturing facilities, warehouses and retail spaces.

Data sources NZCS1(24)(c)
Emissions factors for Scope 1 and Scope 2 were derived based on information from a combination of:
- Statistics New Zealand (Stats NZ) GHG emissions (industry and household) for the year ended 2023
- Stats NZ Annual Enterprise Survey for the 2023 financial year

Where New Zealand industry sector emissions factors were not available, sectoral emissions factors for Scope 1 and Scope 2 for Australian industry sectors were used, being derived on a per-dollar revenue basis for each sector (i.e. tCO2e/$Millions of revenue) based on publicly available information.

Where relevant, the global warming potential rate GWP100 has been used. This represents the average warming potential over 100 years.

Exclusions NZCS1(24)(d)
There are a number of identified emissions sources that have been excluded from the inventory due to being de minimis or limitations in the availability or quality of the requisite data. These sources include Scope 1 direct emissions from refrigerants and mobile combustion from leased petrol vehicles.

Excluded Scope 3 items are now use of sold products, end-of-life treatment of sold products and investments. The Planet Plan details the adoption provision exemptions applied in the preparation of this Climate Statement.

Statement of compliance

This statement has been prepared in accordance with the requirements of the Aotearoa New Zealand Climate Standards. NZCS3(55)

Pinnacle IFRS NZ Limited
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31 December 2024 NZIAS1(51)(c)

General information

The financial statements cover Pinnacle IFRS NZ Limited as a consolidated entity consisting of Pinnacle IFRS NZ Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in New Zealand dollars, which is Pinnacle IFRS NZ Limited's functional and presentation currency. NZIAS1(51)(b),(d)

Pinnacle IFRS NZ Limited is a company limited by shares, incorporated and domiciled in New Zealand. Its registered office and principal place of business are: NZIAS1(138)(a)

Registered office	**Principal place of business**
10th Floor Universal Administration Building 12 Highland Street Wellington 6010	5th Floor Pinnacle Business Centre 247 Edward Street Auckland 1010

During the financial year the principal continuing activities of the consolidated entity consisted of: NZIAS1(138)(b)
- Computer manufacturing
- Computer retailing
- Computer distribution

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2025. The directors have the power to amend and reissue the financial statements. NZIAS10(17) 7

Pinnacle IFRS NZ Limited
Statement of profit or loss and other comprehensive income NZIAS1(10)(b),(81A) 8,9
For the year ended 31 December 2024 NZIAS1(51)(c)

	Note	Consolidated 2024 $'000	2023 $'000		
Revenue	3	466,748	435,341	NZIAS1(82)(a)	
Share of profits of associates accounted for using the equity method	4	3,211	2,661	NZIAS1(82)(c)	
Other income	5	692	1,692		
Interest revenue calculated using the effective interest method		1,087	543	NZIAS1(82)(a)(i)	
Net gain on derecognition of financial assets at amortised cost		50	-	NZIAS1(82)(aa)	
Expenses				NZIAS1(97)	10
Changes in inventories		(3,523)	(782)		
Raw materials and consumables used		(127,025)	(121,050)		
Employee benefits expense		(225,150)	(218,728)		
Depreciation and amortisation expense	6	(52,276)	(52,411)		
Impairment of goodwill	6	(500)	-	NZIAS1(97)	
Impairment of receivables		(491)	(432)		
Net fair value loss on investment properties	6	(600)	-		
Other expenses		(4,513)	(4,252)		11
Finance costs	6	(18,930)	(21,092)	NZIAS1(82)(b)	
Profit before income tax expense		38,780	21,490		18
Income tax expense	7	(10,150)	(5,358)	NZIAS1(82)(d), NZIAS12(77)	19
Profit after income tax expense for the year		28,630	16,132	NZIAS1(81A)(a)	12,20
Other comprehensive income				NZIAS1(82A)	14
Items that will not be reclassified subsequently to profit or loss				NZIAS1(82A)(a)(i)	15
Gain on the revaluation of land and buildings, net of tax		-	1,440	NZIAS1(7)(a)	
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		36	-	NZIAS1(7)(d)	
Items that may be reclassified subsequently to profit or loss				NZIAS1(82A)(a)(ii)	15
Cash flow hedges transferred to profit or loss, net of tax		-	(2)	NZIAS1(7)(e)	
Cash flow hedges transferred to inventory in the statement of financial position, net of tax		(3)	(7)	NZIAS1(7)(e)	
Net change in the fair value of cash flow hedges taken to equity, net of tax		(8)	(18)	NZIAS1(7)(e)	
Foreign currency translation		(257)	(218)	NZIAS1(7)(c)	
Other comprehensive income for the year, net of tax		(232)	1,195	NZIAS1(81A)(b)	16
Total comprehensive income for the year		28,398	17,327	NZIAS1(81A)(c)	13,17
Profit for the year is attributable to:					
Non-controlling interest		142	229	NZIAS1(81B)(a)(i)	
Owners of Pinnacle IFRS NZ Limited	41	28,488	15,903	NZIAS1(81B)(a)(ii)	
		28,630	16,132		
Total comprehensive income for the year is attributable to:					
Non-controlling interest		142	369	NZIAS1(81B)(b)(i)	
Owners of Pinnacle IFRS NZ Limited		28,256	16,958	NZIAS1(81B)(b)(ii)	
		28,398	17,327		

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

Pinnacle IFRS NZ Limited
Statement of financial position
As at 31 December 2024

NZIAS1(10)(a),(54) 21,22
NZIAS1(51)(c)

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000		
Assets					
Current assets				NZIAS1(60),(66)	
Cash and cash equivalents	8	27,040	5,524	NZIAS1(54)(i)	
Trade and other receivables	9	13,349	12,354	NZIAS1(54)(h)	
Contract assets	10	2,617	2,144	NZIFRS15(105)	
Inventories	11	39,525	43,048	NZIAS1(54)(g)	
Financial assets at fair value through profit or loss	12	360	-	NZIAS1(54)(d)	
Other	13	3,935	3,444		
		86,826	66,514		
Non-current assets classified as held for sale	14	6,000	-	NZIAS1(54)(j)	
Total current assets		92,826	66,514		
Non-current assets				NZIAS1(60),(66)	
Receivables	15	145	145	NZIAS1(54)(h)	
Investments accounted for using the equity method	16	34,192	30,981	NZIAS1(54)(e)	
Financial assets at fair value through other comprehensive income	17	170	-	NZIAS1(54)(d)	
Investment properties	18	46,900	47,500	NZIAS1(54)(b)	
Property, plant and equipment	19	117,139	128,883	NZIAS1(54)(a)	
Right-of-use assets	20	305,485	332,116	NZIFRS16(47)(a)	
Intangibles	21	12,170	11,616	NZIAS1(54)(c)	
Deferred tax	22	14,536	11,724	NZIAS1(54)(o),(56)	
Other	23	2,308	2,405		
Total non-current assets		533,045	565,370		
Total assets		625,871	631,884		
Liabilities					
Current liabilities				NZIAS1(60),(69)	
Trade and other payables	24	20,004	17,306	NZIAS1(54)(k)	
Contract liabilities	25	2,269	2,135	NZIFRS15(105)	
Borrowings	26	4,500	3,273	NZIAS1(54)(m)	
Lease liabilities	27	22,072	20,905	NZIFRS16(47)(b)	
Derivative financial instruments	28	122	107	NZIAS1(54)(m)	
Income tax	29	6,701	2,351	NZIAS1(54)(n)	
Employee benefits	30	8,352	8,143	NZIAS1(54)(l)	
Provisions	31	3,494	2,837	NZIAS1(54)(l)	
Other	32	2,130	1,869		
		69,644	58,926		
Liabilities directly associated with assets classified as held for sale	33	4,000	-	NZIAS1(54)(p)	
Total current liabilities		73,644	58,926		
Non-current liabilities				NZIAS1(60),(69)	
Borrowings	34	19,000	19,000	NZIAS1(54)(m)	
Lease liabilities	35	301,714	322,745	NZIFRS16(47)(b)	
Deferred tax	36	4,354	4,044	NZIAS1(54)(o),(56)	
Employee benefits	37	11,149	10,854	NZIAS1(54)(l)	
Provisions	38	1,475	1,070	NZIAS1(54)(l)	
Total non-current liabilities		337,692	357,713		
Total liabilities		411,336	416,639		
Net assets		214,535	215,245		23
Equity					
Issued capital	39	182,925	182,650	NZIAS1(54)(r)	
Reserves	40	3,392	3,624	NZIAS1(54)(r)	
Retained profits	41	10,842	11,737		24
Equity attributable to the owners of Pinnacle IFRS NZ Limited		197,159	198,011	NZIAS1(54)(r)	
Non-controlling interest	42	17,376	17,234	NZIAS1(54)(q)	
Total equity		214,535	215,245		25

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

Pinnacle IFRS NZ Limited
Statement of changes in equity
For the year ended 31 December 2024

NZIAS1(10)(c),(106) 26
NZIAS1(51)(c)

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000	
Balance at 1 January 2023	104,922	2,573	13,450	16,861	137,806	NZIAS1(106)(d)
Profit after income tax expense for the year	-	-	15,903	229	16,132	NZIAS1(106)(d)(i)
Other comprehensive income for the year, net of tax	-	1,051	-	144	1,195	NZIAS1(106)(d)(ii)
Total comprehensive income for the year	-	1,051	15,903	373	17,327	NZIAS1(106)(a)
Transactions with owners in their capacity as owners:						NZIAS1(106)(d)(iii)
Contributions of equity, net of transaction costs (note 39)	77,728	-	-	-	77,728	
Dividends paid (note 43)	-	-	(17,616)	-	(17,616)	NZIAS1(107)
Balance at 31 December 2023	182,650	3,624	11,737	17,234	215,245	NZIAS1(106)(d)

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000	
Balance at 1 January 2024	182,650	3,624	11,737	17,234	215,245	NZIAS1(106)(d)
Profit after income tax expense for the year	-	-	28,488	142	28,630	NZIAS1(106)(d)(i)
Other comprehensive income for the year, net of tax	-	(232)	-	-	(232)	NZIAS1(106)(d)(ii)
Total comprehensive income for the year	-	(232)	28,488	142	28,398	NZIAS1(106)(a)
Transactions with owners in their capacity as owners:						NZIAS1(106)(d)(iii)
Contributions of equity, net of transaction costs (note 39)	275	-	-	-	275	
Dividends paid (note 43)	-	-	(29,383)	-	(29,383)	NZIAS1(107)
Balance at 31 December 2024	182,925	3,392	10,842	17,376	214,535	NZIAS1(106)(d)

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

Pinnacle IFRS NZ Limited
Statement of cash flows NZIAS1(10)(d),(111) 27
For the year ended 31 December 2024 NZIAS1(51)(c)

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000		
Cash flows from operating activities				NZIAS7(10),(18)(a)	28
Receipts from customers (inclusive of GST)		508,045	474,832	NZIAS7(14)(a)	
Payments to suppliers and employees (inclusive of GST)		(402,184)	(390,936)	NZIAS7(14)(c),(d)	
		105,861	83,896		
Interest received		1,084	540	NZIAS7(31),(33)	
Other revenue		3,964	3,358	NZIAS7(14)(b)	
Interest and other finance costs paid		(18,845)	(21,030)	NZIAS7(31),(33)	
Income taxes paid		(8,243)	(8,461)	NZIAS7(14)(f),(35),(36)	
Net cash from operating activities	57	83,821	58,303		29
Cash flows from investing activities				NZIAS7(10),(21)	
Payment for purchase of business, net of cash acquired	53	(8,072)	(155)	NZIAS7(39)	
Payments for investments		(510)	-	NZIAS7(16)(a)	
Payments for property, plant and equipment		(6,215)	(3,048)	NZIAS7(16)(a)	
Proceeds from sale of investments		80	-	NZIAS7(16)(b)	
Proceeds from sale of property, plant and equipment		1,511	250	NZIAS7(16)(b)	
Proceeds from release of security deposits		155	-		
Net cash used in investing activities		(13,051)	(2,953)		30
Cash flows from financing activities				NZIAS7(10),(21)	
Proceeds from issue of shares	39	275	78,750	NZIAS7(17)(a)	
Proceeds from borrowings		12,000	-	NZIAS7(17)(c)	
Share issue transaction costs		-	(1,420)		
Dividends paid	43	(29,383)	(17,616)	NZIAS7(31),(34)	
Repayment of borrowings		(5,500)	(94,000)	NZIAS7(17)(d)	
Repayment of lease liabilities		(25,385)	(21,555)	NZIFRS16(53)(g)	
Net cash used in financing activities		(47,993)	(55,841)		31
Net increase/(decrease) in cash and cash equivalents		22,777	(491)		32
Cash and cash equivalents at the beginning of the financial year		4,251	4,734		
Effects of exchange rate changes on cash and cash equivalents		12	8	NZIAS7(28)	
Cash and cash equivalents at the end of the financial year	8	27,040	4,251		

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

Note 1. Material accounting policy information NZIAS1(112)(a),(117) 33

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated. NZIAS8(13)

New or amended Accounting Standards and Interpretations adopted NZIAS1(45)(a)
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the External Reporting Board ('XRB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. 34

Basis of preparation

Statutory base
Pinnacle IFRS NZ Limited is a company registered under the Companies Act 1993.

Statement of compliance
These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP') and the requirements of the Companies Act 1993 and the Financial Reporting Act 2013. They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for for-profit oriented entities. NZFRS44(5.1),(7)

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments. NZIAS1(117B)(b) 37

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2. NZIAS1(122),(125)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pinnacle IFRS NZ Limited ('company' or 'parent entity') as at 31 December 2024 and the results of all subsidiaries for the year then ended. Pinnacle IFRS NZ Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'. NZIFRS10(4),(B86)(a)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases. NZIFRS10(5)-(7)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity. NZIFRS10(B86)(c)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent. NZIFRS10(23),(B86)(b)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance. NZIFRS10(22),(B94)

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss. NZIFRS10(25),(B97)-(B99)

Foreign currency translation
The financial statements are presented in New Zealand dollars, which is Pinnacle IFRS NZ Limited's functional and presentation currency. NZIAS1(51)(d)

Note 1. Material accounting policy information (continued)

Foreign currency transactions
Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. NZIAS21(21),(28)

Foreign operations
The assets and liabilities of foreign operations are translated into New Zealand dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into New Zealand dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity. NZIAS21(32)

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of. NZIAS21(32)

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. NZIFRS15(119),(126)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability. NZIFRS15(119),(126)

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. NZIFRS15(119)(a)

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate. NZIFRS15(119)(a),(124)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. NZIFRS9(5.4.1)

Rent
Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

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

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. NZIAS12(46)

Note 1. Material accounting policy information (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for: NZIAS12(15),(24),(47)
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. NZIAS12(24),(34)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset. NZIAS12(56)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously. NZIAS12(74)

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification. NZIAS1(60)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current. NZIAS1(66)

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. NZIAS1(69)

Deferred tax assets and liabilities are always classified as non-current. NZIAS1(56)

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position. NZIAS7(6),(8),(46) 38

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. NZIFRS9(5.1.3) 39

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. NZIFRS7(35F)(c)

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. NZIFRS9(5.1.1)

Contract assets
Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes. NZIFRS15(107),(117)

Customer acquisition costs
Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract. NZIFRS15(91),(92),(127)

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss. NZIFRS15(93),(94)

Note 1. Material accounting policy information (continued)

Customer fulfilment costs
Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract. NZIFRS15(95),(127)

Right of return assets
Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment. NZIFRS15(126)(d)

Inventories NZIAS2(36)(a) 40
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. NZIAS2(9),(10),(25)

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable. NZIAS2(9)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. NZIAS2(6)

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. NZIFRS9(5.5.1)

Cash flow hedges
Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs. NZIAS39(95),(97),(98)

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss. NZIAS39(AG105),(AG106)

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs. NZIAS39(101)

Non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable. NZIFRS5(6),(15)

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised. NZIFRS5(20)-(22)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised. NZIFRS5(25)

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities. NZIFRS5(38)

Associates
Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment. NZIAS28(10),(32)

Note 1. Material accounting policy information (continued)

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. NZIAS28(38),(39)

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss. NZIAS28(22)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided. NZIFRS9(5.1.1)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off. NZIFRS9(3.2.3)

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss. NZIFRS9(4.1.4)

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition. NZIFRS9(4.1.2A), NZIFRS7(11A)(b)

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. NZIFRS9(5.5.1),(5.5.9)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate. NZIFRS9(5.5.3)

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss. NZIFRS9(5.5.2)

Investment properties
Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss. NZIAS40(75)(a)

Investment properties are derecognised when disposed of or when there is no future economic benefit expected. NZIAS40(66)

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use. NZIAS40(57)

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Note 1. Material accounting policy information (continued)

Property, plant and equipment 41
Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss. NZIAS16(73)(a)

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. NZIAS16(73)(a)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows: NZIAS16(73)(b),(c)

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. NZIAS16(51)

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits. NZIAS16(67)

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. NZIFRS16(23),(24)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. NZIFRS16(30),(32)

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred. NZIFRS16(5),(6)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. NZIAS38(24),(33),(74),(89)

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed. NZIFRS3(18),(32), NZIAS36(10), NZIAS38(107)

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years. NZIAS38(54),(57),(118)(a),(b)

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years. NZIAS38(118)(a),(b)

Note 1. Material accounting policy information (continued)

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years. NZIAS38(118)(a),(b)

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years. NZIAS38(118)(a),(b)

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. NZIAS36(9),(10)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit. NZIAS36(18),(66)

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition. NZIFRS9(5.1.1) 42

Contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer. NZIFRS15(106),(117)

Refund liabilities
Refund liabilities are recognised where the consolidated entity receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the consolidated entity does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology. NZIFRS15(126)(d)

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. NZIFRS9(5.1.1)

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. NZIFRS16(26),(27),(38)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down. NZIFRS16(39),(40),(42)

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred. NZIAS23(8)

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost. NZIAS37(14),(36),(45),(47),(60)

Note 1. Material accounting policy information (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. NZIAS19(11),(13)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. NZIAS19(154)

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred. NZIAS19(51)

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market. NZIFRS13(9),(16)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. NZIFRS13(22),(27),(61)

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement. NZIFRS13(72),(95)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data. NZIFRS13(93)(g)

Issued capital
Ordinary shares are classified as equity. NZIAS32(11)

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. NZIAS32(35),(37)

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. NZIFRS3(4)

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss. NZIFRS3(37),(B44)

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date. NZIFRS3(10)

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss. NZIFRS3(42)

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. NZIFRS3(39),(40)

Note 1. Material accounting policy information (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer. NZIFRS3(32)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value. NZIFRS3(45)

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority. NZIAS37(41)

Rounding of amounts
Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar. NZIAS1(51)(e)

New Accounting Standards and Interpretations not yet mandatory or early adopted
New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2024. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below. NZIAS8(30) 43

IFRS 18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 January 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Note 2. Critical accounting judgements, estimates and assumptions NZIAS1(122),(125) 44

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below. 45,46

Revenue from contracts with customers involving sale of goods
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access. NZIFRS15(123),(125)

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Determination of variable consideration
Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the consolidated entity where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved. NZIFRS15(123),(125)

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower. NZIFRS9(5.5.17)

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to note 46 for further information.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 21 for further information.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Warranty provision
In determining the level of provision required for warranties the consolidated entity has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Revenue

	Consolidated		
	2024	**2023**	
	$'000	**$'000**	
Revenue from contracts with customers			NZIFRS15(113)(a)
Sale of goods	459,358	428,115	
Rendering of services	3,696	3,868	
	463,054	431,983	
Other revenue			
Rent from investment properties	3,623	3,310	NZIAS40(75)(f)(i)
Other revenue	71	48	
	3,694	3,358	
Revenue	466,748	435,341	

Note 3. Revenue (continued)

Disaggregation of revenue 48
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2024 $'000	Consolidated 2023 $'000	
Major product lines			NZIFRS15(114)
Laptops	376,696	344,285	
Desktops	51,844	58,921	
Components	34,514	28,777	
	463,054	431,983	
Geographical regions			NZIFRS15(114)
New Zealand	409,946	389,460	
Australia	39,020	32,567	
Rest of the World	14,088	9,956	
	463,054	431,983	
Timing of revenue recognition			NZIFRS15(114)
Goods transferred at a point in time	459,358	428,115	
Services transferred over time	3,696	3,868	
	463,054	431,983	

Note 4. Share of profits of associates accounted for using the equity method 49

	Consolidated 2024 $'000	Consolidated 2023 $'000
Share of profit - associates	3,211	2,661

Note 5. Other income

	Consolidated 2024 $'000	Consolidated 2023 $'000	
Net fair value gain on investment properties	-	1,500	NZIAS1(97)
Net gain on disposal of property, plant and equipment	422	192	NZIAS1(98)
Government grants	100	-	NZIAS20(39)(b)
Insurance recoveries	170	-	NZIAS1(97)
Other income	692	1,692	

Note 6. Expenses

	Consolidated 2024 $'000	Consolidated 2023 $'000	
Profit before income tax includes the following specific expenses:			
Cost of sales			NZIAS2(36)(d)
Cost of sales	284,451	277,984	
Depreciation			NZIAS16(75)(a)
Leasehold improvements	5,281	5,721	
Plant and equipment	12,199	13,414	
Buildings right-of-use assets	13,582	13,582	NZIFRS16(53)(a)
Plant and equipment right-of-use assets	18,570	17,468	NZIFRS16(53)(a)
Total depreciation	49,632	50,185	

Note 6. Expenses (continued)

	Consolidated 2024 $'000	Consolidated 2023 $'000	
Amortisation			
Development	321	321	
Patents and trademarks	32	32	
Customer contracts	229	-	
Software	22	22	
Customer acquisition costs	1,288	1,164	NZIFRS15(128)(b)
Customer fulfilment costs	752	687	NZIFRS15(128)(b)
Total amortisation	2,644	2,226	
Total depreciation and amortisation	52,276	52,411	
Impairment			NZIAS36(130)(b)
Goodwill	500	-	
Finance costs			
Interest and finance charges paid/payable on borrowings	1,799	3,021	NZIFRS7(20)(b)
Interest and finance charges paid/payable on lease liabilities	17,046	18,009	NZIFRS16(53)(b)
Unwinding of the discount on provisions	85	62	NZIAS37(60)
Finance costs expensed	18,930	21,092	
Net foreign exchange loss			
Net foreign exchange loss	13	6	NZIAS21(52)(a)
Net fair value loss			
Net fair value loss on investment properties	600	-	NZIAS1(97)
Cash flow hedge ineffectiveness			
Cash flow hedge ineffectiveness	4	2	NZIFRS7(24C)(b)(ii)
Leases			
Variable lease payments	1,167	1,098	NZIFRS16(53)(e)
Short-term lease payments	902	127	NZIFRS16(53)(c)
Low-value assets lease payments	135	119	NZIFRS16(53)(d)
	2,204	1,344	
Superannuation expense			
Defined contribution superannuation expense	18,089	17,629	NZIAS19(53)
Research costs			
Research costs	124	107	NZIAS38(126)
Write off of assets			
Inventories	538	112	NZIAS1(98)
Expenses on investment properties			
Direct operating expenses from property that generated rental income	61	59	NZIAS40(75)(f)(ii)
Direct operating expenses from property that did not generate rental income	8	3	NZIAS40(75)(f)(iii)
Total expenses on investment properties	69	62	

Note 7. Income tax expense 50

	Consolidated			
	2024 $'000	2023 $'000		
Income tax expense			NZIAS12(79)	50
Current tax	12,689	7,370	NZIAS12(80)(a)	
Deferred tax - origination and reversal of temporary differences	(2,443)	(2,012)	NZIAS12(80)(c)	
Adjustment recognised for prior periods	(96)	-	NZIAS12(80)(b)	
Aggregate income tax expense	10,150	5,358		
Deferred tax included in income tax expense comprises:				
Increase in deferred tax assets (note 22)	(2,389)	(3,495)		51
Increase/(decrease) in deferred tax liabilities (note 36)	(54)	1,483		52
Deferred tax - origination and reversal of temporary differences	(2,443)	(2,012)		
Numerical reconciliation of income tax expense and tax at the statutory rate			NZIAS12(81)(c)(i)	
Profit before income tax expense	38,780	21,490		
Tax at the statutory tax rate of 28%	10,858	6,017		
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:				
Entertainment expenses	30	38		
Impairment of goodwill	140	-		
Share of profits - associates	(899)	(745)		
Sundry items	117	48		
	10,246	5,358		
Adjustment recognised for prior periods	(96)	-	NZIAS12(80)(b)	
Income tax expense	10,150	5,358		50

	Consolidated			
	2024 $'000	2023 $'000		
Amounts charged/(credited) directly to equity			NZIAS12(81)(a)	53
Deferred tax assets (note 22)	(4)	(409)		
Deferred tax liabilities (note 36)	14	560		
	10	151		

Note 8. Current assets - cash and cash equivalents

	Consolidated		
	2024 $'000	2023 $'000	
Cash on hand	123	107	NZIAS7(45)
Cash at bank	15,017	5,017	NZIAS7(45)
Cash on deposit	11,900	400	NZIAS7(45)
	27,040	5,524	

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows: NZIAS7(45)

	2024	2023
Balances as above	27,040	5,524
Bank overdraft (note 26)	-	(1,273)
Balance as per statement of cash flows	27,040	4,251

Note 9. Current assets - trade and other receivables

	Consolidated 2024 $'000	Consolidated 2023 $'000	
Trade receivables	14,344	13,181	NZIFRS7(6)
Less: Allowance for expected credit losses	(1,062)	(874)	
	13,282	12,307	
Other receivables	60	43	NZIFRS7(6)
Interest receivable	7	4	
	13,349	12,354	

Allowance for expected credit losses
The consolidated entity has recognised a loss of $491,000 in profit or loss in respect of the expected credit losses for the year ended 31 December 2024. NZIFRS15(113)(b)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows: NZIFRS7(35N)

Consolidated	Expected credit loss rate 2024 %	Expected credit loss rate 2023 %	Carrying amount 2024 $'000	Carrying amount 2023 $'000	Allowance for expected credit losses 2024 $'000	Allowance for expected credit losses 2023 $'000
Not overdue	2%	1%	7,334	6,793	147	68
0 to 3 months overdue	7%	5%	5,128	3,951	359	198
3 to 6 months overdue	14%	10%	1,353	1,762	189	176
Over 6 months overdue	50%	50%	734	863	367	432
			14,549	13,369	1,062	874

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The consolidated entity has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the current environment. As a result, the calculation of expected credit losses has been revised as at 31 December 2024 and rates have increased in each category up to 6 months overdue.

Movements in the allowance for expected credit losses are as follows: NZIFRS7(35H)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Opening balance	874	659
Additional provisions recognised	491	432
Receivables written off during the year as uncollectable	(287)	(209)
Unused amounts reversed	(16)	(8)
Closing balance	1,062	874

Note 10. Current assets - contract assets

	Consolidated 2024 $'000	Consolidated 2023 $'000	
Contract assets	2,617	2,144	NZIFRS15(116)(a)

Reconciliation
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below: NZIFRS15(118)

	2024	2023
Opening balance	2,144	2,511
Additions	5,687	4,788
Cumulative catch-up adjustments	1,531	1,374
Transfer to trade receivables	(6,745)	(6,529)
Closing balance	2,617	2,144

Note 11. Current assets - inventories

	Consolidated		
	2024 $'000	2023 $'000	
Raw materials	6,817	6,081	NZIAS2(36)(b)
Work in progress	16,040	17,434	NZIAS2(36)(b)
Finished goods	16,464	19,346	NZIAS2(36)(c)
Stock in transit	204	187	NZIAS2(36)(b)
	39,525	43,048	

Note 12. Current assets - financial assets at fair value through profit or loss NZIFRS7(8)(a)

	Consolidated		
	2024 $'000	2023 $'000	
Listed ordinary shares - designated at fair value through profit or loss	82	-	NZIFRS7(6)
Listed ordinary shares - held for trading	278	-	
	360	-	

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2024	2023
Opening fair value	-	-
Additions	310	-
Revaluation increments	50	-
Closing fair value	360	-

Refer to note 46 for further information on fair value measurement.

Note 13. Current assets - other

	Consolidated		
	2024 $'000	2023 $'000	
Prepayments	1,110	903	
Security deposits	65	35	
Customer acquisition costs	1,417	1,274	NZIFRS15(128)(a)
Customer fulfilment costs	672	614	NZIFRS15(128)(a)
Right of return assets	671	618	NZIFRS15(B21)(c)
	3,935	3,444	

Note 14. Current assets - non-current assets classified as held for sale NZIFRS5(38)

	Consolidated	
	2024 $'000	2023 $'000
Land	6,000	-

The vacant land situated at 22 Smith Street, Auckland is currently for sale and is expected to be sold within five months from the reporting date through an auction process. The proposed development of a head office building on the site has been abandoned and the land is now surplus to requirements. NZIFRS5(41)(a)

Note 15. Non-current assets - receivables

	Consolidated		
	2024 $'000	2023 $'000	
Other receivables	145	145	NZIFRS7(6)

NZIAS1(10)(e),(112)
NZIAS1(51)(c)

Note 15. Non-current assets - receivables (continued)

The other receivables are due to be repaid by 31 December 2027 and the effect of discounting is considered not to be material. This receivable is not past due nor impaired.

Note 16. Non-current assets - investments accounted for using the equity method

	Consolidated		
	2024 $'000	2023 $'000	
Investment in associate	34,192	30,981	NZIAS28(27)

Refer to note 55 for further information on interests in associates.

Note 17. Non-current assets - financial assets at fair value through other comprehensive income

NZIFRS7(8)(h)

	Consolidated		
	2024 $'000	2023 $'000	
Unlisted ordinary shares	170	-	NZIFRS7(11A)(a),(c)

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2024 $'000	2023 $'000
Opening fair value	-	-
Additions	200	-
Disposals	(80)	-
Revaluation increments	50	-
Closing fair value	170	-

Refer to note 46 for further information on fair value measurement.

Note 18. Non-current assets - investment properties

	Consolidated		
	2024 $'000	2023 $'000	
Investment properties - at independent valuation	46,900	47,500	NZIAS40(76)

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below: NZIAS40(76)

	2024 $'000	2023 $'000
Opening fair value	47,500	46,000
Revaluation increments	-	1,500
Revaluation decrements	(600)	-
Closing fair value	46,900	47,500

Refer to note 46 for further information on fair value measurement.

Note 18. Non-current assets - investment properties (continued)

Lessor commitments NZIFRS16(97)

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	3,723	3,580
Between 1 and 2 years	3,872	3,723
Between 2 and 3 years	4,027	3,872
Between 3 and 4 years	4,188	4,027
Between 4 and 5 years	4,356	4,188
Over 5 years	14,140	18,496
	34,306	37,886

Note 19. Non-current assets - property, plant and equipment

	Consolidated		
	2024	**2023**	
	$'000	**$'000**	
Land and buildings - at independent valuation	52,500	58,500	NZIAS16(73)(d)
Leasehold improvements - at cost	33,585	27,185	NZIAS16(73)(d)
Less: Accumulated depreciation	(18,401)	(13,120)	NZIAS16(73)(d)
	15,184	14,065	
Plant and equipment - at cost	105,607	100,362	NZIAS16(73)(d)
Less: Accumulated depreciation	(56,152)	(44,044)	NZIAS16(73)(d)
	49,455	56,318	
	117,139	128,883	

Reconciliations NZIAS16(73)(e)
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Balance at 1 January 2023	56,500	17,478	69,050	143,028
Additions	-	2,308	740	3,048
Disposals	-	-	(58)	(58)
Revaluation increments	2,000	-	-	2,000
Depreciation expense	-	(5,721)	(13,414)	(19,135)
Balance at 31 December 2023	58,500	14,065	56,318	128,883
Additions	-	6,400	365	6,765
Additions through business combinations (note 53)	-	-	6,060	6,060
Classified as held for sale (note 14)	(6,000)	-	-	(6,000)
Disposals	-	-	(1,089)	(1,089)
Depreciation expense	-	(5,281)	(12,199)	(17,480)
Balance at 31 December 2024	52,500	15,184	49,455	117,139

Refer to note 46 for further information on fair value measurement.

Land and buildings stated under the historical cost convention NZIAS16(77)(e)
If land and buildings were stated under the historical cost convention, the amounts would be as follows:

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Land and buildings - at cost	46,000	52,000
Less: Accumulated depreciation	(1,059)	(1,007)
	44,941	50,993

Note 20. Non-current assets - right-of-use assets 56,57

	Consolidated		
	2024	2023	
	$'000	$'000	
Land and buildings - right-of-use	271,636	271,636	58
Less: Accumulated depreciation	(37,350)	(23,768)	
	234,286	247,868	NZIFRS16(53)(j)
Plant and equipment - right-of-use	126,363	120,842	58
Less: Accumulated depreciation	(55,164)	(36,594)	
	71,199	84,248	NZIFRS16(53)(j)
	305,485	332,116	

Additions to the right-of-use assets during the year were $5,521,000. NZIFRS16(53)(h)

The consolidated entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between three to seven years. NZIFRS16(59)

The consolidated entity leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets. NZIFRS16(60)

For impairment testing, the right-of-use assets have been allocated to the computer retailing cash-generating unit. Refer to note 21 for further information on the impairment testing key assumptions and sensitivity analysis.

Note 21. Non-current assets - intangibles

	Consolidated		
	2024	2023	
	$'000	$'000	
Goodwill	9,908	9,500	NZIAS38(118)(c)
Less: Impairment	(500)	-	NZIAS38(118)(c)
	9,408	9,500	
Development - at cost	3,208	3,208	NZIAS38(118)(c)
Less: Accumulated amortisation	(1,605)	(1,284)	NZIAS38(118)(c)
	1,603	1,924	
Patents and trademarks - at cost	320	320	NZIAS38(118)(c)
Less: Accumulated amortisation	(224)	(192)	NZIAS38(118)(c)
	96	128	
Customer contracts - at cost	1,250	-	NZIAS38(118)(c)
Less: Accumulated amortisation	(229)	-	NZIAS38(118)(c)
	1,021	-	
Software - at cost	108	108	NZIAS38(118)(c)
Less: Accumulated amortisation	(66)	(44)	NZIAS38(118)(c)
	42	64	
	12,170	11,616	

Note 21. Non-current assets - intangibles (continued)

Reconciliations NZIAS38(118)(e)
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Development $'000	Patents and trademarks $'000	Customer contracts $'000	Software $'000	Total $'000
Balance at 1 January 2023	9,500	2,245	160	-	86	11,991
Amortisation expense	-	(321)	(32)	-	(22)	(375)
Balance at 31 December 2023	9,500	1,924	128	-	64	11,616
Additions through business combinations (note 53)	408	-	-	1,250	-	1,658
Impairment of assets	(500)	-	-	-	-	(500)
Amortisation expense	-	(321)	(32)	(229)	(22)	(604)
Balance at 31 December 2024	9,408	1,603	96	1,021	42	12,170

Impairment testing
Goodwill acquired through business combinations have been allocated to the following cash-generating units: NZIAS36(134)(a)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Computer retailing	8,700	9,200
Computer distribution	708	300
	9,408	9,500

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2 year projection period approved by management and extrapolated for a further 3 years using a steady rate, together with a terminal value. NZIAS36(130)(e),(134)(c)

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the computer retailing division:
- 18% (2023: 18%) pre-tax discount rate;
- 2% (2023: 5%) per annum projected revenue growth rate;
- 5% (2023: 8%) per annum increase in operating costs and overheads.

The discount rate of 18% pre-tax reflects management’s estimate of the time value of money and the consolidated entity’s weighted average cost of capital adjusted for the computer retailing division, the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected 2% revenue growth rate is prudent and justified, based on the general slowing in the market.

Compared to prior years, management have reduced their estimation of the increase in operating costs and overheads, due to the lower inflation rate and also an effort by the consolidated entity to contain costs.

There were no other key assumptions for the computer retailing division.

Based on the above, an impairment charge of $500,000 has been applied as the carrying amount of goodwill exceeded its recoverable amount for the computer retailing division.

The following key assumptions were used in the discounted cash flow model for the computer distribution division:
- 17% (2023: 18%) pre-tax discount rate;
- 5% (2023: 5%) per annum projected revenue growth rate.

The discount rate of 17% pre-tax reflects management’s estimate of the time value of money and the consolidated entity’s weighted average cost of capital adjusted for the computer distribution division, the risk free rate and the volatility of the share price relative to market movements.

Management have estimated a 5% growth in accordance with the acquisition strategy and have no reason to revise this estimation based on current performance.

Note 21. Non-current assets - intangibles (continued)

There were no other key assumptions for the computer distribution division.

Based on the above, the recoverable amount of the computer distribution division exceeded the carrying amount by $1,250,000.

Sensitivity NZIAS36(134)(f)
As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:
- Revenue would need to decrease by more than 1% for the computer distribution division before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by 1% for the computer distribution division before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of computer distribution division's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the computer retailing division's goodwill.

Note 22. Non-current assets - deferred tax 59,60

	Consolidated 2024 $'000	2023 $'000		
Deferred tax asset comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Allowance for expected credit losses	276	231		
Property, plant and equipment	384	-		
Contract liabilities	636	598		
Employee benefits	5,460	5,320		
Leases	5,506	3,596		
Provision for legal claims	17	-		
Provision for lease make good	478	300		
Provision for warranties	897	794		
Accrued expenses	320	259		
Refund liabilities	276	264		
	14,250	11,362		
Amounts recognised in equity:				
Transaction costs on share issue	252	332		
Derivative financial instruments	34	30		
	286	362		
Deferred tax asset	14,536	11,724	NZIAS12(81)(g)(i)	
Movements:				
Opening balance	11,724	7,820		
Credited to profit or loss (note 7)	2,389	3,495	NZIAS12(81)(g)(ii)	61
Credited to equity (note 7)	4	409	NZIAS12(81)(a)	62
Additions through business combinations (note 53)	419	-		
Closing balance	14,536	11,724		

Note 23. Non-current assets - other

	Consolidated 2024 $'000	2023 $'000	
Security deposits	1,260	1,445	
Customer acquisition costs	564	517	NZIFRS15(128)(a)
Customer fulfilment costs	484	443	NZIFRS15(128)(a)
	2,308	2,405	

Note 24. Current liabilities - trade and other payables

	Consolidated 2024 $'000	2023 $'000	
Trade payables	18,070	15,711	NZIFRS7(6)
Other payables	1,934	1,595	NZIFRS7(6)
	20,004	17,306	

Refer to note 45 for further information on financial instruments.

Note 25. Current liabilities - contract liabilities

	Consolidated 2024 $'000	2023 $'000	
Contract liabilities	2,269	2,135	NZIFRS15(116)(a)

Reconciliation
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below: NZIFRS15(118)

	2024	2023	
Opening balance	2,135	1,974	
Payments received in advance	1,441	1,473	
Cumulative catch-up adjustments	174	249	
Transfer to revenue - included in the opening balance	(1,141)	(1,236)	NZIFRS15(116)(b)
Transfer to revenue - performance obligations satisfied in previous periods	(208)	(178)	NZIFRS15(116)(c)
Transfer to revenue - other balances	(132)	(147)	
Closing balance	2,269	2,135	

Unsatisfied performance obligations NZIFRS15(120)
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $3,891,000 as at 31 December 2024 ($3,507,000 as at 31 December 2023) and is expected to be recognised as revenue in future periods as follows:

	Consolidated 2024 $'000	2023 $'000
Within 6 months	1,482	1,344
6 to 12 months	1,128	1,032
12 to 18 months	874	817
18 to 24 months	407	314
	3,891	3,507

 NZIAS1(10)(e),(112) NZIAS1(51)(c)

Note 26. Current liabilities - borrowings

	Consolidated 2024 $'000	Consolidated 2023 $'000	
Bank overdraft	-	1,273	NZIFRS7(8)(g)
Bank loans	4,500	2,000	NZIFRS7(8)(g)
	4,500	3,273	

Refer to note 34 for further information on assets pledged as security and financing arrangements.

Refer to note 45 for further information on financial instruments.

Note 27. Current liabilities - lease liabilities

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	Consolidated 2024 $'000	Consolidated 2023 $'000
Lease liability	22,072	20,905

Refer to note 45 for further information on financial instruments.

Note 28. Current liabilities - derivative financial instruments

	Consolidated 2024 $'000	Consolidated 2023 $'000	
Forward foreign exchange contracts - cash flow hedges	122	107	NZIFRS7(24A)(a)

Refer to note 45 for further information on financial instruments.

Refer to note 46 for further information on fair value measurement.

Note 29. Current liabilities - income tax

	Consolidated 2024 $'000	Consolidated 2023 $'000
Provision for income tax	6,701	2,351

Note 30. Current liabilities - employee benefits

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	Consolidated 2024 $'000	Consolidated 2023 $'000
Employee benefits	8,352	8,143

Amounts not expected to be settled within the next 12 months NZIAS1(61)
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated 2024 $'000	Consolidated 2023 $'000
Employee benefits obligation expected to be settled after 12 months	1,603	1,292

Note 31. Current liabilities - provisions

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Lease make good	230	-
Legal claims	60	-
Warranties	3,204	2,837
	3,494	2,837

Lease make good NZIAS37(85)
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Legal claims NZIAS37(85)
The provision represents a claim by a customer of the computer retailing division. This claim is expected to be settled in the next financial year and the outcome of this claim is not expected to exceed the amount provided for, based on independent legal advice.

Warranties NZIAS37(85)
The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Movements in provisions NZIAS37(84)
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2024	Lease make good $'000	Legal claims $'000	Warranties $'000
Carrying amount at the start of the year	-	-	2,837
Additional provisions recognised	-	60	503
Amounts transferred from non-current	230	-	-
Amounts used	-	-	(91)
Unused amounts reversed	-	-	(45)
Carrying amount at the end of the year	230	60	3,204

Note 32. Current liabilities - other

	Consolidated		
	2024	**2023**	
	$'000	**$'000**	
Accrued expenses	1,143	927	
Refund liabilities	987	942	NZIFRS15(B21)(b)
	2,130	1,869	

Note 33. Current liabilities - liabilities directly associated with assets classified as held for sale

NZIFRS5(38)

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Bank loans	4,000	-

The liabilities identified above represents the bank loan secured over the vacant land currently for sale. Refer to note 14 for further information.

Note 34. Non-current liabilities - borrowings

	Consolidated		
	2024	**2023**	
	$'000	**$'000**	
Bank loans	19,000	19,000	NZIFRS7(8)(g)

Note 34. Non-current liabilities - borrowings (continued)

Refer to note 45 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 2024 $'000	Consolidated 2023 $'000
Bank overdraft	-	1,273
Bank loans	27,500	21,000
	27,500	22,273

Assets pledged as security
The bank overdraft and loans are secured by first mortgages over the consolidated entity's land and buildings. NZIFRS7(14)(a)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit: NZIFRS7(39)(c)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Total facilities		
Bank overdraft	5,000	5,000
Bank loans	40,000	25,000
	45,000	30,000
Used at the reporting date		
Bank overdraft	-	1,273
Bank loans	27,500	21,000
	27,500	22,273
Unused at the reporting date NZIAS7(50)(a)		
Bank overdraft	5,000	3,727
Bank loans	12,500	4,000
	17,500	7,727

Loan covenants
The bank loans are subject to certain financial covenants and these are assessed at the end of each quarter. The loans will be repayable immediately if the covenants are breached. The consolidated entity is not aware of any facts or circumstances that indicate that it may have difficulty complying with the covenants within 12 months after the reporting period. NZIAS1(76ZA)(a),(b)

Note 35. Non-current liabilities - lease liabilities 65

	Consolidated 2024 $'000	Consolidated 2023 $'000
Lease liability	301,714	322,745

Refer to note 45 for further information on financial instruments.

Note 36. Non-current liabilities - deferred tax 66

	Consolidated 2024 $'000	Consolidated 2023 $'000		
Deferred tax liability comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Financial assets at fair value through profit or loss	14	-		
Prepayments	281	212		
Development costs	449	539		
Customer contracts	286	-		
Net fair value gain on investment properties	252	420		
Contract assets	172	83		
Customer acquisition costs	554	501		
Customer fulfilment costs	324	296		
Right of return assets	188	173		
	2,520	2,224		
Amounts recognised in equity:				
Revaluation of property, plant and equipment	1,820	1,820		
Revaluation of financial assets at fair value through other comprehensive income	14	-		
	1,834	1,820		
Deferred tax liability	4,354	4,044	NZIAS12(81)(g)(i)	
Movements:				
Opening balance	4,044	2,001		
Charged/(credited) to profit or loss (note 7)	(54)	1,483	NZIAS12(81)(g)(ii)	67
Charged to equity (note 7)	14	560	NZIAS12(81)(a)	68
Additions through business combinations (note 53)	350	-		
Closing balance	4,354	4,044		

Note 37. Non-current liabilities - employee benefits 69

	Consolidated 2024 $'000	Consolidated 2023 $'000
Employee benefits	11,149	10,854

Note 38. Non-current liabilities - provisions

	Consolidated 2024 $'000	Consolidated 2023 $'000
Lease make good	1,475	1,070

Lease make good NZIAS37(85)
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Movements in provisions NZIAS37(84)
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2024	Lease make good $'000
Carrying amount at the start of the year	1,070
Additional provisions recognised	550
Amounts transferred to current	(230)
Unwinding of discount	85
Carrying amount at the end of the year	1,475

Note 39. Equity - issued capital

	Consolidated				
	2024 Shares	**2023 Shares**	**2024 $'000**	**2023 $'000**	
Ordinary shares - fully paid	146,910,000	146,800,000	182,925	182,650	NZIAS1(79)(a)(ii)

Movements in ordinary share capital NZIAS1(79)(a)(iv)

Details	**Date**	**Shares**	**Issue price**	**$'000**
Balance	1 January 2023	111,800,000		104,922
Issue of shares	[date]	35,000,000	$2.25	78,750
Share issue transaction costs, net of tax	[date]			(1,022)
Balance	31 December 2023	146,800,000		182,650
Issue of shares	[date]	10,000	$2.50	25
Issue of shares	[date]	100,000	$2.50	250
Balance	31 December 2024	146,910,000		182,925

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. NZIAS1(79)(a)(i),(iii),(v)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. NZIAS1(79)(a)(v)

Capital risk management 70
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. NZIAS1(134)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. NZIAS1(135)(a)

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. NZIAS1(135)(a)

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year. NZIAS1(135)(d)

The capital risk management policy remains unchanged from the 31 December 2023 Annual Report. NZIAS1(135)(c)

Note 40. Equity - reserves

	Consolidated		
	2024 $'000	**2023 $'000**	
Revaluation surplus reserve	4,212	4,212	
Financial assets at fair value through other comprehensive income reserve	36	-	
Foreign currency reserve	(769)	(512)	NZIAS21(52)(b)
Hedging reserve - cash flow hedges	(87)	(76)	
	3,392	3,624	

Revaluation surplus reserve NZIAS1(79)(b)
The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

Financial assets at fair value through other comprehensive income reserve NZIAS1(79)(b)
The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Foreign currency reserve NZIAS1(79)(b)
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to New Zealand dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Note 40. Equity - reserves (continued)

Hedging reserve - cash flow hedges NZIAS1(79)(b)
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Revaluation surplus $'000	Financial assets at fair value through OCI $'000	Foreign currency $'000	Hedging $'000	Total $'000	
Balance at 1 January 2023	2,916	-	(294)	(49)	2,573	
Revaluation - gross	1,800	-	-	(38)	1,762	NZIAS1(106A)
Deferred tax	(504)	-	-	11	(493)	NZIAS1(90), NZIAS12(81)(ab)
Foreign currency translation	-	-	(218)	-	(218)	
Balance at 31 December 2023	4,212	-	(512)	(76)	3,624	
Revaluation - gross	-	50	-	(15)	35	NZIAS1(106A)
Deferred tax	-	(14)	-	4	(10)	NZIAS1(90), NZIAS12(81)(ab)
Foreign currency translation	-	-	(257)	-	(257)	
Balance at 31 December 2024	4,212	36	(769)	(87)	3,392	

Note 41. Equity - retained profits 71,72

	Consolidated 2024 $'000	Consolidated 2023 $'000	
Retained profits at the beginning of the financial year	11,737	13,450	73
Profit after income tax expense for the year	28,488	15,903	
Dividends paid (note 43)	(29,383)	(17,616)	
Retained profits at the end of the financial year	10,842	11,737	74

Note 42. Equity - non-controlling interest 75

	Consolidated 2024 $'000	Consolidated 2023 $'000
Issued capital	16,000	16,000
Reserves	468	468
Retained profits	908	766
	17,376	17,234

The non-controlling interest has a 10% (2023: 10%) equity holding in Pinnacle Manufacturing Limited.

Note 43. Equity - dividends

Dividends paid during the financial year were as follows: 76

	Consolidated 2024 $'000	Consolidated 2023 $'000	
Final dividend for the year ended 31 December 2023 (2023: 31 December 2022) of 15 cents (2023: 8 cents) per ordinary share	22,037	11,744	NZIAS1(107)
Interim dividend for the year ended 31 December 2024 (2023: 31 December 2023) of 5 cents (2023: 4 cents) per ordinary share	7,346	5,872	NZIAS1(107)
	29,383	17,616	

On [date] the directors declared a final dividend for the year ended 31 December 2024 of 17 cents per ordinary share to be paid on [date], a total estimated distribution of $24,975,000 based on the number of ordinary shares on issue as at [date]. NZIAS1(137)(a), NZIAS10(13), NZIAS12(81)(i)

Note 44. Imputation credit account

	Consolidated	
	2024 **$'000**	**2023** **$'000**
Imputation credits available for subsequent financial years based on a tax rate of 28%	10,752	9,913

The above amounts represent the balance of the imputation credit account as at the end of the financial year, adjusted for: NZFRS44(9.3)
- Imputation credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 45. Financial instruments 77

Financial risk management objectives NZIFRS7(31),(33)(a)

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk. NZIFRS7(31),(33)(a)

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis. NZIFRS7(31),(33)(b)

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. NZIFRS7(33)(a)

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. NZIFRS7(33)(a)

In order to protect against exchange rate movements, the consolidated entity has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge between 30% and 80% of anticipated foreign currency transactions for the subsequent 4 months. NZIFRS7(33)(b),(21A),(22A)

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date were as follows: NZIFRS7(23B)

	Sell New Zealand dollars		Average exchange rates	
	2024 **$'000**	**2023** **$'000**	**2024**	**2023**
Buy US dollars				
Maturity:				
0 - 3 months	121	89	0.9123	0.8132
3 - 6 months	34	23	0.9057	0.8294
Buy Euros				
Maturity:				
0 - 3 months	274	207	0.6342	0.5861
3 - 6 months	86	49	0.6355	0.6082
Buy Australian dollars				
Maturity:				
0 - 3 months	182	163	0.9345	0.9643
3 - 6 months	107	71	0.9407	0.9847

Note 45. Financial instruments (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows: NZIFRS7(34)(a)

	Assets		Liabilities	
	2024	2023	2024	2023
Consolidated	$'000	$'000	$'000	$'000
US dollars	35	18	64	69
Euros	7	21	82	74
Australian dollars	45	32	61	52
	87	71	207	195

The consolidated entity had net liabilities denominated in foreign currencies of $120,000 (assets of $87,000 less liabilities of $207,000) as at 31 December 2024 (2023: $124,000 (assets of $71,000 less liabilities of $195,000)). Based on this exposure, had the New Zealand dollar weakened by 10%/strengthened by 5% (2023: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been $12,000 lower/$6,000 higher (2023: $6,000 lower/$6,000 higher) and equity would have been $8,000 lower/$4,000 higher (2023: $4,000 lower/$4,000 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 31 December 2024 was $13,000 (2023: loss of $6,000). NZIFRS7(40)

Price risk
The consolidated entity is not exposed to any significant price risk. NZIFRS7(33)(a),(34)(a)

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk. The policy is to maintain approximately 60% of current borrowings at fixed rates using interest rate swaps to achieve this when necessary. NZIFRS7(33)(a),(b)

The consolidated entity's bank loans outstanding, totalling $27,500,000 (2023: $21,000,000), are principal and interest payment loans. Monthly cash outlays of approximately $180,000 (2023: $140,000) per month are required to service the interest payments. An official increase/decrease in interest rates of 100 (2023: 100) basis points would have an adverse/favourable effect on profit before tax of $275,000 (2023: $210,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of $8,500,000 (2023: $2,000,000) are due during the year ending 31 December 2025 (2023: 31 December 2024). NZIFRS7(40)

Credit risk 78
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral. NZIFRS7(35K)

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 9, due to the current environment, the calculation of expected credit losses has been revised as at 31 December 2024 and rates have increased in each category up to 6 months overdue. NZIFRS7(35G)

The consolidated entity has a credit risk exposure with a major New Zealand retailer, which as at 31 December 2024 owed the consolidated entity $10,680,000 (76% of trade receivables) (2023: $9,510,000 (74% of trade receivables)). This balance was within its terms of trade and no impairment was made as at 31 December 2024. There are no guarantees against this receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk. NZIFRS7(35B)(c)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year. NZIFRS7(35F)(e)

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. NZIFRS7(33)(a)

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. NZIFRS7(33)(b),(39)(c)

Note 45. Financial instruments (continued)

Financing arrangements NZIAS7(50)(a)
Unused borrowing facilities at the reporting date:

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Bank overdraft	5,000	3,727
Bank loans	12,500	4,000
	17,500	7,727

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 3 years (2023: 4 years).

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2024	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000		
Non-derivatives							NZIFRS7(39)(a)	79
Non-interest bearing								
Trade payables	-	18,070	-	-	-	18,070		
Other payables	-	1,934	-	-	-	1,934		
Interest-bearing - fixed rate								
Bank loans	8.20%	10,407	9,710	10,931	-	31,048		
Lease liability	5.03%	37,574	37,542	112,415	290,764	478,295		
Total non-derivatives		67,985	47,252	123,346	290,764	529,347		
Derivatives							NZIFRS7(39)(b)	
Forward foreign exchange contracts net settled	-	122	-	-	-	122		
Total derivatives		122	-	-	-	122		

Consolidated - 2023	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000		
Non-derivatives							NZIFRS7(39)(a)	79
Non-interest bearing								
Trade payables	-	15,711	-	-	-	15,711		
Other payables	-	1,595	-	-	-	1,595		
Interest-bearing - variable								
Bank overdraft	12.80%	1,355	-	-	-	1,355		
Interest-bearing - fixed rate								
Bank loans	8.20%	3,640	9,710	11,095	-	24,445		
Lease liability	5.03%	37,107	37,574	112,523	328,200	515,404		
Total non-derivatives		59,408	47,284	123,618	328,200	558,510		
Derivatives							NZIFRS7(39)(b)	
Forward foreign exchange contracts net settled	-	107	-	-	-	107		
Total derivatives		107	-	-	-	107		

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above. NZIFRS7(B10A)

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. NZIFRS7(25) 80

Note 45. Financial instruments (continued)

Hedge accounting
The effects of hedge accounting on the statement of financial position at the reporting date were as follows: NZIFRS7(24A),(24B)

Consolidated	Nominal amount $'000	Carrying amount $'000	Change in fair value $'000	Hedging reserve $'000	Cost of reserve $'000
Forward foreign exchange contracts for purchases at 31 December 2023	602	107	(9)	(76)	(20)
Forward foreign exchange contracts for purchases at 31 December 2024	804	122	4	(87)	(19)

Movements in hedging reserves by risk category during the current and previous financial year are set out below: NZIFRS7(24E),(24F)

Consolidated	Spot component $'000	Value of options $'000	Cost of reserve $'000	Total $'000
Balance at 1 January 2023	(78)	47	(18)	(49)
Change in fair value of hedging instrument recognised in other comprehensive income	(73)	64	-	(9)
Costs of hedging deferred and recognised in other comprehensive income	-	-	(17)	(17)
Reclassified to the cost of inventory - recognised in other comprehensive income	(24)	-	14	(10)
Reclassified from other comprehensive income to profit or loss	(2)	-	-	(2)
Deferred tax	28	(18)	1	11
Balance at 31 December 2023	(149)	93	(20)	(76)
Change in fair value of hedging instrument recognised in other comprehensive income	(8)	12	-	4
Costs of hedging deferred and recognised in other comprehensive income	-	-	(15)	(15)
Reclassified to the cost of inventory - recognised in other comprehensive income	(20)	-	16	(4)
Deferred tax	8	(4)	-	4
Balance at 31 December 2024	(169)	101	(19)	(87)

Note 46. Fair value measurement 81

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: NZIFRS13(93)(a),(b)
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date NZIFRS13(76)
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly NZIFRS13(81)
Level 3: Unobservable inputs for the asset or liability NZIFRS13(86)

Consolidated - 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets NZIFRS13(93)(a),(b)				
Ordinary shares at fair value through profit or loss	360	-	-	360
Ordinary shares at fair value through other comprehensive income	-	-	170	170
Investment properties	-	-	46,900	46,900
Land and buildings	-	-	58,500	58,500
Total assets	360	-	105,570	105,930
Liabilities				
Forward foreign exchange contracts	-	122	-	122
Total liabilities	-	122	-	122

Note 46. Fair value measurement (continued)

Consolidated - 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	
Assets					NZIFRS13(93)(a),(b)
Investment properties	-	-	47,500	47,500	
Land and buildings	-	-	58,500	58,500	
Total assets	-	-	106,000	106,000	
Liabilities					
Forward foreign exchange contracts	-	107	-	107	
Total liabilities	-	107	-	107	

Assets and liabilities held for sale are measured at fair value on a non-recurring basis. NZIFRS13(93)(a)

There were no transfers between levels during the financial year. NZIFRS13(93)(c)

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. NZIFRS13(93)(d)

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. NZIFRS13(93)(d)

Valuation techniques for fair value measurements categorised within level 2 and level 3
Unquoted investments have been valued using a discounted cash flow model. NZIFRS13(93)(d)

The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent assessments by a member of the Property Institute of New Zealand having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. NZIFRS13(91)(a), NZIFRS13(93)(d), NZIAS40(75)(e)

The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued on 31 December 2023 based on independent assessments by a member of the Property Institute of New Zealand having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition. NZIFRS13(91)(a), NZIFRS13(93)(d), NZIAS16(77)(a),(b)

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates. NZIFRS13(93)(d)

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below: NZIFRS13(93)(e)

Consolidated	Ordinary shares at fair value through OCI $'000	Investment properties $'000	Land and buildings $'000	Total $'000	
Balance at 1 January 2023	-	46,000	56,500	102,500	
Gains recognised in profit or loss	-	1,500	-	1,500	NZIFRS13(93)(e)(i)
Gains recognised in other comprehensive income	-	-	2,000	2,000	NZIFRS13(93)(e)(ii)
Balance at 31 December 2023	-	47,500	58,500	106,000	
Losses recognised in profit or loss	-	(600)	-	(600)	NZIFRS13(93)(e)(i)
Gains recognised in other comprehensive income	50	-	-	50	NZIFRS13(93)(e)(ii)
Additions	200	-	-	200	NZIFRS13(93)(e)(iii)
Disposals	(80)	-	-	(80)	NZIFRS13(93)(e)(iii)
Balance at 31 December 2024	170	46,900	58,500	105,570	

Note 46. Fair value measurement (continued)

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows: NZIFRS13(93)(h)

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Ordinary shares at fair value through other comprehensive income	Growth rate	2.5% to 3.5% (3.0%)	0.25% change would increase/decrease fair value by $5,000
	Discount rate	8.0% to 11.0% (9.5%)	1.00% change would increase/decrease fair value by $14,000
Investment properties	Rental yield	7.5% to 9.0% (8.5%)	0.75% change would increase/decrease fair value by $352,000
	Rental growth	1.25% to 2.0% (1.75%)	0.25% change would increase/decrease fair value by $117,000
	Long-term vacancy rate	5.0% to 9.0% (7.5%)	0.75% change would increase/decrease fair value by $276,000
	Discount rate	4.0% to 6.0% (5.25%)	0.5% change would increase/decrease fair value by $57,000
Land and buildings	Rental yield	6.0% to 8.0% (7.5%)	0.75% change would increase/decrease fair value by $440,000
	Discount rate	5.0% to 7.0% (6.25%)	0.5% change would increase/decrease fair value by $61,000

Note 47. Key management personnel disclosures

Compensation 82
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2024 $	Consolidated 2023 $	
Short-term employee benefits	1,617,781	1,508,452	NZIAS24(17)(a)
Post-employment benefits	129,192	111,767	NZIAS24(17)(b)
Long-term benefits	10,059	22,776	NZIAS24(17)(c)
	1,757,032	1,642,995	

Note 48. Remuneration of auditors NZFRS44(8.3) 83

During the financial year the following fees were paid or payable for services provided by Accounting Firm 123, the auditor of the company, its network firms and unrelated firms: 84

	Consolidated 2024 $	Consolidated 2023 $		
Audit services - Accounting Firm 123			NZFRS44(8.3)(a)	85
Audit of the financial statements	243,000	230,000		
Other services - Accounting Firm 123			NZFRS44(8.3)(b)	86
Preparation of the tax return	12,950	12,400		
Transfer pricing review	5,500	5,000		
	18,450	17,400		
	261,450	247,400		
Audit services - network firms			NZFRS44(8.3)(a)	
Audit of the financial statements	-	15,000		
Other services - network firms			NZFRS44(8.3)(b)	
Due diligence	-	22,450		
Transfer pricing review	18,000	64,500		
	18,000	86,950		
	18,000	101,950		
Audit services - unrelated firms			NZFRS44(8.3)(a)	
Audit of the financial statements	26,500	23,000		

Note 49. Contingent assets NZIAS37(89)

Pinnacle Manufacturing Limited, a subsidiary, will be paid a success premium of up to $3,000,000 by Compdesign Partnership, in which it holds a 35% interest, if the rights to a computer manufacturing process are sold to a Korean based company. The likelihood of this proceeding is highly probable. No asset has been recognised within these financial statements.

Pinnacle Manufacturing Limited, a subsidiary, has an outstanding insurance claim with respect to inventory that was damaged in the Queensland floods that occurred during the financial year. An assessment is currently being undertaken by the insurer as to whether it was the cause of a flood or rising waters, which will affect the payout. Because the insurance proceeds are not virtually certain, no asset has been recognised within these financial statements. The inventory of approximately $400,000 has been written off during the current financial year.

Note 50. Contingent liabilities NZIAS37(86) 87

During the financial year there was a work related accident involving a member of staff. Although the investigation is still in progress, the directors are of the opinion, based on independent legal advice, that the consolidated entity will not be found to be at fault and any compensation will be covered by the consolidated entity's insurance policy. Accordingly, no provision has been provided within these financial statements.

The consolidated entity has given bank guarantees as at 31 December 2024 of $3,105,000 (2023: $2,844,000) to various landlords.

Note 51. Commitments 88

	Consolidated 2024 $'000	Consolidated 2023 $'000	
Capital commitments			
Committed at the reporting date but not recognised as liabilities, payable:			
Investment properties	170	170	NZIAS40(75)(h)
Property, plant and equipment	1,165	1,145	NZIAS16(74)(c)
Intangible assets	160	-	NZIAS38(122)(e)

Note 52. Related party transactions

Parent entity NZIAS1(138)(c)
Pinnacle IFRS NZ Limited is the parent entity. NZIAS24(13)

Subsidiaries
Interests in subsidiaries are set out in note 54.

Associates
Interests in associates are set out in note 55.

Key management personnel
Disclosures relating to key management personnel are set out in note 47.

Transactions with related parties 90
The following transactions occurred with related parties: NZIAS24(18)(a)

	Consolidated 2024 $	Consolidated 2023 $	
Payment for goods and services:			
Payment for services from associate	3,397,327	3,234,986	NZIAS24(19)(d)
Payment for marketing services from BE Promotions Limited (director-related entity of Brad Example)	81,238	67,905	NZIAS24(19)(f)

Receivable from and payable to related parties 91
The following balances are outstanding at the reporting date in relation to transactions with related parties: NZIAS24(18)(b)

	Consolidated 2024 $	Consolidated 2023 $	
Current payables:			
Trade payables to associate	361,334	345,876	NZIAS24(19)(d)
Trade payables to BE Promotions Limited (director-related entity of Brad Example)	7,108	6,388	NZIAS24(19)(f)

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date. NZIAS24(18)(b)

Terms and conditions 92
All transactions were made on normal commercial terms and conditions and at market rates. NZIAS24(18)(b)(i)

Note 53. Business combinations

On [date] Pinnacle Logistics Limited, a subsidiary of Pinnacle IFRS NZ Limited, acquired 100% of the ordinary shares of Pinnacle CompCarrier Limited (formerly known as CompCarrier Limited) for the total consideration transferred of $8,230,000. This is a freight business and operates in the computer distribution division of the consolidated entity. It was acquired to better utilise the existing computer distribution division administrative function. The goodwill of $408,000 represents the expected synergies from merging this business with the computer distribution division and eliminating third party freight costs. The acquired business contributed revenues of $5,428,000 and profit after tax of $670,000 to the consolidated entity for the period from [date] to 31 December 2024. If the acquisition occurred on 1 January 2024, the full year contributions would have been revenues of $5,901,000 and profit after tax of $729,000. The values identified in relation to the acquisition of CompCarrier are final as at 31 December 2024. NZIFRS3(B64)(a)-(e) 93

Details of the acquisition are as follows: NZIFRS3(B64)(f), NZIAS7(40)(d) 94

	Fair value $'000		
Cash and cash equivalents	3	NZIAS7(40)(c)	
Trade receivables	827	NZIFRS3(B64)(h)	
Prepayments	106		
Plant and equipment	6,060		
Customer contracts	1,250		
Deferred tax asset	419		
Trade payables	(364)		
Deferred tax liability	(350)		
Employee benefits	(129)		
Net assets acquired	7,822		95
Goodwill	408		96
Acquisition-date fair value of the total consideration transferred	8,230	NZIFRS3(B64)(f)	
Representing:			97
Cash paid or payable to vendor	8,230	NZIAS7(40)(b)	
Acquisition costs expensed to profit or loss	182	NZIFRS3(53)	
Cash used to acquire business, net of cash acquired:		NZIAS7(40)(b)	
Acquisition-date fair value of the total consideration transferred	8,230	NZIAS7(40)(a)	
Less: cash and cash equivalents	(3)		
Less: payments made in prior periods	(155)		
Net cash used	8,072		

The fair value of trade receivables is $827,000. The gross contractual amount for trade receivables due is $879,000, of which $52,000 is not expected to be collected. NZIFRS3(B64)(h)

Note 54. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1: NZIAS24(13) 98

		Ownership interest	
Name	Principal place of business / Country of incorporation	2024 %	2023 %
Pinnacle Retailing Limited	New Zealand	100.00%	100.00%
Pinnacle Logistics Limited	New Zealand	100.00%	100.00%
Pinnacle CompCarrier Limited	New Zealand	100.00%	-
Pinnacle Retailing International Pty Limited	Australia	100.00%	100.00%

Note 54. Interests in subsidiaries (continued)

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 1: NZIFRS12(12)(a)-(c) 99

			Parent		Non-controlling interest	
Name	**Principal place of business / Country of incorporation**	**Principal activities**	**Ownership interest 2024 %**	**Ownership interest 2023 %**	**Ownership interest 2024 %**	**Ownership interest 2023 %**
Pinnacle Manufacturing Limited *	New Zealand	Computer manufacturing	90.00%	90.00%	10.00%	10.00%

* the non-controlling interests hold 25% of the voting rights of Pinnacle Manufacturing Limited NZIFRS12(12)(d)

Summarised financial information 100
Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

	Pinnacle Manufacturing Limited		
	2024 $'000	**2023 $'000**	
Summarised statement of financial position			NZIFRS12(12)(g), (B10)(b)
Current assets	48,800	50,443	
Non-current assets	163,318	162,342	
Total assets	212,118	212,785	
Current liabilities	25,735	22,452	
Non-current liabilities	18,183	23,047	
Total liabilities	43,918	45,499	
Net assets	168,200	167,286	
Summarised statement of profit or loss and other comprehensive income			NZIFRS12(12)(g), (B10)(b)
Revenue	231,564	219,870	
Expenses	(229,506)	(216,649)	
Profit before income tax expense	2,058	3,221	
Income tax expense	(644)	(935)	
Profit after income tax expense	1,414	2,286	
Other comprehensive income	-	1,400	
Total comprehensive income	1,414	3,686	
Statement of cash flows			NZIFRS12(12)(g), (B10)(b)
Net cash from operating activities	9,262	12,284	
Net cash used in investing activities	(7,962)	(11,212)	
Net cash used in financing activities	(2,500)	(500)	
Net increase/(decrease) in cash and cash equivalents	(1,200)	572	
Other financial information			
Profit attributable to non-controlling interests	142	229	NZIFRS12(12)(e)
Accumulated non-controlling interests at the end of reporting period	17,363	17,221	NZIFRS12(12)(f)

Significant restrictions NZIFRS12(10)(b)(i),(13)
Pinnacle Manufacturing Limited cannot move its manufacturing location without the prior consent of the non-controlling interests.

Note 55. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below: NZIFRS12(21)(a),(b)(i)

Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Compdesign Partnership	New Zealand	35.00%	35.00%

Summarised financial information NZIFRS12(21)(b)(ii) 101

	Compdesign Partnership 2024 $'000	Compdesign Partnership 2023 $'000	
Summarised statement of financial position			NZIFRS12(B12)(b)
Current assets	28,994	26,806	NZIFRS12(B12)(b)(i)
Non-current assets	205,203	198,240	NZIFRS12(B12)(b)(ii)
Total assets	234,197	225,046	
Current liabilities	19,440	16,486	NZIFRS12(B12)(b)(iii)
Non-current liabilities	117,066	120,043	NZIFRS12(B12)(b)(iv)
Total liabilities	136,506	136,529	
Net assets	97,691	88,517	
Summarised statement of profit or loss and other comprehensive income			NZIFRS12(B12)(b)
Revenue	109,706	97,951	NZIFRS12(B12)(b)(v)
Expenses	(96,601)	(87,089)	
Profit before income tax	13,105	10,862	NZIFRS12(B12)(b)(vi)
Income tax expense	(3,931)	(3,259)	
Profit after income tax	9,174	7,603	
Other comprehensive income	-	-	NZIFRS12(B12)(b)(viii)
Total comprehensive income	9,174	7,603	NZIFRS12(B12)(b)(ix)
Reconciliation of the consolidated entity's carrying amount			NZIFRS12(B14)(b) 102
Opening carrying amount	30,981	28,320	
Share of profit after income tax	3,211	2,661	
Closing carrying amount	34,192	30,981	

Contingent liabilities NZIFRS12(23)(b)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Share of bank guarantees	276	266

Commitments NZIFRS12(23)(a)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Committed at the reporting date but not recognised as liabilities, payable:		
Share of capital commitments	175	74

Significant restrictions NZIFRS12(22)(a)
Compdesign Partnership must reduce its bank loans to under $50,000,000 and achieve pre-determined profit targets before any cash dividends can be distributed.

Note 56. Events after the reporting period

NZIAS10(21) 103

Apart from the dividend declared as disclosed in note 43, no other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 57. Reconciliation of profit after income tax to net cash from operating activities

NZFRS44(10)

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Profit after income tax expense for the year	28,630	16,132
Adjustments for:		
Depreciation and amortisation	52,276	52,411
Impairment of goodwill	500	-
Net gain on disposal of non-current assets	(422)	(192)
Net fair value gain on other financial assets	(50)	-
Net fair value loss/(gain) on investment properties	600	(1,500)
Share of profit - associates	(3,211)	(2,661)
Foreign exchange differences	(269)	(226)
Unwinding of the discount on provisions	85	62
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(168)	111
Decrease/(increase) in contract assets	(473)	367
Decrease in inventories	3,523	782
Increase in deferred tax assets	(2,389)	(3,495)
Increase in prepayments	(101)	(168)
Increase in other operating assets	(2,382)	(3,976)
Increase/(decrease) in trade and other payables	2,179	(457)
Increase in contract liabilities	134	161
Increase/(decrease) in provision for income tax	4,350	(1,091)
Increase/(decrease) in deferred tax liabilities	(54)	1,483
Increase in employee benefits	375	283
Increase in other provisions	427	249
Increase in other operating liabilities	261	28
Net cash from operating activities	83,821	58,303

Note 58. Non-cash investing and financing activities

NZIAS7(43) 104

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Additions to the right-of-use assets	5,521	6,228
Leasehold improvements - lease make good	550	-
	6,071	6,228

Note 59. Changes in liabilities arising from financing activities

NZIAS7(44A)

Consolidated	Bank loans $'000	Lease liability $'000	Total $'000
Balance at 1 January 2023	115,000	358,977	473,977
Net cash used in financing activities	(94,000)	(21,555)	(115,555)
Acquisition of leases	-	6,228	6,228
Balance at 31 December 2023	21,000	343,650	364,650
Net cash from/(used in) financing activities	6,500	(25,385)	(18,885)
Acquisition of leases	-	5,521	5,521
Balance at 31 December 2024	27,500	323,786	351,286

Note 60. Supplier finance arrangements NZIAS7(44F)

	At 1 January 2024	At 31 December 2024	
Carrying amount of the financial liabilities that are part of supplier finance arrangements presented in trade and other payables (note 24)	$1,850,000	$2,145,000	NZIAS7(44H)(b)(i)
Carrying amount of payments suppliers have already received from the finance providers offset in trade and other payables (note 24)	$1,454,000	$1,722,000	NZIAS7(44H)(b)(ii)
Range of payment due dates that are part of supplier finance arrangements	30 - 45 days after invoice date	30 - 45 days after invoice date	NZIAS7(44H)(b)(iii)
Range of payment due dates for comparable trade payables that are not part of supplier finance arrangements	14 - 45 days after invoice date	14 - 45 days after invoice date	NZIAS7(44H)(b)(iii)

Terms and conditions NZIAS7(44H)(a)

The consolidated entity has established a supplier finance arrangement that is offered to some of the consolidated entity's key suppliers and participation in the arrangement is at the discretion of the supplier. Suppliers that participate in the supplier finance arrangement will receive early payment from an external finance provider for approved invoices where goods have been received. If suppliers choose to receive early payment, they pay a fee to the finance provider and the consolidated entity is not party to this arrangement. Payments to suppliers ahead of the invoice due date are processed by the finance provider and, in all cases, the consolidated entity settles the original invoice by paying the finance provider in line with the original invoice due date. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The consolidated entity provides no security to the finance provider.

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Directors' report

1 *Signing*
Two directors must sign the directors' report, unless there is only one director.

Climate statement

2 The Climate statement is mandatory for:
- Listed issuer with total market value of equity securities or total face value of quoted debt securities exceeding NZD $60 million
- Registered banks, credit unions and building societies with total assets exceeding NZD $1 billion
- Licensed insurers with total assets exceeding NZD $1 billion or annual gross premium revenue exceeding NZD $250 million
- Managers of registered investment schemes with total assets under management exceeding NZD $1 billion
- Specified Crown Financial Institutions by Enduring Letter of Expectations from the Minister of Finance and Minister of ACC with greater than NZD $1 billion in total assets under management

The four key areas of disclosure are as follows:

3 *Governance*
- Identity of the governance body and a description of its oversight of climate-related risks and opportunities
- A description of management's role in assessing and managing climate-related risks and opportunities

4 *Strategy*
- Current climate-related impacts: These are the effects that the organisation has already experienced during the current reporting period. It refers to things that were previously seen as risks or opportunities but have now actually happened, creating issues or incidents
- Scenario analysis undertaken, including at a minimum a 1.5 degrees Celsius scenario, a 3+ degrees Celsius scenario and a third scenario
- Climate-related risks and opportunities over the short, medium and long term
- Anticipated impacts of climate-related risks and opportunities: These are climate-related risks and opportunities that could affect the organisation's future financial performance, financial position, and cash flows. It includes a description of the timeframes within which these impacts could reasonably be expected to occur. Entities are required to describe the impact in words and provide specific numbers (quantification) if possible
- Transition planning: A description of how the entity will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future state

5 *Risk management*
- A description of the entity's processes for identifying, assessing and managing climate-related risks
- A description of how these processes are integrated into the entity's overall risk management processes

6 *Metrics and targets*
- Metrics for greenhouse gas (GHG) emissions for scope 1, 2 and 3 emissions that are relevant for all entities
- Metrics that are relevant to the entity's industry or business model used to measure and manage climate-related risks and opportunities
- Any other key performance indicators
- The targets used to manage climate-related risks and opportunities and performance against those targets
- GHG emissions standard and consolidation approach used (equity share, financial control or operational control) and the data source of the emission factors and the global warming potential (GWP) rates used
- A summary of specific exclusions of sources, including facilities, operations or assets with a justification for their exclusion

Contents

7 *Power to amend and reissue the financial statements*
Under NZIAS10(17), disclosure is required if the directors have the power to amend and reissue the financial statements. Refer to your company constitution to confirm if this is correct. If the directors do not have the power, remove the sentence or state:
The directors do not have the power to amend and reissue the financial statements.

Statement of profit or loss and other comprehensive income

8 *Alternative names*
In accordance with NZIAS1(10), an entity may use titles for the statements other than those used in the Accounting Standards. The titles in the Accounting Standards change from time to time, but a consistent approach should be applied. An alternative is 'Statement of comprehensive income'.

9 *Two separate statements*
In accordance with NZIAS1(10A) and NZIAS1(81A), an entity may present the components of profit or loss either as part of a single statement of profit or loss and other comprehensive income or in a separate income statement. When a separate income statement is presented, it is part of a complete set of financial statements and shall be displayed immediately before the statement of comprehensive income.

10 *Expenses by function*
Instead of disclosing expenses by nature as illustrated, you can present expenses by function, for instance (with finance costs being mandatory, thus still by nature):
Cost of sales
Distribution
Marketing
Administration
Other expenses
Finance costs

If expenses are disclosed by function in the statement of profit or loss and other comprehensive income, then depreciation, amortisation, impairment and employee benefits expenses must be disclosed in the expenses note.

Avoid mixing expenses by both 'nature' and 'function'. There is no hybrid approach available as NZIAS1(99) states 'either their nature or their function'.

11 *Other expenses*
Other expenses should be less than 10% of total expenses.

No non-controlling interest
Where there is no non-controlling interest, the profit and total comprehensive income should state:
12 Profit after income tax expense for the year attributable to the owners of Pinnacle IFRS NZ Limited
13 Total comprehensive income for the year attributable to the owners of Pinnacle IFRS NZ Limited

14 *Other comprehensive income - gross with tax separately identified*
Instead of disclosing other comprehensive income net of tax as illustrated, you can present the individual components as gross with tax separately identified. If tax is only disclosed as an aggregate in other comprehensive income, the tax relating to each component must be disclosed separately in the notes.

15 *Other comprehensive income - grouped*
Other comprehensive income is grouped into two sections:
Items that will not be reclassified subsequently to profit or loss (such as 'gain or loss on the revaluation of land and buildings' or 'actuarial gain or loss on defined benefit plans')
Items that may be reclassified subsequently to profit or loss

16 *Other comprehensive income - no alternative descriptions adopted*
Although NZIAS1(8) states that other terms may be used as long as the meaning is clear, it is common practice to only state 'Other comprehensive income' even when there is a loss, for reasons including consistency with the statement name. Other alternatives include 'Other comprehensive loss', 'Other comprehensive expense' and 'Other comprehensive income/(expense)'.

17 *Total comprehensive income - no alternative descriptions adopted*
Although NZIAS1(8) states that other terms may be used as long as the meaning is clear, it is common practice to only state 'Total comprehensive income' even when there is a loss. Other alternatives include 'Total comprehensive loss', 'Total comprehensive expense' and 'Total comprehensive income/(expense)'.

Alternative descriptions
18 Profit before income tax expense
Loss before income tax expense
Profit/(loss) before income tax expense
Profit before income tax benefit
Loss before income tax benefit
Profit/(loss) before income tax benefit
Profit before income tax (expense)/benefit
Loss before income tax (expense)/benefit
Profit/(loss) before income tax (expense)/benefit

19 Income tax expense
Income tax benefit
Income tax (expense)/benefit

20 Profit after income tax expense
Loss after income tax expense
Profit/(loss) after income tax expense
Profit after income tax benefit
Loss after income tax benefit
Profit/(loss) after income tax benefit
Profit after income tax (expense)/benefit
Loss after income tax (expense)/benefit
Profit/(loss) after income tax (expense)/benefit

Statement of financial position

21 *Alternative names*
In accordance with NZIAS1(10), an entity may use titles for the statements other than those used in the Accounting Standards. The titles in the Accounting Standards change from time to time, but a consistent approach should be applied. An alternative is 'Balance sheet'.

22 *Current/non-current distinction and presentation based on liquidity as an alternative*
An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, all assets and liabilities shall be presented broadly in order of liquidity.

If the alternative presentation based on liquidity is adopted, each asset and liability note will need to disclose the amount expected to be recovered (for assets) or settled (for liabilities):
(a) no more than 12 months after the reporting period; and
(b) more than 12 months after the reporting period.

For assets shown on the statement of financial position, a note would be required that discloses:
Amount expected to be recovered within 12 months
Amount expected to be recovered after more than 12 months

For liabilities shown on the statement of financial position, a note would be required that discloses:
Amount expected to be settled within 12 months
Amount expected to be settled after more than 12 months

Alternative descriptions
23 Net assets
Net liabilities
Net assets/(liabilities)

24 Retained profits
Accumulated losses
Retained profits/(accumulated losses)

25 Total equity
Total deficiency in equity
Total equity/(deficiency)

Statement of changes in equity

26 *Alternative names*
In accordance with NZIAS1(10), an entity may use titles for the statements other than those used in the Accounting Standards. The titles in the Accounting Standards change from time to time, but a consistent approach should be applied.

Statement of cash flows

27 *Alternative names*
In accordance with NZIAS1(10), an entity may use titles for the statements other than those used in the Accounting Standards. The titles in the Accounting Standards change from time to time, but a consistent approach should be applied.

28 *Cash flows from operating activities - indirect method*
An alternative is to apply the indirect method, which would be disclosed in the statement of cash flows as follows:

	Consolidated 2024 $'000	2023 $'000
Cash flows from operating activities		
Profit before income tax expense for the year	38,780	21,490
Adjustments for:		
Depreciation and amortisation	52,276	52,411
Impairment of goodwill	500	-
Net gain on disposal of non-current assets	(422)	(192)
Net fair value gain on other financial assets	(50)	-
Net fair value loss/(gain) on investment properties	600	(1,500)
Share of profit - associates	(3,211)	(2,661)
Foreign exchange differences	(269)	(226)
Unwinding of the discount on provisions	85	62
Interest received	(1,084)	(540)
Interest and other finance costs	18,845	21,030
	106,050	89,874
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(168)	111
Decrease/(increase) in contract assets	(473)	367
Decrease in inventories	3,523	782
Increase in prepayments	(101)	(168)
Increase in other operating assets	(2,382)	(3,976)
Increase/(decrease) in trade and other payables	2,179	(457)
Increase in contract liabilities	134	161
Increase in employee benefits	375	283
Increase in other provisions	427	249
Increase in other operating liabilities	261	28
	109,825	87,254
Interest received	1,084	540
Interest and other finance costs paid	(18,845)	(21,030)
Income taxes paid	(8,243)	(8,461)
Net cash from operating activities	83,821	58,303

Alternative descriptions

29 Net cash from operating activities
Net cash used in operating activities
Net cash from/(used in) operating activities

30 Net cash from investing activities
Net cash used in investing activities
Net cash from/(used in) investing activities

31 Net cash from financing activities
Net cash used in financing activities
Net cash from/(used in) financing activities

32 Net increase in cash and cash equivalents
Net decrease in cash and cash equivalents
Net increase/(decrease) in cash and cash equivalents

Notes to the financial statements

Material accounting policy information

33 Review if accounting policies are material:
This example includes all accounting policies applicable, so all wording is illustrated. However, entities are to disclose material accounting policy information. As what is 'material' is subjective and unique to the entity and all accounting policies should reviewed and removed if they are not considered material to the entity.

34 New or amended Accounting Standards and Interpretations adopted:
If a new or amended Accounting Standard or Interpretation has been early adopted, replace the paragraph with:
The consolidated entity has early adopted NZ IFRS XXX 'XXXX'. No other new or amended Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

35 Going concern:
In practical terms, a current asset deficiency or net asset deficiency will raise a going concern issue. However, in accordance with NZIAS1(25), when preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.

A simple example of a going concern note is as follows:
As at 31 December 2024 the consolidated entity had a net asset deficiency of $X,XXX,XXX, which included related party loans of $X,XXX,XXX. However, the financial statements have been prepared on a going concern basis as Financial Assistance Pty Limited, a commonly controlled entity, has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements.

36 Accounting period:
Where the current or prior financial periods are not full year's, include a disclosure, for example:
The consolidated entity's current accounting period is the year ended 31 December 2024 and its comparative accounting period is from 2 September 2023 (date of incorporation) to 31 December 2023. Therefore, the results are not directly comparable.

Basis of preparation:
37 Historical cost convention:
Modify where applicable and if no assets or liabilities were revalued or held at fair value, state:
The financial statements have been prepared under the historical cost convention.

38 Cash and cash equivalents:
Where there is no bank overdraft, state:
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

39 Trade and other receivables:
Change the number of days if applicable.

40 Inventories:
Change 'first in first out' to 'weighted average' or 'specific identification' if applicable. Note that 'last in first out' is not permitted.

41 Property, plant and equipment:
Delete references to 'land and buildings' if not applicable.
Valuations, by external independent valuers, of land and buildings must occur at least every 5 years.
In addition to the straight-line basis, other depreciation methods are diminishing balance and the units of production.
Match the listed items to the categories in the property, plant and equipment note.

42 Trade and other payables:
Change the number of days if applicable.

43 New Accounting Standards and Interpretations not yet mandatory or early adopted:
Instead of detailing the new Accounting Standards and Interpretations not yet mandatory or early adopted, after considering the needs of the users, you can simply state:
New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Critical accounting judgements, estimates and assumptions
44 This note will be required to be significantly modified to reflect the relevant critical accounting judgements, estimates and assumptions of each entity.

45 Where you have no significant critical accounting judgements, estimates and assumptions, state:
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

46 Additional examples of critical accounting judgements, estimates and assumptions are as follows:

Control of entities where less than half of voting rights held
Management have determined that the consolidated entity controls the subsidiary [NAME], even though it holds less than half of the voting rights of this entity. This is because the consolidated entity is the largest shareholder with a [XX]% ownership interest while the remaining shares are held by [XX] investors.

No control of entities where more than half of voting rights held
Management have determined that the consolidated entity does not control a company called [NAME], even though it holds 100% of the issued capital of this entity. The consolidated entity is not exposed, and has no right, to variable returns from this entity and is not able to use its power over the entity to affect those returns.

Joint arrangements
The consolidated entity holds a 50% interest in [NAME]. The partnership agreements require unanimous consent from all parties for all relevant activities. The two partners own the assets of the partnership as tenants in common and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the consolidated entity recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in note 1.

47 *Restatement of comparatives*
There can be a restatement of comparatives through either a correction of error, a change in accounting policy or a reclassification.

Revenue
48 Disaggregation of revenue:
An entity shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Categories that could be used as basis for disaggregation include:
Type of good or service (for example, major product lines)
Geographical region (for example, country or region)
Market or type of customer (for example, government and non-government customers)
Type of contract (for example, fixed-price and time-and-materials contracts)
Contract duration (for example, short-term and long-term contracts)
Timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time)
Sales channels (for example, goods sold directly to consumers and goods sold through intermediaries)

Share of profits of associates accounted for using the equity method
Alternative descriptions:
49 Share of profits of associates and joint ventures accounted for using the equity method
Share of losses of associates and joint ventures accounted for using the equity method
Share of profits/(losses) of associates and joint ventures accounted for using the equity method
Share of profits of associates accounted for using the equity method
Share of losses of associates accounted for using the equity method
Share of profits/(losses) of associates accounted for using the equity method
Share of profits of joint ventures accounted for using the equity method
Share of losses of joint ventures accounted for using the equity method
Share of profits/(losses) of joint ventures accounted for using the equity method

Income tax expense
Alternative descriptions:
50 Income tax expense
Income tax benefit
Income tax expense/(benefit)

51 Decrease in deferred tax assets
Increase in deferred tax assets
Decrease/(increase) in deferred tax assets

52 Decrease in deferred tax liabilities
Increase in deferred tax liabilities
Decrease/(increase) in deferred tax liabilities

53 Amounts charged directly to equity
Amounts credited directly to equity
Amounts charged/(credited) directly to equity

54 Where applicable, the following should be disclosed:
Unused tax losses for which no deferred tax asset has been recognised
Potential tax benefit @ 28%

Deferred tax assets not recognised

Current assets - trade and other receivables
55 Allowance for expected credit losses:
These are shown as months overdue, but can be days or weeks overdue as most appropriate to the receivables.

Non-current assets - right-of-use assets
56 NZIFRS16(47)(a)(i) implies that the right-of-use assets should be classified as non-current, like property, plant and equipment. However, it does not specifically prohibit a portion of the right-of-use assets to be classified as current, usually to offset the current portion of lease liabilities to balance net current assets.

57 An alternative is to classify 'non-current assets - right-of-use assets' in 'non-current assets - property, plant and equipment'. The right-of-use assets need to be separately identified by class and be included in the reconciliation (which is an additional disclosure as opposed to when a separate note).

58 Only the net carrying amounts by class are required, but the gross amounts and accumulated depreciation amounts have been disclosed to be consistent with property, plant and equipment.

Non-current assets - deferred tax

59 Deferred tax assets are always classified as non-current in the statement of financial position. NZIAS1(56) specifically states an entity 'shall not classify deferred tax assets (liabilities) as current assets (liabilities)'.

60 An alternative is to offset deferred tax assets and liabilities, as explained in the income tax accounting policy:
Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Alternative descriptions:

61 Credited to profit or loss
Charged to profit or loss
Credited/(charged) to profit or loss

62 Credited to equity
Charged to equity
Credited/(charged) to equity

Current liabilities - lease liabilities

63 An alternative is to classify 'current liabilities - lease liabilities' in 'current liabilities - borrowings'.

Current liabilities - employee benefits

64 An alternative is to classify 'current liabilities - employee benefits' in 'current liabilities - provisions'.

Non-current liabilities - lease liabilities

65 An alternative is to classify 'non-current liabilities - lease liabilities' in 'non-current liabilities - borrowings'.

Non-current liabilities - deferred tax

66 Deferred tax liabilities are always classified as non-current in the statement of financial position. NZIAS1(56) specifically states an entity 'shall not classify deferred tax assets (liabilities) as current assets (liabilities)'.

Alternative descriptions:

67 Charged to profit or loss
Credited to profit or loss
Charged/(credited) to profit or loss

68 Charged to equity
Credited to equity
Charged/(credited) to equity

Non-current liabilities - employee benefits

69 An alternative is to classify 'non-current liabilities - employee benefits' in 'non-current liabilities - provisions'.

Equity - issued capital

70 Capital risk management:
An alternative is to apply the gearing ratio as follows:
The consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'trade and other payables' and 'borrowings' as shown in the statement of financial position) less 'cash and cash equivalents' as shown in the statement of financial position. Total capital is calculated as 'total equity' as shown in the statement of financial position (including non-controlling interest) plus net debt.

The gearing ratio at the reporting date was as follows:

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Current liabilities - trade and other payables (note 24)	20,004	17,306
Current liabilities - borrowings (note 26)	4,500	3,273
Current liabilities - borrowings (held for sale) (note 33)	4,000	-
Non-current liabilities - borrowings (note 34)	19,000	19,000
Total borrowings	47,504	39,579
Current assets - cash and cash equivalents (note 8)	(27,040)	(5,524)
Net debt	20,464	34,055
Total equity	214,535	215,245
Total capital	234,999	249,300
Gearing ratio	9%	14%
Gearing ratio - target	10%	10%

Equity - retained profits

71 The retained profits note is not mandatory but its inclusion should be considered.

Alternative descriptions:
72 Equity - retained profits
Equity - accumulated losses
Equity - retained profits/(accumulated losses)

73 Retained profits at the beginning of the financial year
Accumulated losses at the beginning of the financial year
Retained profits/(accumulated losses) at the beginning of the financial year

74 Retained profits at the end of the financial year
Accumulated losses at the end of the financial year
Retained profits/(accumulated losses) at the end of the financial year

75 *Equity - non-controlling interest*
The non-controlling interest note is not mandatory but its inclusion should be considered.

76 *Equity - dividends*
Where there were no dividends paid, recommended or declared during the current or previous financial year, remove the table and state:
There were no dividends paid, recommended or declared during the current or previous financial year.

77 *Financial instruments*
This note will be required to be significantly modified to reflect the disclosures of each entity, as NZIFRS7 is both qualitative and quantitative.

In order to keep relevant information together, further disclosures on receivables and other financial assets are contained within their respective notes.

78 Credit risk:
If collateral is held, an explanation is required that describes how this mitigates the credit risk.

Where there are no significant credit risks, consider the following:
There are no significant concentration of credit risks, whether through exposure to individual customers, specific industry sectors or regions.

79 Remaining contractual maturities bandings:
These are shown as '1 year or less', 'Between 1 and 2 years', 'Between 2 and 5 years' and 'Over 5 years'; but the bandings can be changed to 'Within 6 months', '6-12 months', etc as most appropriate to the financial instrument liabilities.

80 Fair value of financial instruments:
If carrying amounts of financial instruments significantly differs from their respective fair values, then disclosure of 'carrying amount' versus 'fair value' is required.

81 *Fair value measurement*
This note will be required to be significantly modified to reflect the disclosures of each entity, as NZIFRS13 is both qualitative and quantitative.

Key management personnel disclosures

82 Compensation:
There are five subclasses of compensation:
Short-term employee benefits
Post-employment benefits
Long-term benefits
Termination benefits
Share-based payments

Remuneration of auditors

83 Where a related entity paid the auditor, instead of the remuneration of auditors tables, state:
In the years ended 31 December 2024 and 31 December 2023, fees for services rendered by the company's auditor in relation to the statutory audit were borne by a related entity.

84 Remuneration of auditors tables:
There are six possible tables:
Audit services - [audit firm name]
Other services - [audit firm name]
Audit services - network firms
Other services - network firms
Audit services - unrelated firms
Other services - unrelated firms

Change of auditor:
Where there is a change of auditor, the name of last year's auditor should be in brackets in the table header. Examples are as follows:
85 Audit services - Accounting Firm 123 (2023: Accounting Plus Partners)
86 Other services - Accounting Firm 123 (2023: Accounting Plus Partners)

Contingent liabilities

87 When you have no contingent liabilities, either remove the note, or state:
The consolidated entity had no contingent liabilities as at 31 December 2024 and 31 December 2023.

Commitments

88 When you have no commitments, either remove the note, or state:
The consolidated entity had no commitments as at 31 December 2024 and 31 December 2023.

Related party transactions

89 Significant influence:
An additional class of related party is significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement. A party with significant influence typically holds more than 20% of the voting rights in the entity.

90 Transactions with related parties:
Where there were no transactions with related parties, state:
There were no transactions with related parties during the current and previous financial year.

91 Receivable from and payable to related parties:
Where there were no receivable from and payable to related parties, state:
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

92 Terms and conditions:
Modify terms and conditions wording as required. An example is as follows:
Transactions involving the sale of goods and purchase of goods between related parties are made in accordance with a transfer pricing agreement. Interest received and interest paid on loans is calculated monthly on LIBOR + 1.25%. There is no security held or guarantees given on related party loans.

Business combinations

93 Business combinations accounted for on a provisional basis (values not finalised):
If the business combination was accounted for on a provisional basis (values not finalised), the last sentence would have stated:
The values identified in relation to the acquisition of CompCarrier are provisional as at 31 December 2024 as the customer contracts intangible asset fair value has yet to be finalised.

For a further understanding of the provisional basis, refer to the business combination accounting policy which states the following:
Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

94 Acquiree's carrying amount:
The 'Acquiree's carrying amount' column is not mandatory and has therefore not been disclosed.

Alternative descriptions:
95 Net assets acquired
Net liabilities acquired

96 Goodwill
Discount on acquisition

97 Additional examples of business combination settlements are as follows:
Pinnacle IFRS NZ Limited shares issued to vendor
Contingent consideration

Interests in subsidiaries
98 Disclosure of subsidiaries without non-controlling interests is not directly mandatory, but it is common practice. NZIAS24(13) requires 'relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them'. When a parent is preparing separate financial statements (which in this illustrated example is not the case), NZIAS27(16)(b) requires a 'list of significant interests in subsidiaries, jointly controlled entities and associates, including the name, the principal place of business (and country of incorporation, if different), proportion of ownership interest and, if different, proportion of voting power held'.

99 An alternative to showing subsidiaries with non-controlling interests in a separate table, is to include all subsidiaries in this table and for those subsidiaries that are wholly owned either over-disclose the 'principal activities' or leave this field blank.

100 Summarised financial information on subsidiaries with non-controlling interests is required when material to the consolidated entity.

Interests in associates
101 Summarised financial information on associates is required when material to the consolidated entity.

102 The 'Reconciliation of the consolidated entity's carrying amount' is considered a grey area. The intention is to provide information that is meaningful to the consolidated entity's carrying amount. An alternative would be to reconcile the net assets to the carrying amount, deducting for instance the portion of net assets that is not the consolidated entity's share and adding adjustments like goodwill.

103 *Events after the reporting period*
Where there were no matters subsequent to the end of the financial year, state:
No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Where there were matters subsequent to the end of the financial year disclosed, state the following below these matters:
No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

104 *Non-cash investing and financing activities*
Additional examples of non-cash investing and financing activities are as follows:
Acquisition of plant and equipment by means of leases
Shares issued under employee share plan
Shares issued under dividend reinvestment plan
Shares issued in relation to business combinations
Shares issued on conversion of loan
Loans from banks
Loans from related parties
Loans to related parties