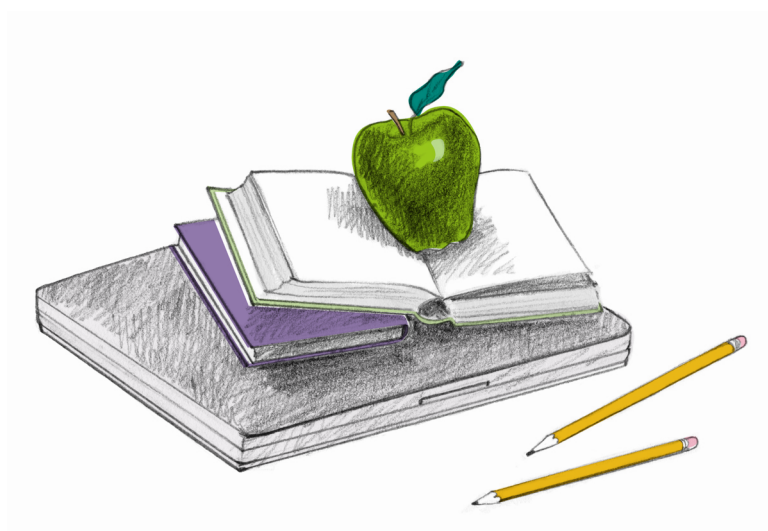


# Model financial statements for the year ended 30 June 2011

Illustrative example of general purpose financial statements prepared in accordance with the Financial Reporting Act 1993, the Companies Act 1993, applying New Zealand equivalents to International Financial Reporting Standards (NZ IFRS)



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# Introduction

## Opening remarks

Welcome to Grant Thornton New Zealand's second edition of model financial statements for entities applying New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Full compliance with NZ IFRS and best practice as defined by the accounting profession and New Zealand regulators (including the recently established Financial Markets Authority) remains a real challenge for many organisations.

It's been an eventful year from a financial reporting perspective. It began with the Government's May 2010 Budget changes to tax depreciation deductions on buildings had a major adverse and unexpected impact on reporting entities accounting for deferred tax on long-lived buildings, with many entities reporting a one-off increase in deferred tax liabilities. The reporting of this event is significant, and we encourage those affected entities to keep in regular contact with us. In addition the Christchurch earthquakes will have a significant impact on many entities, especially in regards to impairment of assets and decreases in anticipated cash inflows.

The purpose of these model financial statements is to assist you in preparing financial statements in accordance with all the relevant and appropriate requirements of the Financial Reporting Act 1993 and NZ IFRS, for a listed Company, incorporated in New Zealand. It illustrates one possible format for financial statements, based on a fictitious Parent and Group, profit orientated company - Grant Thornton Holdings (NZ) Limited (the "Company").

The form and content of these model financial statements addresses the presentation of transactions that are typical for a New Zealand Group, with a focus on areas of recent changes in NZ IFRS effective for the year ended 30 June 2011 (and 31 March 2011). However, the illustrative financial statements do not envisage every possible transaction and cannot therefore be viewed as providing an example of all possible financial reporting disclosures. Management is ultimately responsible for the true and fair presentation of financial statements and therefore may find other approaches more appropriate in their specific circumstances.

The Group is assumed to have prepared financial statements in accordance with NZ IFRS for a number of years. Therefore, this is not a first time adopter of NZ IFRS. Readers should refer to NZ IFRS 1 First-time Adoption of New Zealand equivalents to International Financial Reporting Standards for specific disclosure requirements required upon first-time adoption. Grant Thornton has produced model financial statements to assist the first-time adopter and these are available on our website.

The model financial statements have been reviewed and updated to reflect changes in NZ IFRSs that are effective for the year ended 30 June 2011 (and also applicable to 31 March 2011 year-ends). No account has been taken of any new developments published after January 2011. The Grant Thornton website contains any updates to recently released standards and amendments, latest developments require careful consideration when preparing your financial statements.

We encourage you to make contact with your local Grant Thornton contact to discuss any assistance we can provide in navigating the challenges of reporting under the NZ IFRS framework in 2011.

### Scope and limitations

These model financial statements do not, and cannot be expected to cover all accounting disclosure requirements and best practice that may be uncounted in practice. The use of this publication is not a substitute for pre-requisite knowledge of NZ IFRS and other legislative financial reporting disclosure requirements.

In case of doubt as to the requirements, the authoritative support for treatment should be considered against the substance of the transaction, and where appropriate independent advice obtained. The model financial statements disclose the most common requirements; they should not be regarded as a comprehensive checklist of all possible disclosures.

Specifically, these model financial statements do not provide guidance on the “public benefit entity” disclosure requirements of NZ IFRS and the disclosure requirements of the following standards:

- NZ IFRS 1 First Time Adoption of New Zealand Equivalents to International Financial Reporting Standards.
- NZ IFRS 4 Insurance Contracts
- NZ IFRS 6 Exploration for and Evaluation of Mineral Resources
- NZ IFRS 7 Financial Instruments: Disclosures, in relation to Appendix E, New Zealand-Specific Additional Disclosure Requirements Applicable to Financial Institutions
- NZ IAS 1 Presentation of Financial Statements (revised 2007), in relation to a Statement of Service Performance only
- NZ IAS 26 Accounting and Reporting by Retirement Benefit Plans
- NZ IAS 29 Financial Reporting in Hyperinflationary Economies
- NZ IAS 34 Interim Financial Reporting
- NZ IAS 41 Agriculture
- FRS - 42 Prospective Financial Statements
- FRS - 43 Summary Financial Statements

In addition the applications of a number of NZ IFRS Interpretations (NZ IFRIC and NZ SIC) have not been illustrated in these financial statements.

### Alternative treatments

In some cases NZ IFRS permits more than one accounting treatment for the same transaction or event. Preparers of financial statements should choose the treatment that is most relevant to their business. The model financial statements explanatory notes highlights where specific accounting alternatives are available.

### Authoritative support

NZ IFRS	New Zealand Equivalents to International Financial Reporting Standards
NZ IAS	New Zealand Equivalent to International Accounting Standard
NZ SIC	New Zealand Equivalent to SIC Interpretation
CA	Companies Act 1993
FRA	Financial Reporting Act 1993
NZX	New Zealand Stock Exchange Listing Rules

Grant Thornton Holdings (NZ) Limited

**Consolidated Financial Statements**  
**For the year ended 30 June 2011**

# Grant Thornton Holdings (NZ) Limited

## Directors' Responsibility Statement

CG Handbook  
Principle 4  
Guideline 4.4

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, financial statements which give a true and fair view of the financial position of Grant Thornton Holdings (NZ) Limited (the "Parent") and its consolidated subsidiary entities (the "Group") as at 30 June 2011 and the results of their financial operations and cash flows for the year ended 30 June 2011.

The Directors consider that the financial statements of the Parent and Group have been prepared using accounting policies appropriate to the Parent and Group's circumstances, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable New Zealand equivalents to International Financial Reporting Standards have been followed.

The Directors have responsibility for ensuring that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Parent and Group and enable them to ensure that the financial statements comply with the Financial Reporting Act 1993.

CG Handbook  
Principle 6  
Guideline 6.3

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 that adequate steps have been taken to safeguard the assets of the Parent and Group and to prevent and detect fraud and other irregularities.

CA.208(1),  
211(1)

The Directors are pleased to present the Parent and Group financial statements for the year ended 30 June 2011.

C.211(1)(b),(k)  
FRA.10(1)(b),13  
(1)(b)

This annual report is dated 26 August 2011 and is signed in accordance with a resolution of the directors made pursuant to section 211(1)(k) of the Companies Act 1993.

For and on behalf of the Directors

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Director

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Director

# Independent Auditors Report

To the Shareholders of Grant Thornton Holdings (NZ) Limited

## Report on the Financial Statements

We have audited the parent and group financial statements of Grant Holdings (NZ) Limited on pages 9 to 42, which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Directors' Responsibilities

The Directors are responsible for the preparation of parent and group financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities

Our responsibility is to express an opinion on the parent and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the parent and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the parent and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the parent and group financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in the parent and group.

## Opinion

In our opinion, the financial statements on pages 9 to 42:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the parent and group as at 30 June 2011 and their financial performance and their cash flows for the year ended on that date.



**Report on Other Legal and Regulatory Matters**

Per the Financial Reporting Act 1993:

- we have obtained all the information and explanations that we have required;
- in our opinion, proper accounting records have been kept by parent and group as far as appears from an examination of those records.

Grant Thornton Audit Partnership

Wellington

26 August 2011

# Grant Thornton Holdings (NZ) Limited

NZ IAS 1.10(b)

## Statement of comprehensive income (alternative 1) For the year ended 30 June 2011

NZ IAS 1.38, 39

NZ IAS 1.82 (a)

NZ IAS 38.126

NZ IFRIC 17.15

NZ IAS 1.82(c)

NZ IAS 1.82(d)

NZ IAS 1.12.77

NZ IAS 1.82(f)

NZ IAS 1.82(e)

NZ IFRS 5.33(a)

NZ IAS 1.82(g)

NZ IAS 16.77(f)

NZ IFRS 7.23

NZ IAS 1.92

NZ IFRS 7.20(a)

NZ IAS1.92

NZ IAS 21.52(b)

NZ IAS1.92

NZ IAS 1.82(h)

NZ IAS 1.92

NZ IAS 1.90

NZ IAS 1.82(i)

NZ IAS 1.82(i)

	Notes	Group		Parent	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
Revenue	9	206,193	191,593	51,548	47,898
Cost of sales		(111,523)	(103,606)	(27,881)	(25,902)
<b>Gross profit</b>		<b>94,670</b>	<b>87,987</b>	<b>23,667</b>	<b>21,996</b>
Other income		427	641	-	-
Distribution expenses		(12,213)	(11,473)	-	-
Overheads and administration		(48,853)	(45,894)	(5,670)	(18,154)
Research and development costs		(1,690)	(1,015)	-	-
Gain on distribution to owners		-	-	-	-
Other expenses		(11,032)	(11,270)	-	-
<b>Operating profit</b>	10	<b>21,309</b>	<b>18,976</b>	<b>17,997</b>	<b>3,842</b>
Finance income	11	994	793	249	198
Finance costs	11	(3,473)	(3,594)	-	(87)
<b>Net financing costs</b>		<b>(2,479)</b>	<b>(2,801)</b>	<b>249</b>	<b>111</b>
Share of profits of associates	7	60	12	60	12
Change in fair value of investment property		310	175	78	44
Other financial asset movements	12	3,388	3,599	847	900
<b>Profit before tax</b>		<b>22,588</b>	<b>19,961</b>	<b>19,231</b>	<b>4,909</b>
Income tax expense	13	(7,132)	(6,184)	(1,783)	(1,546)
<b>Profit for the year from continuing operations</b>		<b>15,456</b>	<b>13,777</b>	<b>17,448</b>	<b>3,363</b>
Loss for the year from discontinued operations (net of income tax)	20	(9)	(325)	-	-
<b>Net Profit for the year</b>		<b>15,447</b>	<b>13,452</b>	<b>17,448</b>	<b>3,363</b>
<b>Other comprehensive income</b>					
Gains/(losses) on revaluation of land		303	-	76	-
Cash flow hedges					
- Current year gains/ (losses)		367	(47)	92	(12)
- Reclassification to profit and loss		260	(425)	65	(106)
Available-for-sale financial assets					
- Current year gains/ (losses)		113	35	28	9
- Reclassification to profit and loss		(50)	-	(13)	-
Translation of foreign operations					
- Current year gains/ (losses)		(664)	(341)	(166)	(85)
- Reclassification to profit and loss		-	-	-	-
Other comprehensive income - associates					
- Current year gains/ (losses)	7	5	-	5	-
- Reclassification to profit and loss	7	(3)	-	(3)	-
Income tax on other comprehensive income	14	85	95	21	24
<b>Other comprehensive income for the year</b>		<b>416</b>	<b>(683)</b>	<b>103</b>	<b>(170)</b>
<b>Total comprehensive income for the year</b>		<b>15,863</b>	<b>12,769</b>	<b>17,551</b>	<b>3,272</b>

# Grant Thornton Holdings (NZ) Limited

## Statement of comprehensive income (continued) (alternative 1) For the year ended 30 June 2011

	Notes	Group		Parent	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
	<b>Net profit for the year is attributable to:</b>				
NZ IAS 1.83(a)(i)	Equity holders of the parent	15,326	13,336	17,448	3,363
NZ IAS 1.83(a)(i)	Non controlling interest	121	116	-	-
	<b>Total</b>	<b>15,447</b>	<b>13,452</b>	<b>17,448</b>	<b>3,363</b>
	<b>Total comprehensive income is attributable to:</b>				
NZ IAS 1.83(b)(ii)	Equity holders of the parent	15,742	12,653	17,751	3,272
NZ IAS 1.83(b)(i)	Non controlling interest	121	116	-	-
	<b>Total</b>	<b>15,863</b>	<b>12,769</b>	<b>17,751</b>	<b>3,272</b>
NZ IAS 33.66	<b>Earnings per share</b>				
	<i>From continuing and discontinuing operations</i>				
	Basic (cents per share)	1.22	1.14		
	Diluted (cents per share)	(0.00)	(0.03)		
	<b>Total</b>	<b>1.22</b>	<b>1.11</b>		
NZ IAS 33.66	<b>Earnings per share</b>				
	<i>From continuing operations</i>				
	Basic (cents per share)	1.22	1.14		
	Diluted (cents per share)	(0.00)	(0.03)		
	<b>Total</b>	<b>1.22</b>	<b>1.11</b>		

#### Commentary – Statement of comprehensive income

1. The statement of comprehensive income has been prepared in accordance with NZ IAS 1 Presentation of Financial Statements (Revised 2007), which introduced the concept of a statement of comprehensive income. The statement of comprehensive income may be presented in one of the following ways:
  - in a single statement of comprehensive income, or
  - in two statements: a statement displaying components of profit or loss (separate income statement) and a statement of comprehensive income.

The example financial statements illustrate a statement of comprehensive income in a single statement. A two statement presentation is provided in Appendix A.
2. An analysis of expenses shall be presented using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is most relevant and reliable. Entities are encouraged, but not required to present the analysis of expenses in the statement of comprehensive income or in a separate income statement (if presented).
3. This statement of comprehensive income format illustrates an example of the “function of expense” or “cost of sales” method. See Appendix A for a format illustrating the “nature of expense” method.
4. An entity shall disclose in the statement of comprehensive income or in a separate income statement (if presented) or within the notes the amounts of each significant category of revenue recognized in the year including revenue arising from sale of goods, rendering of services, interest, royalties, dividends and the amount or revenue arising from exchange of goods and services included in each category of revenue.
5. This statement of comprehensive income presents an “operating profit” subtotal, which is commonly seen but is not required or defined in NZ IFRS<sup>1</sup>. Where this subtotal is provided, the figure disclosed should include items that would normally be considered to be operating. It is inappropriate to exclude items clearly related to operations (e.g. inventory write-downs, restructuring and relocation expenses) on the basis that they do not occur regularly or are unusual in amount.
6. This statement of comprehensive income includes an amount representing the entity's share of profit from equity accounted investments. This amount represents profit after tax and non-controlling interest in those investments (as indicated in the Illustrative Financial Statement Structure in NZ IAS 1).
7. NZ IAS 1 requires the entity to disclose reclassification adjustments and related tax effects relating to components of other comprehensive income either on the face of the statement or in the notes. In this example the entity presents reclassification adjustments and current year gains and losses relating to other comprehensive income on the face of the statement of comprehensive income (NZ IAS 1.92). An entity may instead present reclassification adjustments in the notes, in which case the components of other comprehensive income are presented after any related reclassification adjustments (NZ IAS 1.94).
8. According to NZ IAS 1.90 an entity shall disclose the amount of income tax relating to each component of other comprehensive income, either on the face of the statement of comprehensive income or in the notes. In this example the entity presents components of other comprehensive income before tax with one amount shown for the aggregate amount of income tax relating to all components of other comprehensive income (NZ IAS 1.91(b)). Alternatively, the entity may present each component of other comprehensive income net of related tax effects, NZ 1.91(a). If the tax effects of each component of other comprehensive income are not presented on the face of the statement this information shall be presented in the notes.

# Grant Thornton Holdings (NZ) Limited

NZ IAS 1.10(a)

## Statement of financial position As at 30 June 2011

		Notes	Group		Parent	
			2011	2010	2011	2010
			\$000	\$000	\$000	\$000
NZ IAS 1.38,39	ASSETS					
NZ IAS 1.60,66	Current					
NZ IAS 1.54(i)	Cash and cash equivalents	16	34,789	11,237	8,698	2,809
NZ IAS 1.54(h)	Trade debtors and other receivables	17	33,629	25,628	8,407	6,407
NZ IAS 1.54(g)	Inventories	18	18,548	17,376	4,637	4,344
NZ IAS 1.55	Derivatives financial instruments	19	582	212	145	53
NZ IAS 1.54 (d)	Other short-term financial assets	25	655	649	164	162
NZ IAS 1.54(n)	Current tax assets		-	308	-	77
			88,203	55,410	22,051	13,852
NZ IAS 1.54(j)	Assets and disposal group classified held for sale	20	103	3,908	-	-
	Total current assets		88,306	59,318	22,051	13,852
NZ IAS 1.60,66	Non-current					
NZ IAS 1.57	Goodwill	21	5,041	3,537	-	-
NZ IAS 1.54(c)	Other intangible assets	22	17,424	13,841	4,356	3,460
NZ IAS 1.54(a)	Property, plant and equipment	23	22,439	20,647	5,610	5,162
NZ IAS 1.54(b)	Investment property	24	12,662	12,277	3,166	3,069
NZ IAS 1.54(d)	Investment in subsidiaries	5	-	-	31,579	18,421
NZ IAS 1.54(e)	Investments in associates	7	430	23	430	23
NZ IAS 1.54(d)	Other long-term financial assets	25	3,765	4,030	941	970
NZ IAS 1.54(o)	Deferred tax assets	15	-	75	-	19
	Total non-current assets		61,761	54,430	46,088	31,124
NZ IAS 1.55	TOTAL ASSETS		150,067	113,748	68,139	44,976
	LIABILITIES					
NZ IAS 1.69,70	Current					
NZ IAS 1.54 (k)	Trade creditors and other payables	26	9,059	7,096	2,265	1,774
NZ IAS 1.55	Employee entitlements	27	1,467	1,496	55	76
NZ IAS 1.54 (l)	Provisions	28	1,215	3,345	-	-
NZ IAS 1.54 (m)	Current loans and borrowings	31	4,815	3,379	-	-
NZ IAS 1.54 (n)	Income tax payable		3,102	-	776	-
NZ IAS 1.54 (m)	Derivative financial instruments	19	-	160	-	40
NZ IAS 1.55	Other liabilities and deferred income	32	2,758	3,475	-	2,598
			22,416	18,951	3,096	4,488
NZ IAS 1.54(p)	Liabilities included in disposal group held for sale	20	-	449	-	112
	Total current liabilities		22,416	19,400	3,096	4,600
NZ IAS 1.69,70	Non-current					
NZ IAS 1.54 (k)	Trade creditors and other payables	26	4,096	4,608	1,024	1,152
NZ IAS 1.55	Employee entitlements	27	11,224	10,812	-	-
NZ IAS 1.54 (m)	Loans and borrowings	31	21,000	21,265	-	-
NZ IAS 1.54(o)	Deferred tax liabilities	15	5,397	3,625	1,162	876
	Other liabilities and deferred income	32	2,020	1,650	14,045	22,751
	Total non-current liabilities		43,737	41,960	16,231	24,779
	TOTAL LIABILITIES		66,153	61,360	19,327	29,379
	NET ASSETS		83,914	52,388	48,812	15,597

These financial statements should be read in conjunction with the notes to the financial statements.

# Grant Thornton Holdings (NZ) Limited

## Statement of financial position (continued) As at 30 June 2011

	Notes	Group		Parent	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
EQUITY					
NZ IAS 1.54(r) Share capital	33	33,415	15,050	33,415	15,050
NZ IAS 1.54(r) Retained earnings		48,401	36,075	14,478	30
NZ IAS 1.55 Other equity reserves		1,385	671	919	517
Equity attributable to owners of the Parent		83,201	51,796	48,812	15,597
NZ IAS 1.54(q) Non-controlling interests		713	592	-	-
<b>TOTAL EQUITY</b>		<b>83,914</b>	<b>52,388</b>	<b>48,812</b>	<b>15,597</b>

These financial statements have been authorised for issue by the Board of Directors on the 28 August 2011.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## Commentary – Statement of financial position

### Presentation choices

1. The statement of financial position includes a current and non-current distinction. When presentation based on liquidity is reliable and more relevant, the entity can choose to present the statement of financial position in order of liquidity (NZ IAS 1.60). The entity will then not present a current and non-current distinction in the statement of financial position. However the disclosure requirements for amounts expected to be recovered or settled before or after 12 months must still be applied (NZ IAS 1.61).
2. The model financial statements use the terminology in NZ IAS 1; however an entity may use other titles (e.g. balance sheet) for the primary financial statements (NZ IAS 1.10).
3. Additional line items, headings and sub-totals shall be presented on the face of the statement of financial position when such presentation is relevant to an understanding of the entity's financial position (NZ IAS 1.77).
4. Entities shall disclose for each of the following categories of financial instruments, the carrying amounts either on the face of the statement of financial position or in the notes (NZ IFRS 7.8).
  - (a) Financial assets at fair value through profit and loss, showing separately:
    - (i) Those designated as such upon initial recognition
    - (ii) Those classified as held for trading in accordance with NZ IAS 39
  - (b) Held-to-maturity investments
  - (c) Loans and receivables
  - (d) Available-for sale financial assets
  - (e) Financial liabilities at fair value through profit or loss, showing separately:
    - (i) Those designated as such upon initial recognition
    - (ii) Those classified as held for trading in accordance with NZ IAS 39
  - (f) Financial liabilities measured at amortised cost.

For the purposes of illustration we have not reflected the requirements of NZ IFRS 9 Financial Instruments (replacement of NZ IAS 39), which is being released in three stages. This new standard which does not require adoption until 2013 (with early adoption permitted), has reduced the number of financial statement categories from four to two.

### Other matters

1. If the entity:
  - (i) applies an accounting policy retrospectively,
  - (ii) makes a retrospective restatement of items in its financial statements, or
  - (iii) reclassifies items in the financial statements, the entity shall present a statement of financial position as at the beginning of the earliest comparative period, i.e. an extra comparative statement of financial position, example 30 June 2009 (NZ IAS 1.10(f)).

These financial statements do not present a third balance sheet.

2. Section 101(b) of the Financial Reporting Act 1993, requires the financial statements to be signed and dated on behalf of the Board by two directors unless there is only one director, (Section 13(1)(b) contains the same requirement in respect of the group financial statements). These model financial statements place these signatures under the Responsibility Statement and at the bottom of the statement of financial position. Signed approval of the financial statements is only required at one place in the Annual Report.

# Grant Thornton Holdings (NZ) Limited

NZ IAS 1.10(c)

## Statement of changes in equity For the year ended 30 June 2011

NZ IAS 1.38,39

		Share capital	Retained earnings	Share option reserve	Foreign currency translation reserve	Asset revaluation reserve	Available- for-sale revaluation reserve	Cash-flow hedges reserve	Total attributable to owners of parent	Non controlling interest	Total equity
	Notes	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Group 2010</b>											
Balance 1 July 2009		15,050	22,739	-	(113)	689	-	312	38,677	476	39,153
Impact of change in accounting policy		-	-	-	-	-	-	-	-	-	-
Prior period adjustment		-	-	-	-	-	-	-	-	-	-
Restated balance 1 July 09		15,050	22,739	-	(113)	689	-	312	38,677	476	39,163
NZ IAS 1.106(d)(i) Profit / (loss) for the year		-	13,336	-	-	-	-	-	13,336	116	13,452
NZ IAS 1.106(d)(ii) Other comprehensive income	14	-	-	-	(246)	-	35	(472)	(683)	-	(683)
NZ IAS 1.106(d)(iii) <b>Total comprehensive income for the year</b>		-	13,336	-	(246)	-	35	(472)	12,653	116	12,769
NZ IAS 1.106(d)(iii) <b>Transactions with owners of the Company recorded directly in equity</b>											
Proceeds from share capital issued		-	-	-	-	-	-	-	-	-	-
Consideration paid for share capital buy-back		-	-	-	-	-	-	-	-	-	-
NZ IAS 1.107 Dividends to shareholders		-	-	-	-	-	-	-	-	-	-
Share-based payments		-	-	466	-	-	-	-	466	-	466
<b>Changes in ownership interests in subsidiaries</b>											
Acquisition of non-controlling interest without a change in control		-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest with a change in control		-	-	-	-	-	-	-	-	-	-
<b>Transactions with non-owners recorded directly in equity</b>											
		-	-	-	-	-	-	-	-	-	-
Balance 30 June 2010		15,050	36,075	466	(359)	689	35	(160)	51,796	592	52,388

These financial statements should be read in conjunction with the notes to the financial statements.



Grant Thornton Holdings (NZ) Limited  
Statement of changes in equity (continued)  
For the year ended 30 June 2011

		Share capital	Retained earnings	Share option reserve	Foreign currency translation reserve	Asset revaluation reserve	Available- for-sale reserve	Cash flow hedge reserve	Total attributable to owners of parent	Non controlling interest	Total equity
Group 2011	Notes	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance 1 July 2010		15,050	36,075	466	(359)	689	35	(160)	51,796	592	52,388
Profit / (loss) for the year		-	15,326	-	-	-	-	-	15,326	121	15,447
Other comprehensive income	14	-	-	-	(488)	212	63	629	416	-	416
<b>Total comprehensive income for the year</b>		-	15,326	-	(488)	212	63	629	15,742	121	15,863
<b>Transactions with owners of the Company recorded directly in equity</b>											
Issue of share capital		16,680	-	-	-	-	-	-	16,680	-	16,680
Issue of share capital under share-based payment		1,685	-	-	-	-	-	-	1,685	-	1,685
Employee share based payment		-	-	298	-	-	-	-	298	-	298
Consideration paid for share capital buy-back		-	-	-	-	-	-	-	-	-	-
Dividends to shareholders		-	(3,000)	-	-	-	-	-	(3,000)	-	(3,000)
<b>Changes in ownership interests in subsidiaries</b>											
Acquisition of non-controlling interest without a change in control		-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest with a change in control		-	-	-	-	-	-	-	-	-	-
<b>Transactions with non-owners recorded directly in equity</b>											
Balance 30 June 2011		33,415	48,401	764	(847)	901	98	469	83,201	713	83,914

These financial statements should be read in conjunction with the notes to the financial statements.

## Grant Thornton Holdings (NZ) Limited

### Statement of changes in equity (continued) For the year ended 30 June 2011

		Share capital	Retained earnings	Share option reserve	Foreign currency translation reserve	Asset revaluation reserve	Available- for-sale reserve	Cash flow hedge reserve	Total equity
Parent 2010	Notes	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance 1 July 2009		15,050	(3,333)	-	(28)	172	-	78	11,939
Profit/ (loss) for the year		-	3,363	-	-	-	-	-	3,363
Other comprehensive income	14	-	-	-	(61)	-	9	(118)	(170)
<b>Total comprehensive income for the year</b>		-	3,363	-	(61)	-	9	(118)	3,192
<b>Transactions with owners of the Company recorded directly in equity</b>									
Proceeds from share capital issued		-	-	-	-	-	-	-	-
Share-based payments		-	-	466	-	-	-	-	466
Consideration paid for share capital buy-back		-	-	-	-	-	-	-	-
Dividends to shareholders		-	-	-	-	-	-	-	-
<b>Transactions with non-owners recorded directly in equity</b>		-	-	-	-	-	-	-	-
Balance 30 June 2010		15,050	30	466	(90)	172	9	(40)	15,597

These financial statements should be read in conjunction with the notes to the financial statements.

# Grant Thornton Holdings (NZ) Limited

## Statement of changes in equity (continued) For the year ended 30 June 2011

		Share capital	Retained earnings	Share option reserve	Foreign currency translation reserve	Asset revaluation reserve	Available- for-sale reserve	Cash flow hedge reserve	Total equity
Parent 2011	Notes	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance 1 July 2010		15,050	30	466	(90)	172	9	(40)	15,597
Profit /(loss) for the year		-	17,448	-	-	-	-	-	17,448
Other comprehensive income	14	-	-	-	(122)	53	15	157	103
<b>Total comprehensive income for the year</b>		-	17,448	-	(122)	53	16	157	17,551
<b>Transactions with owners recorded directly in equity</b>									
Issue of share capital		16,680	-	-	-	-	-	-	16,680
Issue of share capital under share-based payment		1,685	-	-	-	-	-	-	1,685
Employee share based payment		-	-	298	-	-	-	-	298
Consideration paid for share capital buy-back		-	-	-	-	-	-	-	-
Dividends to shareholders		-	(3,000)	-	-	-	-	-	(3,000)
<b>Transactions with non-owners recorded directly in equity</b>		-	-	-	-	-	-	-	-
Balance 30 June 2011		33,415	14,478	764	(212)	225	25	117	48,812

These financial statements should be read in conjunction with the notes to the financial statements.

## Commentary – Statement of changes in equity (SOCIE)

### Presentation choices

1. The statement of changes in equity format presented in these model financial statements shows a single line for “other comprehensive income”. The IASB 2010 Annual Improvements clarified that entities may present the required reconciliation for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
2. An entity shall present, either in the SOCIE or in the notes, the amount of dividends recognized as distributions to owners during the period, and the related amount per share.

### Other matters

1. NZ IFRS 2 Share-based Payment requires an entity to recognise equity-settled share-based payment transactions as changes in equity but does not specify how this is presented, e.g. in a separate reserve within equity or within retained earnings. In our view, either approach would be allowed under NZ IFRS. Share option reserve has been credited with an increase in equity in this example.

# Grant Thornton Holdings (NZ) Limited

NZ IAS 1.10(d)

## Statement of cash flows For the year ended 31 June 2011

	Notes	Group		Parent	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
NZ IAS 1.38,39					
NZ IAS 7.10(18)a	Cash flow from operating activities <i>Cash was provided from/ (applied to):</i>				
NZ IAS 7.14a	Receipts from customers	205,909	191,751	51,477	47,938
NZ IAS 7.31	Interest received	752	447	188	112
NZ IAS 7.31	Dividends received	62	21	16	5
NZ IAS 7.14(c),(d)	Payments to suppliers and employees	(188,919)	(177,060)	(46,155)	(41,246)
	Research and development costs paid	(1,610)	(1,015)	(403)	(254)
NZ IAS 7.14(f),35	Income tax paid	(2,192)	(5,728)	(548)	(1,432)
	Net cash from continuing activities	14,002	8,416	4,575	5,123
	Net cash from discontinued activities	20 (22)	811	(6)	203
	<b>Net cash flows from/ (used in) operating activities</b>	36 13,980	9,227	4,569	5,326
NZ IAS 7.10,21	Cash flow from investing activities <i>Cash was provided from/ (applied to):</i>				
NZ IAS 7.16(b)	Proceeds from sale of property, plant and equipment	86	-	22	-
	Proceeds from sale of intangible assets	924	-	231	-
NZ IAS 7.39	Proceeds from sale of subsidiaries, net of cash	5 -	-	3,117	-
	Proceeds from sale of financial assets	-	-	-	-
	Proceeds from sale of derivatives	228	132	57	33
NZ IAS 7.16(a)	Purchase of property, plant and equipment	23 (76)	(3,281)	(19)	(820)
NZ IAS 7.16(a)	Purchase of intangible assets	22 (3,666)	(3,313)	(917)	(828)
NZ IAS 7.39	Acquisition of subsidiaries, net of cash	5 -	-	(15,714)	(12,076)
NZ IAS 7.16(a)	Payments for investment properties	-	-	-	-
	Payments to acquire financial assets	-	-	-	-
	<b>Net cash flow from/ (used in) investing activities</b>	(15,101)	(18,538)	(13,223)	(13,691)
NZ IAS 7.10,21	Cash flow from financing activities <i>Cash was provided from/ (applied to):</i>				
NZ IAS 7.17(c)	Proceeds from borrowings	1,441	-	360	-
NZ IAS 7.17(a)	Proceeds from issue of share capital	18,365	-	18,365	-
NZ IAS 7.17(d)	Repayment of borrowings	(3,778)	(649)	(945)	(162)
NZ IAS 7.31	Interest paid	(1,035)	(907)	(259)	(227)
	Dividends paid	(3,000)	-	(3,000)	-
NZ IAS 7.42A	Acquisition of non-controlling interest	-	-	-	-
	<b>Net cash flow from/ (used in) financing activities</b>	11,993	(1,556)	14,521	(389)
NZ IAS 7.45	<b>Net change in cash and cash equivalents</b>	23,469	1,209	5,867	(8,754)
	Cash and cash equivalents, beginning of year	11,259	10,007	2,815	11,557
NZ IAS 7.28	Foreign exchange differences	61	43	15	11
		34,789	11,259	8,698	2,814
	Included in disposal group	-	(22)	-	(5)
NZ IAS 7.45	<b>Cash and cash equivalents at end of year</b>	15 34,789	11,237	8,698	2,809

## Commentary – Statement of cash flows

### Other matters

1. NZ IFRS does not specify the classification of cash flows from interest and dividends received and paid, and an entity is required to choose its own policy for classifying interest and dividends paid and received as either operating or financing activities. NZ IAS 7 explicitly states that only expenditure that results in an asset can being recognised be classified as a cash flow from investing activities. Therefore these model financial statements have classified interest income, interest expense and dividend income as operating cash flows, dividends paid to shareholders are classified as financing activities.
2. NZ IAS 7.30 requires an acquisition of a further share in a subsidiary while maintaining control to be classified as an equity transaction. NZ IAS 7.42A states that cash flows arising from changes to ownership interests in a subsidiary that do not result in a loss of control shall be classified as cash flows from financing activities.

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 1 Reporting entity

The reporting entity is Grant Thornton Holdings (NZ) Limited (the "Parent"). The Parent is a profit orientated entity incorporated and domiciled in New Zealand. The "Group" comprising the Parent and its subsidiaries is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act. The Parent is an issuer as defined by the Financial Reporting Act 1993 and is publicly listed on the New Zealand Stock Exchange.

NZ IAS 1.138(a),(c)

The Parent and Group principal activities include the development, consulting, sale and service of customised IT and telecommunication services. The Group provides phone and intranet based in-house applications including the integration of mobile end devices into new and existing IT and telecommunication structures. By integrating these activities, the Group acts as a one-stop-shop for the modern day communication requirements of small- to medium-sized companies. Services include consulting activities that concentrate on the design of combined IT and telecommunication systems for clients. The Group also delivers IT and telecommunication solutions specifically designed for the customer through modification of complex equipment. The Group sells the hardware and software products of the Group's business partners and delivers extensive after-sale service and maintenance for these products. The acquisitions and disposals described in note 6 are in line with the Group's strategy to increase online sales capacity.

NZ IAS1.138(b)

These financial statements were approved for issue by the Board of Directors on 28 August 2011.

NZ IAS 10.17

### 2 Basis of preparation

#### (a) Statement of compliance

NZ IAS 1.16

The financial statements of the Parent and Group 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 1993. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

NZ IAS 1.NZ15.1,2

#### (b) Basis of measurement

The financial statements have been prepared on a historical costs basis, except for assets and liabilities that have been measured at fair value.

NZ IAS  
1.117(a),118,112(a)

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

#### (c) Presentation currency

NZ IAS 1.51(d),(e)

The financial statements are presented in New Zealand dollars (\$), which is the Parent and Group's functional currency. Numbers presented are rounded to the nearest thousand.

NZ IAS 21.53

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### (d) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Parent and Group have adopted the following new and amended New Zealand equivalents to IFRS and IFRIC interpretations as at 1 July 2010:

NZ IAS 8.14

#### **NZ IFRS 2 *Group Cash-settled Share-based Payment Transactions* (effective from 1 January 2010)**

The amendments clarify the scope of NZ IFRS 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The revised standard did not have an impact on the financial position or performance of the Group.

#### **NZ IFRS 3 *Business Combinations* (effective from 1 July 2009)**

The revised standard on business combinations introduces major changes to the accounting requirements for business combinations. It retains the major features of the purchase method of accounting, now referred to as the acquisition method. The significant changes that had an impact of the Group's business acquisitions in 2010 are as follows:

- Acquisition related costs of the business combination are recorded as an expense in the reported profit or loss. Previously, these costs would have been accounted for as part of the goodwill calculation.
- Any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration arrangement gives rise to a financial liability, any subsequent changes are generally recognised in the reported profit or loss. Previously, contingent consideration was recognised as an adjustment to goodwill.
- The measurement of assets acquired and liabilities assumed at their acquisition date fair values is retained. However, the revised standard includes certain new exceptions and provides specific measurement rules.

The revised standard has been applied prospectively to business combinations for which the acquisition date is on or after 1 July 2009. Business combinations for which the acquisition date is before 1 July 2009 have not been restated.

#### **NZ IAS 27 *Consolidated and Separate Financial Statements* (effective from 1 July 2009)**

The revised standard introduced changes to accounting for acquisitions of non-controlling (previous called "minority") interests and the loss of control of a subsidiary. These changes are applied prospectively.

Under the revised standard a change in ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. The adjustments to non-controlling interests are based on a proportionate amount of net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of additional investments over the carrying amount of the interest in the net assets acquired at the date of the transaction.



# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### **NZ IFRIC 17 *Distribution of Non-cash Assets to Owners***

The Parent and Group measure any liabilities to distribute non-cash assets to owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is re-measured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in the reported profit or loss.

The new IFRIC has been applied prospectively.

### **Improvements to IFRSs**

In 2008 and 2009 the IASB issued an omnibus of amendments to its standards, affecting the financial statements for the year ended 30 June 2010 and June 2011, primarily with a view to removing inconsistencies and clarifying wording. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the reported financial position or performance of the Parent and Group:

- **NZ IAS 17 *Leases*:** The amendment requires that leases of land are classified as finance or operating by applying the general principles of NZ IAS 17. Prior to this amendment, NZ IAS 17 generally required a lease of land to be classified as an operating lease. The Parent and Group has reassessed the classification of the land elements of its unexpired leases at 1 July 2010 on the basis of information existing at the inception of those leases and determined that none of its leases require reclassification.
- **NZ IFRS 8 *Operating Segments*:** Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information.
- **NZ IAS 7 *Statement of Cash Flows*:** Explicitly states that only expenditure that results in recognizing an asset can be classified as cash flows from investing activities.
- **NZ IAS 18 *Revenue*:** The Directors' have added guidance to its accounting policies to determine whether the Parent and Group are acting as a principle or as an agent in revenue transactions. The Parent and Group have assessed its revenue arrangements against the criteria provided by the revised standard and concluded current recognition of revenue is consistent with the standard.

- (e) New NZ IFRS standards and interpretations issued but not yet adopted  
At the date of authorisation of these financial statements, certain new standards and interpretations to existing standards have been published but not yet effective, and have not been adopted early by the Parent and Group.

NZ IAS 1.16  
NZ IAS 8.31

Management anticipates that all pronouncements will be adopted in the first accounting period beginning on or after the effective date of the new standard. Information on new standards, amendments and interpretations that are expected to be relevant to the Parent and Group financial statements is provided below. Certain other new standards and interpretations issued but not yet effective, that are not expected to have a material impact on the Parent and Group's financial statements have not been disclosed.

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### **NZ IFRS 9 – Financial instruments (effective from 1 January 2013)**

The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety by the end of 2011, with replacement standard (NZ IFRS 9) to be effective for accounting periods beginning on or after 1 January 2013. The new standard is being issued in phases, with early adoption available as each phase is issued. To date, the chapters dealing with recognition, classification, measurement and de-recognition of financial assets and financial liabilities have been issued. The chapters dealing with impairment and hedge accounting are still being developed.

Management have yet to assess the impact this new standard is likely to have on the recognition and measurement of financial assets held by the Parent and Group. However, they do not expect to implement the amendments until all chapters of NZ IFRS 9 have been published and they can comprehensively assess the impact of all changes.

### **2010 Improvements to IFRSs (effective for years beginning 1 July 2010)**

In May 2010 the IASB issued the annual omnibus of minor amendments to IFRS standards. Management has yet to complete a detailed review of these amendments, however upon preliminary review the impact is not expected to be significant.

### **3 Significant accounting policies**

The accounting policies of the Parent and Group have been applied consistently to all years presented in these financial statements.

NZ IAS 1.114(b)

The significant accounting policies used in the preparation of these financial statements are summarised below:

NZ IAS 1.117(b)

#### **(a) Basis of consolidation**

The Group financial statements consolidate the financial statements of the Parent and all entities over which the Parent has the power to govern the financial and operating policies so as to obtain benefits from their activities (defined as "subsidiaries"). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NZ IAS 27.12  
NZ IAS 27.14  
NZ IAS 27.26

All subsidiaries have a 30 June balance date and consistent accounting policies are applied.

NZ IAS 27.26  
NZ IAS 27.20,22

The purchase method is used to prepare the consolidated financial statements, which involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

NZ IAS 27.41(a)  
NZ IAS 27.41(c)

In the Parent financial statements investments in subsidiaries are stated at cost less any impairment losses.

NZ IAS 27.42(c)

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

NZ IAS 27.30

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

If the Group loses control over a subsidiary, it:

NZ IAS 27.34

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative carrying amount of foreign currency translation; differences recorded in reserves;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings as appropriate.

### (b) Business Combinations

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

NZ IFRS  
3.4,18,19,37,53

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

NZ IFRS 3.42

### (c) Investment in associates and joint ventures

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

NZ IAS 28.13

The Parent and Group generally deem it has significant influence if it has over 20% of the voting rights.

NZ IAS 28.6

The carrying amount of the investments in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities

NZ IAS  
28.23,31,33

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

The Parent and Group's share of associate's profit or losses is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income. The cumulative movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's profit or loss as a component of "other income".

NZ IAS 27.38A

The Parent and Group determine at each reporting date whether there is any objective evidence that the associate investment is impaired. If this is the case the Parent and Group calculate the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of profit in an associate" in the statement of comprehensive income.

NZ IAS 28.31,33

Entities whose economic activities are controlled jointly by the Group and other venturers independent of the Group (joint ventures) are accounted for using the proportionate consolidation method, whereby the Group's share of the assets, liabilities, income and expenses is included line by line in the consolidated financial statements.

NZ IAS 31.15

Amounts reported in the financial statements of associates and jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

### (d) Foreign currency translation

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

NZ IAS 21.21,  
23(a)

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

NZ IAS 21.23(b)

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the NZD (the Group's presentation currency) are translated into NZD upon consolidation.

NZ IAS 21.39

On consolidation, assets and liabilities have been translated into NZD at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate<sup>1</sup> over the reporting period. Exchange differences arising from items recognised as comprehensive income are recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into NZD at the closing rate.

NZ IAS 39.102

### (e) Segment reporting

In identifying its operating segments, management generally follows the Group's service lines,

NZ IFRS 8.22(a)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

which represent the main products and services provided by the Group.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

NZ IFRS 8.7

The activities undertaken by the *consulting segment* includes the sale, customisation and integration of IT and telecommunication systems. Maintenance of these systems is undertaken by the *service segment*. The *retail segment* includes the entire Group's internet-based selling activities of hardware and software products.

NZ IFRS 8.22(b)

The measurement policies the Group uses for segment reporting under NZ IFRS 8 *Operating Segments* are the same as those used in its financial statements, except that the following are not included in arriving at the operating profit of the operating segments :

NZ IFRS 8.27(b-d)

- post-employment benefit expenses
- expenses relating to share-based payments
- research costs relating to new business activities
- revenue, costs and fair value gains from investment property

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. In the financial periods under review, this primarily applies to the Group's headquarters and the Illustrative Research Lab in Greatville.

There have been no changes from prior years in the measurement methods used to determine reported segment profit or loss.

NZ IFRS 8.27(e)

### (f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Parent and Group and revenue can be reliably measured. Revenue is measured at the fair value of consideration received, excluding sales taxes, rebates, and trade discounts. The Parent and Group assess its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Parent and Group's own account is recognised as gross revenue in the Statement of Comprehensive Income.

NZ IAS 18.9,35(a)

The Group often enters into sales transactions involving a range of the Group's products and services (multiple components). The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component.

The following specific recognition criteria must be met before revenue is recognised:

#### **Sale of goods**

Sale of goods comprises the sale of software and hardware, and is recognised when the Parent and Group has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods. Revenue from the sale of hardware or software products with no significant service obligation is recognised on delivery. Where software or hardware requires significant tailoring,

NZ IAS 18.14

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

modification or integration the revenue is recognised using the percentage of completion method as described below.

When goods are sold together with customer loyalty incentives, the arrangement is considered a multiple-element arrangement. The consideration receivable is allocated between the components of the sale based on their fair values. Revenue from sales of incentives is recognised when they are redeemed by customers in exchange for products supplied by the Group.

### **Rendering of services**

NZ IAS 18.20

Service revenue comprises after-sales service and maintenance, consulting, and construction contracts for telecommunication solutions.

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. Under this method, revenue is recognised in the accounting periods in which the services are provided.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

NZ IAS 18.26

### **Rental income**

Rental income arising from rental premises is accounted for on a straight-line basis over the lease term.

NZ IAS 17.50

### **Construction contracts**

NZ IAS 11

The Group provides telecommunication solutions specifically customised to each customer. These contracts specify a fixed price for the development and installation of IT and telecommunication systems, and are within the scope of NZ IAS 11 *Construction Contracts*.

When the outcome can be assessed reliably, contract revenue and associated costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity.

When the Group cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of contract costs that have been incurred and are recoverable. Contract costs are recognised in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in profit or loss.

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. The Group's construction contracts usually define milestones for the project work to be carried out.

The maximum amount of revenue to be recognised for each milestone is determined by estimating relative contract fair values of each project phase; that is by comparing overall revenue that the Group expects from its construction contract with the profit expected to be made on fulfilling the corresponding milestone. Progress and related contract revenue in-between milestones is determined by comparing costs incurred to date with the total

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

estimated costs estimated for that particular milestone (this procedure is sometimes referred to as the "cost-to-cost" method).

The gross amount due from customers for contract work is presented as an asset within "trade and other receivables" for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. The gross amount due to customers for contract work is presented as a liability within "other liabilities" for all contracts in progress for which progress billings exceed costs incurred plus recognised profits.

### **Interest income**

Interest revenue is recognized as the interest accrues, using the effective interest method.

NZ IAS 18.30(a)

### **Dividend income**

Dividend income is recognised on the date the dividend is declared.

NZ IAS 18.30(c)

### (g) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

### (h) Borrowing costs

Borrowing costs are recognized as an expense when incurred except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case the borrowing costs are capitalised.

NZ IAS 23.8,12

Finance costs comprise of interest expenses charged on borrowings and the unwinding of discounts used to measure the fair value of provisions.

### (i) Profit and loss from discontinued operations

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

NZ IFRS 5.32

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business; or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest year presented. Where operations previously presented as discontinued are now regarded as continuing operations, prior year disclosures are correspondingly re-presented.

NZ IFRS 5.34

### (j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other

NZ IAS 7.45  
NZ IAS 7.46



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## Notes to the financial statements 30 June 2011

short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(k) Trade debtors and other receivables

NZ IAS  
39.43,46(a)

Trade and other receivables are valued at cost less any impairment losses.

An allowance for impairment is established where there is objective evidence the Parent and Group will not be able to collect all amounts due according to the original terms of the receivable.

Receivables with a short duration are not discounted.

(l) Assets available for sale

NZ IFRS  
5.6,7,15,25

When the Parent or Group intends to sell non-current assets or groups of assets, and if the sale is highly probable to be carried out within 12 months, the asset or group of assets is classified as "held for sale" and presented as such in the statement of financial position.

Non-current assets classified as "held for sale" are measured at the lower of their carrying amounts, immediately prior to their classification as held for sale and their fair value less costs to sell. However, some "held for sale" assets such as financial assets or deferred tax assets continue to be measured in accordance with the Group's accounting policy for those assets. No assets classified as "held for sale" are subject to depreciation or amortisation subsequent to their classification as "held for sale".

(m) Property, plant and equipment

NZ IAS  
16.13,14,15,30

Property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses, except for land. Cost includes expenditure that is directly attributable to the acquisition of the asset.

### Additions

The cost replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Parent and Group and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to profit or loss in the year in which the expense is incurred.

### Disposals

Gains or losses on disposal are determined by comparing the proceeds with the carrying amount of the asset and the difference reported in profit or loss.



# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Depreciation

Depreciation is charged on a straight-line basis on all property, plant and equipment over the estimated useful life of the asset (except for land). Depreciation is charged to profit or loss and disclosed within "overheads and administration" expenses. The following depreciation rates have been applied to each class of property, plant and equipment :

NZ IAS 16.73(b)  
NZ IAS 16.73(c)

Buildings	25 – 50 years
IT equipment	2 – 5 years
Other equipment	3 – 12 years

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

The residual value and useful life of property, plant and equipment is reassessed annually.

NZ IAS 16.51

### Revaluations

NZ IAS 16.39

Following initial recognition at cost, land assets are carried at re-valued amounts, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is reported less any costs that would be necessary to sell the assets.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is recognised in other comprehensive income and credited to the asset revaluation reserve in equity, unless the increase relates to a revaluation decrease of the same asset previously recognised in the profit or loss.

NZ IAS16.39

Any revaluation deficit is recognised in other comprehensive income and credited to the asset revaluation reserve in equity to the extent of the revaluation reserve balance accumulated from previous year gains. When no revaluation reserve balance is available to offset a revaluation loss the revaluation deficit is reported within profit or loss for the year.

NZ IAS16.40

Revaluations are completed on an asset basis and movements are evaluated on an asset class basis.

Upon disposal, any revaluation reserve relating to the particular asset being sold is reclassified to retained earnings.

Independent valuations are performed on at least a 2 yearly basis or with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the reporting date.

### (n) Intangible assets

#### Indefinite useful lives

Goodwill represents the excess of the purchase consideration over the Group's interest in the

NZ IFRS 3.54

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

fair value of identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

Goodwill and other intangible assets with indefinite useful lives are measured at cost less accumulated impairment losses; impairment testing is performed on an annual basis.

NZ IAS 36.8

### Other intangible assets

Intangible assets acquired by the Parent and Group, which have finite useful lives, are measured at cost less accumulated amortisation and any impairment losses.

NZ IAS 38.24,74

Amortisation is recognised on a straight-line basis over the estimated useful life of the asset, from the date they are available for use and disclosed within "overheads and administration" expenses.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Subsequent expenditure is expensed as incurred.

Costs associated with maintaining computer software, i.e. expenditure relating to patches and other minor updates as well as their installation, is expensed as incurred.

The following amortisation rates have been applied to each class of intangible assets:

Software	3 – 5 years
Brand names	15 – 20 years
Customer lists	4 – 6 years

Residual values and useful lives are reviewed at each reporting date.

### Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss when incurred.

NZ IAS  
38.54,57,72

Development activities include a plan or design for the production of new or substantially improved products. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit and loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and any impairment losses.

### Disposals

Gains or losses on disposal are determined by comparing the proceeds with the carrying amount of the intangible asset and reported in profit or loss.

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### (o) Investment Property

Investment property is held either to earn rental income or for capital appreciation or for both. Investment property is measured at fair value with any change therein recognised in profit or loss.

NZ IAS 40.75(a)

Fair value is determined annually by external professional valuers with sufficient experience with respect to both the location and the nature of investment property and supported by market evidence.

NZ IAS 40.75(d)

When the use of investment property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

### (p) Leased assets

Leases where the Parent and Group assume substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance leases. All other leases are classified as operating leases.

Upon initial recognition finance leased assets are measured at an amount equal to the lower of its fair value and the present value of minimum leased payments and a matching liability is recognised for minimum lease payment obligations excluding the effective interest expense. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

NZ IAS 17.8,20,25

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

NZ IAS 17.33

### (q) Inventory

Inventories are measured at the lower of cost and net realisable value.

NZ IAS 2.36(a)  
NZ IAS 2.9

Cost is calculated on an average basis and includes expenditure incurred in acquiring inventories and bringing them to a location and condition available for sale.

Net realisable value is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and selling expenses after making due allowance for any damaged and obsolete inventory.

NZ IAS 2.6

Inventory costs include a systematic allocation of appropriate production overheads that relate to putting inventories in their present location and condition but exclude borrowing costs.

### (r) Impairment

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication of impairment. If any such indication exists for an

NZ IAS 36.6,9,66

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Goodwill and other intangible assets with indefinite useful are tested for impairment annually.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

The estimated recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to their present value using a pre-tax discount rate that reflects current market rates and risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If a re-valued asset is determined to be impaired, then the impairment is firstly applied against the related component of the revaluation reserve, with any remaining impairment loss expensed in profit or loss. If the impairment loss is subsequently reversed, the reversal is firstly applied to profit or loss to the extent of previously expensed impairment losses relating to that asset, with any further increase taken to the revaluation reserve. For assets which are not re-valued, an impairment loss is expensed immediately in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indicators exist, the Parent and Group estimate the asset's recoverable amount, to measure the reversal of any previous year impairment charges. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversals of impairment losses are recognised in profit or loss. Any impairment of goodwill recognised cannot be subsequently reversed.

NZ IAS 36.110

### (s) Financial instruments

NZ IFRS 7

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables, borrowings, other financial liabilities and derivative financial instruments.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for those carried at fair value through profit or loss, which are measured at fair value.

### **Recognition and de-recognition of financial assets and liabilities**

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

NZ IAS 39.44

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

NZ IAS 39.17

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### **Subsequent measurement of financial assets**

The subsequent measurement of financial assets depends on their classification based on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition into one of four categories defined below, and re-evaluates this designation at each reporting date.

NZ IAS 39.43,45

All financial assets except for those classified as fair value through profit or loss are subject to review for impairment at least at each reporting date. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

NZ IFRS 7.B5(f)

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

#### *(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

NZ IFRS 7.B5(f)

#### *(ii) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

NZ IAS 39.9,45

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of non-derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

#### *(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Parent and Group have the intention and ability to hold them until maturity. The Parent and Group currently hold listed bonds designated into this category.

NZ IAS 39.9,46(a)

Held-to-maturity investments are measured subsequently at amortised cost using the

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include listed securities and debentures, and certain other equity investments.

NZ IAS 39.9,55(b)

Equity investments are measured at cost less any impairment charges, where the fair value cannot currently be estimated reliably.

All other available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the "available-for-sale reserve" within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss.

When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Any associated interest income or dividends are recognised in profit or loss within "finance income".

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

### **Subsequent measurement of financial liabilities**

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are subsequently measured at fair value with gains or losses recognised in profit or loss.

### **Derivative financial instruments**

The Parent and Group use derivative financial instruments including forward exchange contracts and interest rate swaps for the primary purpose of reducing its exposure to fluctuations in foreign currency rates and interest rates.

NZ IAS 39.46,47

A specific accounting treatment is required for derivatives designated as hedging instruments in cash flow hedge relationships. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. All other derivative financial instruments are accounted for at fair value through profit or loss.

For the current reporting years, the Parent and Group has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate currency exchange risk arising from certain

NZ IFRS 7.22(a)  
NZ IFRS 7.22(c)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

legally binding sales and purchase orders denominated in foreign currency.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the "cash flow hedge reserve" in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

Any gains or losses arising from changes in fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

NZ IAS 39.55(a)

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur or if the hedging instrument becomes ineffective, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss.

### (t) Employee entitlements

#### **Short term benefits**

Employee benefits that the Parent and Group expect to be settled within 12 months of balance date are measured at nominal value based on accrued entitlements at current rate of pays.

NZ IAS 19.10,11

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, and non-accumulating sick leave.

The Parent and Group recognise a liability for sick leave. The amount is calculated based on the unused sick leave entitlements that can be carried forward at balance date, to the extent that the Parent and Group anticipates that it will be used by staff to cover those future absences.

The Parent and Group recognises a liability and expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

#### **Long-term benefits**

NZ IAS 19.128

The Parent and Group's net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their services in the current and prior years. The obligation is calculated using the projected unit credit method and is discounted to its present value. Any actuarial gains and losses are recognised in profit or loss in the year in which they arise.



# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Parent and Group pays fixed contributions into an independent entity. The Parent and Group have no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Group contributes to several plans and insurances for individual employees that are considered defined contribution plans. Contributions to the plans are recognised as an expense in the year that relevant employee services are received.

### Defined benefit plans

Plans that do not meet the definition of a defined contribution plan are defined benefit plans. The defined benefit plan sponsored by the Group defines the amount of pension benefit that an employee will receive on retirement by reference to length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

Management estimates the defined benefit obligation annually with the assistance of independent actuaries. The estimate of its post-retirement benefit obligations is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are not recognised as an expense unless the total unrecognised gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

NZ IAS 19.120A(a)

Interest expenses related to pension obligations are included in "finance costs" in profit or loss. Return on plan assets is included in 'other financial items'. All other post employment benefit expenses are included in "employee benefits expense".

### Share-based payment transactions

NZ IFRS 2

The Parent and Group operate equity-settled share-based remuneration plans for its employees. None of the Parent and Group plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards.



# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up, are allocated to share capital.

### (u) Provisions

A provision is recognised for a liability when the settlement amount or timing is uncertain; when there is a present legal or constructive obligation as a result of a past event; it is probable that expenditures will be required to settle the obligation; and a reliable estimate of the potential settlement can be made. Provisions are not recognised for future operating losses.

NZ IAS  
37.14,24,63

A provision for onerous contracts is recognised when the expected benefits to be derived by the Parent and Group from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it.

NZ IAS 37.71

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

NZ IAS  
37.36,45,47

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### (v) Goods and services tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

### (w) Income taxes

The income tax expense recognised in profit or loss comprises the sum of deferred tax movements and current tax not recognised in other comprehensive income or directly in

NZ IAS 12

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

equity.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustment to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred tax is the amount of income tax payable or recoverable in future years in respect of temporary differences and unused tax losses (if any). Temporary differences are differences between the carrying amount of asset and liabilities in the financial statements and the corresponding tax bases used in the consumption of taxable surpluses.

Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects the tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

NZ IAS 12.15

Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available in future years, against which the deductible temporary differences or tax losses can be utilised.

NZ IAS 12.24

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Parent and Group expects to recover the carrying amount of its assets and liabilities.

NZ IAS 12.74

Deferred tax assets and liabilities are offset only when the Parent and Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of income tax in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

NZ IAS 12.61A  
NZ IAS 1.117

### (x) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

NZ IAS 33.10.31

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shareholders outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

### (y) Share capital and other equity reserves

Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are recognised as a deduction from equity, net of

NZ IAS 1.79(b)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

any related income tax benefits.

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment. Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the translation reserve. Gains and losses on certain financial instruments are included in reserves for available-for-sale financial assets and cash-flow hedges respectively.

Retained earnings include all current and prior year retained profits or losses.

#### Commentary – Disclosure of accounting policies

1. Only the accounting policies and changes in accounting policies that are applicable to the reporting entity require disclosure.
2. Entities with investment properties carried at fair value should consider the merits of adopting Deferred Tax: Recovery of Underlying Assets (amendments to IAS 12) early. The standard was issued in February 2011 and is effective for accounting periods beginning on or after 1 January 2012 and early adoption is permitted.

The amendment introduces a rebuttable assumption that the measurement of deferred of deferred tax liabilities or deferred tax assets arising from investment properties measured at fair value should reflect the tax consequences of recovering the amount entirely through sale. The deferred tax asset or liability is therefore limited to the tax consequences of sale of investment properties and where no capital gains tax is applicable; the deferred tax balance will be limited to depreciation recovered.

The adoption of this amendment in the 2011 year will, for entities that own investment properties, significantly decrease the deferred tax impact for many entities, as a result of the 2010 Government Budget announcements removing depreciation deduction on long-lived buildings.

The amendment requires retrospective adoption and therefore when first adopted a third balance sheet will require presentation.

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 4 Significant management judgements and estimates in applying accounting policies

NZ IAS 1.22  
NZ IAS 1.125

When preparing the financial statements management undertakes a number of judgements, estimates and assumption that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant assumptions and estimates is provided below or in the relevant accounting policy with additional analysis in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

The following are significant management judgements in applying the accounting policies of the Parent and Group that have a significant effect on the financial statements:

#### **Impairment**

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

#### **Revenue**

The Parent and Group commit to extensive after-sales support in their service contracts. The amount of the selling price associated with the subsequent servicing agreement is deferred and recognised as revenue over the period during which the service is performed. The nature of services provided depends on the customer's use of the products. Therefore management exercises significant judgement in determining when to recognise income from after-sales services. In particular, this considers historical experience and requires knowledge of the customers and the markets in which the Parent and Group operates.

#### **Construction contract revenue**

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. In this process management exercises significant judgement about milestones, actual work performed and the estimated costs to complete the work. Management assesses the profitability of ongoing construction contracts and the order backlog at least monthly, using extensive project management procedures.

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### **Internally generated software and research costs**

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase.

To distinguish any research-type project phase from the development phase, it is the Parent and Group's accounting policy to require a detailed forecast of sales or cost savings expected to be generated by the intangible asset. The forecast is incorporated into the Parent and Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets are based on the same data.

### **Deferred tax assets**

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Parent and Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax losses or credits. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full.

### **Inventories**

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Parent and Group's core business is subject to technology changes which may cause selling prices to change rapidly. Moreover, future realisation of the carrying amounts of inventory assets is affected by price changes in different market segments.

### **Fair value of financial instruments**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make.

### **Provisions**

The Parent and Group are currently defending certain lawsuits where the actual outcome may vary from the amount recognised in the financial statements. None of the provisions will be discussed here in further detail so as not to seriously prejudice the Parent and Group's position in the related disputes.

The amount recognised for warranties for which customers are covered for the cost of repairs is estimated based on management's past experience and the future expectations of defects.

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The defined benefit liability is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit obligations.

### 5 Subsidiaries

The consolidated financial statements include the financial statements of the Parent and its subsidiaries listed in the following table:

	Country of Incorporation	Equity interest		Investment at cost	
		2011	2010	2011 \$000	2010 \$000
Grant Thornton Example Securities Limited	New Zealand	100%	100%	2,500	2,500
Goodtech Limited	Australia	100%	-	16,658	-
Goodbuy Incorporated	United States	100%	100%	12,421	12,421
High Street Limited	New Zealand	-	100%	-	3,500
				<b>31,579</b>	<b>18,421</b>

All investments in subsidiaries are carried at cost in the financial statements of the Parent and eliminated on consolidation.

### Acquisition and disposal of subsidiaries

#### Acquisition of Good Tech Limited

On 30 September 2010, the Group acquired 100% of the equity instruments of Good Tech Limited (Good Tech), a Sydney based business, thereby obtaining control. The acquisition was made to enhance the Group's position in the retail market for computer and telecommunications hardware in Australia. Good Tech is a significant business in the Group's targeted market.

NZ IFRS 3.B64  
(a) – (d)

The total cost of acquisition includes the following components:

	2011 \$000
<b>Fair value of consideration paid</b>	
Amount settled in cash	16,058
Fair value of contingent consideration	600
<b>Total</b>	<b>16,658</b>

NZ IFRS 3.B64 (f)  
NZ IFRS 3.B64 (f)(i)  
NZ IFRS 3.B64(f)(iii)  
NZ IAS 7.40(a)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

The allocation of the purchase price to the assets and liabilities of Good Tech was completed in 2011. The amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities are as follows:

<b>Identifiable net assets recognised</b>		NZ IFRS 3.B64(i) NZ IAS 7.40(d)
Inventories	8,995	
Trade and other receivables	7,792	
Cash and cash equivalents	567	
Property, plant and equipment	4,622	
Intangible assets	5,255	
Investments accounted for using the equity method	345	
Investment property	75	
<b>Total assets</b>	<b>27,651</b>	
Provisions	1,320	
Trade creditors and other payables	5,689	
Other current liabilities	2,312	
Borrowings	3,478	
Deferred tax liabilities	632	
<b>Total liabilities</b>	<b>13,431</b>	
<b>Net identifiable net assets acquired at fair value</b>	<b>14,220</b>	
<b>Goodwill recognised on acquisition</b>	<b>2,438</b>	
Consideration transferred settled in cash	16,058	NZ IAS 7.40(b)
Cash and cash equivalents acquired	(567)	NZ IAS 7.40(c)
<b>Net cash outflow on acquisition</b>	<b>15,491</b>	NZ IAS 7.42
Acquisition costs charged to expenses	223	
<b>Net cash paid relating to acquisition</b>	<b>15,714</b>	

### Consideration transferred

The acquisition of Good Tech was settled in cash of \$16,058,000.

NZ IFRS 3.B64(f)(i)

The purchase agreement included an additional consideration of \$3,100,000 payable only if the average profits of Good Tech for 2011 and 2012 exceed a target level agreed by both parties. The additional consideration will be paid on 1 October 2012. The \$600,000 fair value of the contingent consideration liability initially recognised represents the present value of the Group's probability-weighted estimate of the cash outflow. It reflects management's estimate of a 50% probability that the targets will be achieved and is discounted using an interest rate of 4.4%.<sup>2</sup> As at 30 June 2011, there have been no changes in the estimate of the probable cash outflow but the liability has increased to \$620,000 due to the unwinding of the discount.

NZ IFRS 3.B64(g)(i-iii)  
NZ IFRS 3.B67(b)(i-iii)



# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements

30 June 2011

Acquisition-related costs amounting to \$223,000 are not included as part of consideration transferred and have been recognised as an expense in Group profit or loss, as part of "other expenses".

NZ IFRS 3.B64 (m)

### Identifiable net assets

The fair value of the trade and other receivables acquired as part of the business combination amounted to \$7,792,000, with a gross contractual amount of \$7,867,000. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to \$75,000.

NZ IFRS 3.B64 (h)(i-iii)

### Goodwill

Goodwill of \$2,438,000 is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of Good Tech's workforce and expected cost synergies. Goodwill has been allocated to cash-generating units at 30 June 2011. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

NZ IAS 3.67(e)  
NZ IAS 36.133  
NZ IFRS 3.B64(k)

### Contribution to the Group results

Good Tech incurred a loss of \$20,000 for the 10 months from 30 September 2010 to the reporting date, primarily due to integration costs.

NZ IFRS 3.B64(q)(i-ii))

If Good Tech had been acquired on 1 July 2010, revenue of the Group for 2011 would have been approximately \$212 million, and profit for the year would have increased by approximately \$350,000.

### Acquisition of Good Buy Inc

On 31 July 2009, the Group acquired 100% of the equity instruments of Good Buy Inc. (Good Buy), a Delaware (USA) based business. The acquisition of Good Buy was made to enhance the Group's position as a retailer for computer and telecommunications hardware in the US market.

NZ IFRS 3.66  
NZ IFRS 3.B64  
(a) – (d)

The total cost of acquisition includes the following components:

	2010 \$000	
<b>Fair value of consideration paid</b>		NZ IFRS 3.B64 (f)
Amount settled in cash	12,421	NZ IFRS 3.B64 (f)(i)
Fair value of contingent consideration	-	NZ IFRS 3.B64(f)(iii)
<b>Total</b>	<b>12,421</b>	NZ IAS 7.40(a)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements

30 June 2011

The allocation of the purchase price to the assets and liabilities of Good Buy was completed in 2010. The amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities are as follows:

<b>Identifiable net assets recognised</b>		NZ IFRS 3.B64(i)
Inventories	5,469	NZ IAS 7.40(d)
Trade and other receivables	5,200	
Cash and cash equivalents	345	NZ IAS 7.40(c)
Property, plant and equipment	3,148	
Intangible assets	3,005	
<b>Total assets</b>	<b>17,167</b>	
Provisions and contingent liabilities	1,234	
Trade creditors and other payables	4,989	
Other current liabilities	657	
Deferred tax liabilities	435	
<b>Total liabilities</b>	<b>7,315</b>	
<b>Net identifiable net assets acquired at fair value</b>	<b>9,852</b>	
<b>Goodwill recognised on acquisition</b>	<b>2,569</b>	
Consideration transferred settled in cash	12,421	NZ IAS 7.40(b)
Less cash and cash equivalents acquired	(345)	NZ IAS 7.40(c)
<b>Net cash outflow on acquisition</b>	<b>12,076</b>	NZ IAS 7.42
Acquisition costs charged to expenses	76	
<b>Net cash paid relating to acquisition</b>	<b>12,152</b>	

Acquisition-related costs amounting to \$76,000 are not included as part of consideration transferred and have been recognised as an expense in the Group profit or loss, as part of "other expenses".

NZ IFRS 3.B64 (m)

### Goodwill

A significant part of the acquisition costs can be attributed to the sales force and the sales know-how of key personnel of Good Buy. At the acquisition date however, no intangible asset qualified for separate recognition in this respect. These circumstances contributed to the amount recognised as goodwill. All goodwill arising on the business combination had been allocated to cash-generating units by 30 June 2010.

NZ IFRS 3.B64 (e)  
NZ IAS 36.133

### Contribution to the Group results

Good Buy contributed \$400,000 to the consolidated profit for the 11 months from 1 August 2009 to 20 June 2010. If Good Buy had been acquired on 1 July 2009, revenue of the Group for 2010 would have increased by \$196 million.

NZ IFRS 3.B64(q(i-ii))

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements

30 June 2011

### Disposal of Highstreet Limited

On 31 December 2010, the Group disposed of its 100% equity interest in its subsidiary, Highstreet Limited. The subsidiary was classified as held for sale in the 2010 year-end financial statements.

The carrying amount of the net assets of Highstreet Limited recognised at the date of disposal (31 December 2010) were as follows:

NZ IAS 7.40(d)

	2011 \$000
Cash and cash equivalents	-
Inventories	1,121
Property, plant and equipment	2,475
Trade creditors and other payables	(210)
Provisions	(232)
Borrowings	(8)
<b>Total net assets</b>	<b>3,146</b>
 Total consideration received in cash	 3,117
<b>Loss taken to profit or loss</b>	<b>29</b>

NZ IAS 7.40(c)

NZ IAS 7.40(a)

## 6 Jointly controlled entities

Halftime Limited is the only jointly controlled entity within the Group and the ownership percentage is 50%. Its financial statements have been incorporated into the consolidated financial statements using the proportionate consolidation method.

NZ IAS 31.56

The aggregate amounts relating to Halftime Limited at year-end are as follows:

	Parent and Group	
	2010 \$000	2009 \$000
Current assets	310	190
Non-current asset	300	250
Current liabilities	(150)	(125)
Non-current liabilities	(50)	(40)
<b>Net assets of joint venture</b>	<b>410</b>	<b>275</b>
 Income	 400	 389
Expenses	(320)	(321)
<b>Net profit/ (loss) of joint venture for the year</b>	<b>80</b>	<b>68</b>

The Parent and Group have not incurred any contingent liabilities or other commitments relating to its joint venture.

NZ IAS 31.54  
NZ IAS 31.55

## 7 Investments in Associates

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Investment details

Associate	Equity holding	Carrying amount Parent & Group	
		2011 \$000	2010 \$000
Equip Consultants Example Limited	25% (2010: 25%)	65	23
Shopmore Example Limited	30% (2010: 0%)	365	-
<b>Total investment in associates</b>		<b>430</b>	<b>23</b>

Equipe Consultants Example Limited provides support to the Group's consulting activities.

NZ IAS 28.37(e)

As from 30 September 2010 the Group holds a 30% voting and equity interest in Shopmore Example Limited, acquired through acquisition of Goodtech (Group subsidiary).

The investments are accounted for under the equity method. Both associates have a 30 June reporting date.

The shares are not publicly listed on a public stock exchange and hence published price quotes are not available.

NZ IAS 28.37(a)

### Movement of investment in associates

	2011 \$000	2010 \$000
Opening balance 1 July	23	11
Share of associates profits for the year	60	12
Share of associates other comprehensive income	2	-
Acquisition of equity interest in associate (note 5)	345	-
<b>Closing carrying value of associate investments</b>	<b>430</b>	<b>23</b>

### Summarised financial information of associates

The following represents summarised financial information relating to the Parent and Group's associates:

	2011 \$000	2010 \$000
Assets	1,175	118
Liabilities	(812)	(95)
<b>Net assets of associates</b>	<b>363</b>	<b>23</b>
Revenues	428	140
Profit/(loss) of associates for the year	240	52
Other comprehensive income for the year	8	-
<b>Total comprehensive income of Associates for year</b>	<b>249</b>	<b>52</b>
<b>Parent and Group share of Associate total comprehensive income</b>		
Net Profit	60	12
Other comprehensive income	2	-
<b>Total comprehensive income of associate recognised</b>	<b>62</b>	<b>12</b>

NZ IAS 28.37(b)

Dividends are subject to the approval of at least 51% of all shareholders of the associates.

NZ IAS 28.37(f)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements

30 June 2011

During 2010 and 2011 the Parent and Group received no dividends from Associates.

The Parent and Group have not incurred any contingent liabilities or other commitments relating to its investments in associates.

NZ IAS28.40

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 8 Segment reporting

Management currently identifies the Group's three service lines as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

NZ IFRS 8.22(a)

In addition, two minor operating segments, for which the quantitative thresholds have not been met, are currently combined below under "other". The main source of revenue from other operating segments is sale and disposal of used IT equipment that the Group collects from its customers.

NZ IFRS 8.16

*Summarised segment information used by management:*

<b>Group 2011</b>	<b>Consulting \$000</b>	<b>Service \$000</b>	<b>Retail \$000</b>	<b>Other \$000</b>	<b>Total \$000</b>
<b>Revenue</b>					
From external customers	110,810	18,140	72,098	4,079	205,127
Discontinued operations	-	-	9,803	-	9,803
Other revenue	231	-	-	-	231
Segment revenues	111,041	18,140	81,901	4,079	215,161
<b>Expenses</b>					
Cost of goods sold	22,162	5,442	25,169	1,397	54,170
Employee benefits expense	54,224	10,863	46,359	2,447	113,893
Depreciation and amortisation	3,388	555	2,205	125	6,273
Impairment expense	1,669	-	-	-	1,669
Other expenses	9,446	30	1,333	10	10,819
Segment expenses	90,889	16,890	75,066	3,979	186,824
<b>Segment operating profit</b>	<b>20,152</b>	<b>1,250</b>	<b>6,835</b>	<b>100</b>	<b>28,337</b>
<b>Segment assets</b>	<b>69,103</b>	<b>11,149</b>	<b>43,311</b>	<b>2,507</b>	<b>126,070</b>
<b>Segment operating cash flows</b>	<b>15,148</b>	<b>2,525</b>	<b>9,818</b>	<b>561</b>	<b>28,052</b>

<b>Group 2010</b>	<b>Consulting \$000</b>	<b>Service \$000</b>	<b>Retail \$000</b>	<b>Other \$000</b>	<b>Total \$000</b>
<b>Revenue</b>					
From external customers	109,302	17,832	59,310	4,121	190,565
Discontinued operations			11,015		11,015
From other segments	110	-	-	-	110
Segment revenues	109,412	17,832	70,325	4,121	201,690
<b>Expenses</b>					
Cost of goods sold	21,860	5,350	21,426	1,319	49,955
Employee benefits expense	56,277	10,498	38,997	-	105,772
Depreciation and amortisation	3,585	587	2,332	132	6,636
Impairment expense	190	-	-	-	190
Other expenses	9,203	100	1,761	2,493	13,557
Segment expenses	91,115	16,535	64,516	3,944	176,110
<b>Segment operating profit</b>	<b>18,297</b>	<b>1,297</b>	<b>5,809</b>	<b>177</b>	<b>25,580</b>
<b>Segment assets</b>	<b>51,615</b>	<b>8,450</b>	<b>33,583</b>	<b>1,900</b>	<b>95,548</b>
<b>Segment operating cash flows</b>	<b>11,680</b>	<b>1,947</b>	<b>7,571</b>	<b>433</b>	<b>21,631</b>

NZ IFRS 8.23 (a)

NZ IFRS 8.23 (b)

NZ IFRS 8.23 (f)

NZ IFRS 8.23 (e)

NZ IAS 36.129(a)

NZ IFRS 8.23

NZ IFRS 8.23

NZ IFRS 8.23 (a)

NZ IFRS 8.23 (b)

NZ IFRS 8.23 (f)

NZ IFRS 8.23 (e)

NZ IAS 36.129(a)

NZ IFRS 8.23

NZ IFRS 8.23

NZ IFRS 8 requires the amount of each operating segment item to be disclosed using the measures reported to the chief operating decision maker (i.e. based on internal management information). The disclosures in the example financial statements are therefore based on substantial assumptions (e.g. there is no measure of segment liabilities regularly reported to the chief operating decision maker), and so cannot be viewed as the only acceptable way of providing segment disclosures. It is therefore important to emphasise that segment reporting should be tailored on the basis of the entity's internal management reporting.

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Segment reporting (continued)

The Group's revenues from external customers and its non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) are divided into the following geographical areas:

Group	2011		2010	
	Revenue	Non-current assets	Revenue	Non-current assets
New Zealand	164,102	46,053	152,452	40,242
Australia	20,513	5,757	19,057	5,030
United Kingdom	18,461	5,181	17,151	4,527
Other	2,051	575	1,905	503
<b>Total</b>	<b>205,127</b>	<b>57,566</b>	<b>190,565</b>	<b>50,302</b>

NZ IFRS 8.33(a)  
NZ IFRS 8.33(b)

Revenues from external customers have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location. The above table does not include discontinued operations (disposal groups), for which revenue and assets can be attributed to New Zealand.

NZ IFRS 8.33(a)

During 2011, \$24,744,000 or 12% of the Group's revenues depended on a single customer in the consulting segment (2010: \$21,076,000 or 11%).

NZ IFRS 8.34

### Reconciliation of segment revenues

The totals presented for the Group's operating segments reconcile to the key financial figures as presented in its financial statements as follows:

	Group	
	2011 \$000	2010 \$000
<b>Revenue</b>		
Total reported segment revenue	215,161	201,690
Rental income from investment property	1,066	1,028
Discontinued operations	(9,803)	(11,015)
Elimination of inter-segment revenue	(231)	(110)
<b>Group revenue</b>	<b>206,193</b>	<b>191,593</b>
<b>Profit and loss</b>		
Total segment operating profit	28,337	25,580
Other segment profit	100	177
Rental income	1,066	1,028
Change in fair value of investment property	310	175
Share-based payment expenses	(298)	(466)
Post-employment benefit expense	(6,099)	(6,373)
Research and development costs	(1,690)	(1,015)
Other income not allocated	427	641
Other expenses not allocated	(303)	(286)
Operating profit of discontinued operations	(73)	(106)
Elimination of inter-segment profits	(469)	(379)
<b>Group operating profit</b>	<b>21,309</b>	<b>18,976</b>

NZ IFRS 8.28(a)

NZ IFRS 8.28(b)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Segment reporting (continued)

Group operating profit	21,309	18,976
Share of profits from equity accounted investments	60	12
Finance costs	(3,473)	(3,594)
Finance income	994	793
Other financial items	3,388	3,599
Change in fair value if investment property	310	175
<b>Group profit before tax</b>	<b>22,588</b>	<b>19,961</b>

### Reconciliation of segment assets

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
Total reported segment assets	126,070	95,548
Group headquarters	3,967	2,073
Investment property	12,662	12,277
Illustrative research lab	5,101	2,665
Other assets	3,401	1,777
Consolidation entries	(1,134)	(592)
<b>Group assets</b>	<b>150,067</b>	<b>113,748</b>

NZ IFRS 8.28(c)

Unallocated operating income and expense mainly consist of research expenditure as well as post-employment benefits expenses. The Group's headquarters, its investment properties and its main research facility, Grant Thornton Holdings Research Lab, are considered corporate assets and are not allocated to any segment's assets.

NZ IFRS 8.28

## 9 Revenue

The reported revenue has been analysed into major product and service categories as follows (excluding revenue from discontinued operations):

	<b>Group</b>		<b>Parent</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Sale of hardware	47,585	39,145	11,896	9,786
Sale of software	24,513	20,165	6,128	5,041
Other	4,079	4,121	1,020	1,030
Total sale of goods	76,177	63,431	19,044	15,857
After-sales service and maintenance	18,140	17,832	4,535	4,473
Consulting	59,837	60,116	14,959	15,029
Construction contracts	50,973	49,186	12,743	12,297
Rental income	1,066	1,028	266	242
Total rendering of services	130,016	128,162	32,504	32,041
<b>Total revenue</b>	<b>206,193</b>	<b>191,563</b>	<b>51,548</b>	<b>47,898</b>

NZ IAS 18.35(b)

NZ IAS 11.39(a)

NZ IAS 40.75(f)

NZ IAS 18.35(b)(ii)



# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 10 Expenses

The following amounts were expensed in profit or loss for the year.

	Group		Parent		
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	
<b>Items expensed within the operating profit include:</b>					
Directors fees <sup>3</sup>	120	120	118	118	
Donations	10	9	10	90	NZ IAS 1.NZ105.2
Operating lease payments	3,568	3,398	-	-	NZ IAS 17.35(c)
Net loss on disposal of property, plant and equipment	-	-	-	-	NZ IAS 1.98(c)
Impairment of trade receivables	72	514	18	129	
Inventory purchases	361,000	389,000	90,250	97,250	NZ IAS 2.36(d)
Inventory write downs	35,626	33,296	8,907	8,324	NZ IAS 2.36(e)
<b>Auditors Remuneration</b>					
<i>Fees charged by Grant Thornton</i>					
Financial statement audit	315	274	79	69	NZ IAS 1.NZ105.1(a)(i)
Other audit related services	-	-	-	-	
Taxation compliance services	25	24	6	6	NZ IAS 1.NZ105.1(a)(ii)
Due diligence services	73	85	18	21	
Other non-audit services	-	-	-	-	1.NZ105.1(b)
<b>Total</b>	<b>413</b>	<b>383</b>	<b>10c3</b>	<b>96</b>	
<b>Depreciation, amortisation and impairment of non-financial assets</b>					
Impairment of goodwill	799	190	-	-	NZ IAS 36.126(a)
Impairment of other intangibles	870	-	218	-	NZ IAS 38.118(e)
Impairment of financial assets	-	-	-	-	
Impairment of non-financial assets	-	-	-	-	
Amortisation of intangibles	3,528	3,051	882	763	NZ IAS 38.118(e)
Depreciation of property, plant and equipment	2,745	3,585	686	896	NZ IAS 1.104
<b>Total</b>	<b>7,942</b>	<b>6,826</b>	<b>1,786</b>	<b>1,659</b>	
<b>Employee benefit expenses</b>					
Wages and salaries	107,793	101,834	26,948	25,456	NZ IAS 19.142
Redundancy payments	-	-	-	-	
Defined contribution plan expense	4,491	4,243	1,122	1,062	NZ IAS 19.46
Defined benefit plan expense	1,608	2,130	402	533	NZ 19.120A(g)
Share based payment expense	298	466	75	116	NZ IFRS 2.51(a)
Other employee benefit expense	-	-	-	-	
<b>Total</b>	<b>114,190</b>	<b>108,673</b>	<b>28,547</b>	<b>27,167</b>	

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 11 Finance income and costs

#### Finance costs

	Group		Parent		
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	
Interest on finance leases	220	230	-	-	
Borrowings at amortised cost					
Subordinated shareholder loan	200	200	-	-	
Other borrowings	595	555	-	-	
Total interest expense for borrowings	1,015	985	-	-	NZ IFRS 7.20(b)
Less interest expense capitalised	(80)	(78)	-	-	NZ IAS 23.26(a)
	935	907	-	-	
Defined benefit obligation interest expense	2,488	2,267	-	-	NZ IAS 19.120A(g)
Unwinding of discount on contingent consideration	20	-	-	-	
Loss on foreign currency financial liability designated at fair value through profit and loss	30	70	-	-	NZ IFRS 7.20(a)(i)
Fair value losses on forward exchange contracts held for trading	-	-	-	-	NZ IFRS 7.20(a)(i)
Impairment of available for sale financial assets	-	350	-	87	
<b>Total finance costs</b>	<b>3,473</b>	<b>3,594</b>	<b>-</b>	<b>87</b>	

The borrowing costs have been capitalised in relation to qualifying assets at a rate of 4.4% per annum (2010: 4.5%).

NZ IFRS 23.26(b)

The loss on foreign currency financial liabilities designated at fair value through profit or loss takes account of interest payments on these loans.

NZ IFRS 7.B5(e)

#### Finance income

	Group		Parent		
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	
Interest income on interest bearing financial assets carried at amortised cost	752	447	188	112	NZ IFRS 7.20(b)
Dividends from available for sale financial assets	62	21	16	6	NZ IAS 18.35(b)(v)
Net gain on disposal of available-for-sale financial assets transferred from equity	50	-	13	-	NZ IFRS 7.20(a)(ii)
Fair value gains on forward exchange contracts held-for-trading	130	325	32	81	NZ IFRS 7.20(a)(i)
Gain on foreign currency financial liabilities designated at fair value through profit or loss	-	-	-	-	NZ IFRS 7.20(a)(i)
<b>Total finance income</b>	<b>994</b>	<b>793</b>	<b>249</b>	<b>199</b>	

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 12 Other financial asset movements

	Group		Parent		
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	
Gain/(loss) from financial assets at fair value through profit and loss	6	18	2	5	NZ IFRS 7.20(a)(i)
Gain/(loss) from exchange differences on loans and receivables	937	1,164	234	290	NZ IAS 21.52(a)
Return on retirement benefit plan assets	2,445	2,417	611	605	NZ IFRS 7.20(a)(iv)
<b>Total other financial asset movements</b>	<b>3,388</b>	<b>3,599</b>	<b>847</b>	<b>900</b>	

### 13 Income tax expense

Components of income tax expense

	Group		Parent		
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	
Current tax expense	5,832	5,192	1,458	1,298	NZ IAS 12.80
Prior year tax adjustment	-	-	-	-	NZ IAS 12.80(a)
Deferred tax movement					
– utilisation of unused tax losses	75	225	18	56	NZ IAS 12.80
– temporary differences	1,310	862	328	216	NZ IAS 12.80(c)
<b>Total income tax expense</b>	<b>7,217</b>	<b>6,279</b>	<b>1,804</b>	<b>1,570</b>	
Less: Income tax taken to other comprehensive income	(85)	(95)	(21)	(24)	
<b>Income tax profit and loss</b>	<b>7,132</b>	<b>6,184</b>	<b>1,783</b>	<b>1,546</b>	

Note 15 provide detail of deferred tax asset and liability movements for the year.

Reconciliation of the effective tax rate

The relationship between the expected tax expense based on the domestic effective tax rate of the Parent and Group at 28% (2010: 30%) and the reported tax expense in profit or loss is provided as follows:

NZ IAS 12.81(c)(i)

	Group		Parent		
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	
Profit before tax	22,588	19,961	19,233	4,989	
Company's domestic income tax rate	28%	30%	28%	30%	NZ IAS 12.85
<b>Expected tax expense</b>	<b>6,325</b>	<b>5,988</b>	<b>5,385</b>	<b>1,497</b>	
Foreign tax rate adjustment	16	18	-	-	NZ IAS 12.84
Adjustment for tax exempt income	(36)	(10)	-	-	NZ IAS 12.84
Adjustment for non-deductible expenses	827	188	(3,602)	49	NZ IAS 12.84
<b>Actual income tax expense</b>	<b>7,132</b>	<b>6,184</b>	<b>1,783</b>	<b>1,546</b>	

### 14 Income tax on components of other comprehensive income movements

NZ IAS 1.90

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

Group	2011			2010		
	Before tax	Tax benefit/ (expense)	Net of tax	Before tax	Tax benefit/ (expense)	Net of tax
Revaluation of land	303	(91)	212	-	-	-
Cash flow hedges	629	-	629	(472)	-	(472)
Available-for-sale financial assets	63	-	63	35	-	35
Translation of foreign operations	(664)	176	(488)	(341)	95	(246)
<b>Other comprehensive income</b>	<b>331</b>	<b>85</b>	<b>416</b>	<b>(778)</b>	<b>95</b>	<b>(683)</b>

Parent	2011			2010		
	Before tax	Tax benefit/ (expense)	Net of tax	Before tax	Tax benefit/ (expense)	Net of tax
Revaluation of land	76	(23)	53	-	-	-
Cash flow hedges	157	-	157	(118)	-	(118)
Available-for-sale financial assets	15	-	15	9	-	9
Translation of foreign operations	(166)	44	(122)	(85)	24	(61)
<b>Other comprehensive income</b>	<b>82</b>	<b>21</b>	<b>103</b>	<b>(194)</b>	<b>24</b>	<b>(170)</b>

### 15 Deferred tax assets and liabilities

Reconciliation of deferred tax assets/ (liabilities)

Deferred tax assets and liabilities disclosed in the statement of financial position are a combination of deferred tax on unused tax losses and deferred tax on temporary differences.

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>Deferred tax on unused tax losses</b>				
Opening balance	75	300	19	75
Tax losses utilised in current year	(75)	(225)	(19)	(56)
Closing asset/ (liability) balance	-	75	-	19
<b>Deferred tax on temporary differences</b>				
Opening balance	(3,625)	(2,444)	(876)	(708)
Impact of depreciation no longer deductible on long-lived buildings	(1,250)	-	-	-
Impact of change in income tax rate	328	-	-	-
Other temporary difference movements	(850)	(1,181)	(286)	(168)
Total temporary difference movement for year	(1,772)	(1,181)	(286)	(168)
Closing asset/ (liability) balance	(5,397)	(3,625)	(1,162)	(876)
<b>Closing deferred tax asset/ (liability)</b>	<b>(5,397)</b>	<b>(3,550)</b>	<b>(1,162)</b>	<b>(857)</b>

Deferred tax assets and liabilities (continued)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

Represented in the statement of financial position as:

Deferred tax assets	-	75	-	19
Deferred tax liabilities	(5,397)	(3,625)	(1,162)	(876)
<b>Net Balance</b>	<b>(5,397)</b>	<b>(3,550)</b>	<b>(1,162)</b>	<b>857</b>

Deferred tax on unused tax losses is carried when management consider it probable that future taxable profits will be available against which the tax losses will be utilised.

A deferred tax liability of \$1,000 (2010:\$2,000) associated with an investment in a domestic subsidiary has not been recognised, as the Group controls the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future. The tax value is equivalent to a temporary difference of \$3,000 (2010:\$7,000).

NZ IAS 12.81(f)

Reconciliation of temporary differences

NZ IAS 12.81(g)

Deferred tax arising from temporary differences can be summarised as follows:

<b>Group 2011</b>					
	Opening balance	Recognised in other comprehensive income	Recognised in business combination	Recognised in P&L	Closing balance
Trade debtors and other receivables	168	-	-	(38)	130
Property, plant and equipment	(2,130)	22	(188)	(406)	(2,702)
Investment property	(1,914)	-	-	(93)	(2,007)
Intangible assets	(847)	63	(444)	(30)	(1,258)
Other financial assets	95	-	-	(19)	76
Provisions	1,003	-	-	(639)	364
<b>Deferred tax temporary asset/(liability)</b>	<b>(3,625)</b>	<b>85</b>	<b>(632)</b>	<b>(1,225)</b>	<b>(5,397)</b>

Group 2010						
	Opening balance	Recognised in other comprehensive income	Recognised in business combination	Included in disposal group	Recognised in P&L	Closing balance
Trade debtors and other receivables	34	-	-	-	134	168
Property, plant and equipment	(1,528)	68	(225)	-	(445)	(2,130)
Investment property	(1,861)	-	-	-	(53)	(1,914)
Intangible assets	(409)	27	(210)	-	(255)	(847)
Other financial assets	-	-	-	-	95	95
Provisions	1,320	-	-	(74)	(243)	1,003
Deferred tax temporary asset/(liability)	(2,444)	95	(435)	(74)	(767)	(3,625)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

Deferred tax assets and liabilities (continued)

Reconciliation of temporary differences

<b>Parent 2011</b>				
	Opening balance	Recognised in other comprehensive income	Recognised in P&L	Closing balance
Trade debtors and other receivables	(21)	-	(10)	(31)
Property, plant and equipment	(476)	5	(262)	(733)
Investment property	(243)	-	(23)	(266)
Intangible assets	(159)	16	(8)	(151)
Other financial assets	24	-	(5)	19
<b>Deferred tax temporary asset/(liability)</b>	<b>(876)</b>	<b>21</b>	<b>(307)</b>	<b>(1,162)</b>

<b>Parent 2010</b>				
	Opening balance	Recognised in other comprehensive income	Recognised in P&L	Closing balance
Trade debtors and other receivables	6	-	(27)	(21)
Property, plant and equipment	(382)	17	(111)	(476)
Investment property	(230)	-	(13)	(243)
Intangible assets	(102)	7	(64)	(159)
Other financial assets	-	-	24	24
<b>Deferred tax temporary asset/(liability)</b>	<b>(708)</b>	<b>24</b>	<b>(192)</b>	<b>(876)</b>

## 16 Cash and cash equivalents

	<b>Group</b>		<b>Parent</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash at bank and in hand	27,831	8,987	6,958	2,247
Short-term deposits	6,958	2,250	1,740	562
<b>Total cash and cash equivalents</b>	<b>34,789</b>	<b>11,237</b>	<b>8,698</b>	<b>2,809</b>

NZ IAS 7.45

The carrying value of cash and cash equivalents approximates their fair value.

Cash at bank earns interest at floating rates on daily deposit balances.

Short term deposits are made for varying periods of between one to three months depending of the immediate cash requirements of the Parent and Group, and earn interest at respective short-term deposit rates.

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 17 Trade debtors and other receivables

	<b>Group</b>		<b>Parent</b>		
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Trade debtors	31,265	23,889	7,816	5,972	NZ IAS 1.77
Related party debtors	-	-	-	-	
Less allowance for doubtful debts	(432)	(560)	(108)	(140)	NZ IAS 1.78(b)
	30,833	23,329	7,708	5,832	
Receivables from associates	112	112	28	28	
Construction contracts	1,374	974	-	-	
Other receivables	1,012	898	597	468	
Prepayments	298	315	74	79	
<b>Total trade debtors and other receivables</b>	<b>33,629</b>	<b>25,628</b>	<b>8,407</b>	<b>6,407</b>	

Trade debtors and other receivables are non-interest bearing and receipts is normally on 30-day terms. Therefore the carrying value of trade debtors and other receivables approximates its fair value.

NZ IFRS 7.25

As at 30 June 2011 and 2010, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

NZ IFRS 7.37(b)

The movement in the allowance for doubtful is as follows:

NZ IFRS 7.16

	<b>Group</b>		<b>Parent</b>		
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
Balance 1 July	560	112	140	28	
Amounts written off	(200)	(66)	(50)	(17)	
Impairment losses	72	514	18	129	
Impairment loss reversed	-	-	-	-	
<b>Balance 30 June</b>	<b>432</b>	<b>560</b>	<b>108</b>	<b>140</b>	

As at 30 June, the ageing analysis of trade receivables is detailed as follows:

NZ IFRS 7.37(a)

<b>Group</b>	<b>2011</b>			<b>2010</b>		
	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
0- 30 days (not past due)	30,810	-	30,810	23,401	(72)	23,329
31 - 60 days	121	(98)	23	132	(132)	-
61 - 90 days	158	(158)	-	167	(167)	-
Greater than 90 days	176	(176)	-	189	(189)	-
Total past due	455	(432)	23	488	(488)	-
<b>Total of trade debtors</b>	<b>31,265</b>	<b>(432)</b>	<b>30,833</b>	<b>23,889</b>	<b>(560)</b>	<b>23,329</b>

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Trade debtors and other receivables (continued)

As at 30 June, the ageing analysis of trade receivables is detailed as follows:

Parent	Gross	Impairment	2011 Net	Gross	Impairment	2010 Net
0- 30 days (not past due)	7,702	-	7,702	5,832	(5)	5,827
31 - 60 days	34	(28)	6	28	(28)	-
61 - 90 days	28	(28)	-	40	(40)	-
Greater than 90 days	52	(52)	-	67	(67)	-
Total past due	114	(108)	6	135	(135)	-
<b>Total of trade debtors</b>	<b>7,816</b>	<b>(108)</b>	<b>7,708</b>	<b>5,967</b>	<b>(140)</b>	<b>5,827</b>

The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is nil (2010:\$Nil).

NZ IFRS 7.36(d)

### Construction contracts

The amounts recognised in the statement of financial position relate to construction contracts in progress at the end of the reporting period. The amounts are calculated as the net amounts of costs incurred plus recognised profits, less recognised losses and progress billings.

NZ IAS 11.43  
NZ IAS 11.44

The carrying amounts of assets and liabilities are analysed as follows:

	Group 2011 \$000	2010 \$000
Aggregate amount of costs incurred and recognised profits for all contracts in progress	3,421	3,121
Less billings to date	(2,335)	(2,354)
	1,086	797
Due from customers for construction work	1,374	974
Due to customers for construction work (recognised in other liabilities)	(288)	(207)
	1,086	767

NZ IAS 11.40(a)

NZ IAS 11.42(a)

NZ IAS 11.42(b)

Advances paid from customers for construction contracts related to work not yet performed have been recognised in "other liabilities" and amount to \$225,000 (2010: \$220,000).

NZ IAS 11.40(b)

Retentions on construction contracts amount to \$10,000 (2010: \$Nil) included within "trade and other receivables". Retentions will be received upon acceptance by the customer of the work performed.

NZ IAS 11.40(c)

No amounts due in relation to construction contracts from customers were past due or impaired at balance date (2010: Nil).



# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 18 Inventory

	<b>Group</b>		<b>Parent</b>		
	<b>2011 \$000</b>	<b>2010 \$000</b>	<b>2011 \$000</b>	<b>2010 \$000</b>	
Raw materials	7,737	7,907	1,934	1,977	NZ IAS 2.36(b)
Work in progress	767	608	125	386	
Finished goods	10,044	8,861	2,578	1,981	
<b>Total inventories</b>	<b>18,548</b>	<b>17,376</b>	<b>4,637</b>	<b>4,344</b>	

No inventory has been provided as security for any loans or borrowings.

NZ IAS 2.36(h)

The write down of inventories for the Parent and Group in the year amounted to \$26,000 (2010: \$46,000)

NZ IAS 2.36(e),(f)

### 19 Derivative financial instruments

The Parent and Group uses forward foreign exchange contracts to mitigate exchange rate exposure arising from forecast sales in Australian dollars and other currencies.

NZ IFRS 7.22(a)

	<b>Group</b>		<b>Parent</b>		
	<b>2011 \$000</b>	<b>2010 \$000</b>	<b>2011 \$000</b>	<b>2010 \$000</b>	
<b>Current assets</b>					
US dollar forward exchange contracts – cash flow hedge	467	-	116	-	
Other forward exchange contracts	115	212	29	53	
	582	212	145	53	
<b>Current liabilities</b>					
US dollar forward exchange contracts – cash flow hedge	-	(160)	-	40	
<b>Net fair value of derivatives</b>	<b>582</b>	<b>52</b>	<b>145</b>	<b>13</b>	

All US dollar forward exchange contracts have been designated as hedging instruments in cash flow hedges in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

NZ IFRS 7.22(b)

Other forward exchange contracts are considered by management to be part of economic hedge arrangements but have not been formally designated.

NZ IFRS 7.22(c)

All derivatives are measured at fair value. The fair value of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from forward foreign exchange contract prices.

NZ IFRS 7.25,27

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Derivative financial instruments (continued)

#### Forward currency contracts – cash flow hedges

The cash flows are expected to occur between 2 – 11 months from 1 July 2010 and profit or loss within gross sales will be affected over the next few years as sale transactions are settled. At balance date, the details of outstanding contracts are:

NZ IFRS 7.23(a)

	Notional amounts \$NZD		Average exchange rate	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Sell \$US maturity 2 – 11 months - Group	28,000	24,000	0.0344	0.6835
Sell \$US maturity 2 – 11 months - Parent	5,000	7,000	0.7348	0.6837

NZ IFRS 7.39(a)

The forward exchange contracts are expected to be considered highly effective hedges when they are matched against forecast sales and any gains or loss on the contract attributable to the hedged risk is recognised in other comprehensive income (cash flow reserve). When the sale transaction is settled the reserve is transferred to profit or loss.

### 20 Assets and disposal groups classified as held for sale and discontinued operations

In the middle of 2010 management decided to discontinue in-store sales of IT and telecommunications hardware. This decision was taken in line with the Group's strategy to focus on its web-based online retail business. Consequently, assets and liabilities of High Street Limited and subsidiaries (included in the retail segment) were classified as a disposal group. Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from group profit or loss from continuing operations and are shown as a single line item on the face of the statement of comprehensive income (see "loss for the year from discontinued operations").

NZ IFRS 5.41(a)-(d)

On 31 December 2010, High Street Limited and subsidiaries were sold for a total of \$3,117,000 in cash resulting in a loss of \$29,000 before tax primarily due to related selling costs. Operating profit of High Street Limited and subsidiaries' until the date of disposal and the profit or loss from re-measurement and disposal of assets and liabilities classified as held for sale is summarised as follows:

	Group	
	2011 \$000	2010 \$000
Revenue	9,803	11,015
Cost of materials	(3,450)	(3,633)
Employee benefit expense	(6,100)	(6,411)
Depreciation and amortisation	-	(765)
Other expenses	(180)	(100)
Operating profit	73	106
Finance costs	(56)	(60)
Profit from discontinued operations before tax	17	46

NZ IFRS 5.33(b)(i)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

Profit from discontinued operations before tax	17	46	
Tax expense	(5)	(14)	NZ IFRS 5.33(b)(ii)
<b>Profit from discontinued operations</b>	<b>12</b>	<b>32</b>	
Gain/ (loss) on re-measurement of disposal group to fair value	-	(510)	NZ IFRS 5.33(b)(iii)
Gain/ (loss) on disposal	(29)	-	
Income tax impact of disposal	8	153	NZ IFRS 5.33(b)(iv)
<b>Total gain/ (loss) for the year from discontinued operations</b>	<b>(9)</b>	<b>(325)</b>	

Most of the assets and all of the liabilities have been disposed of in this transaction; however, the Group continues to own some former High Street storage facilities. Management expects to sell these remaining assets during 2012.

NZ IFRS 5.41(b)-(d)

The carrying amounts of assets and liabilities in this disposal group at year-end is summarised as follows:

NZ IFRS 5.38

	<b>Group</b>	
	<b>2011 \$000</b>	<b>2010 \$000</b>
<b>Assets</b>		
Cash and cash equivalents	-	22
Inventories	-	1,081
Property, plant and equipment	103	2,578
Deferred tax	-	227
<b>Assets classified as held for sale</b>	<b>103</b>	<b>3,908</b>
<b>Liabilities</b>		
Trade creditors and other payables	-	190
Provisions	-	245
Current tax liabilities	-	14
Deferred tax	-	-
<b>Liabilities classified held for sale</b>	<b>-</b>	<b>449</b>

Cash flows generated by High Street Limited and subsidiaries for the reporting periods under review until the disposal is summarised as follows:

NZ IFRS 5.33(c)

	<b>Group</b>	
	<b>2011 \$000</b>	<b>2010 \$000</b>
Operating activities	(22)	811
Investing activities	3,117	-
Financing activities	-	-
<b>Cash flows from discontinued operations</b>	<b>3,095</b>	<b>811</b>

Cash flows from investing activities relate solely to the proceeds from the sale of High Street Limited.

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 21 Goodwill

Goodwill is recognised by the Group upon acquisition of subsidiary entities. A reconciliation of the gross carrying amount and accumulated impairment losses is provided below:

	<b>Group</b>		
	<b>2011</b>	<b>2010</b>	
	<b>\$000</b>	<b>\$000</b>	
<b>Gross carrying amount</b>			NZ IFRS 3.B67(d)
Opening balance	3,727	1,234	NZ IFRS 3.B67(d)(i)
Acquired through business combination	2,438	2,569	NZ IFRS 3.B67(d)(ii)
Foreign exchange translation movements	(135)	(76)	NZ IFRS 3.B67(d)(vi)
Closing balance	6,030	3,727	NZ IFRS 3.B67(d)(viii)
<b>Accumulated impairment</b>			
Opening balance	190	-	NZ IFRS 3.B67(d)(i)
Impairment loss for year	799	190	NZ IFRS 3.B67(d)(v)
Foreign exchange differences	-	-	NZ IFRS 3.B67(d)(vi)
Closing balance	989	190	NZ IFRS 3.B67(d)(viii)
<b>Goodwill carrying amount</b>	<b>5,041</b>	<b>3,537</b>	

The main changes in the carrying amounts of goodwill for the year is a result of the acquisition of Good Buy in 2010 and Good Tech in 2011.

#### Goodwill impairment testing

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

For the purpose of annual impairment testing goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises:

NZ IAS 36.134

	<b>Group</b>		
	<b>2011</b>	<b>2010</b>	
	<b>\$000</b>	<b>\$000</b>	
Online retailing, New Zealand	2,388	-	
Online retailing, Australia	2,048	2,493	NZ IAS 36.134(a)
Telco Consult	605	1,044	
<b>Total goodwill allocated</b>	<b>5,041</b>	<b>3,537</b>	

NZ IAS 36.134(c)  
NZ IAS 36.134(d)

The recoverable amounts of the cash-generating units were determined through value-in-use calculations, based on a detailed three-year forecast and extrapolation of expected cash flows for the units' remaining useful lives using the growth rates stated below. The growth rates reflect the long-term average growth rates for the product lines and industries of the cash-generating units. The growth rate for online retailing exceeds the overall long-term average growth rates for Australia. This is appropriate because this sector is expected to continue to grow at above-average rates for the foreseeable future.

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Goodwill (continued)

	Growth rates		Discount rates		NZ IAS 36.134(d)(iv)
	2011	2010	2011	2010	
Online retailing, New Zealand	3.1%	-	9.0%	-	NZ IAS 36.134(d)(v)
Online retailing, Australia	3.0%	3.0%	9.5%	9.5%	
Telco Consult	0.1%	0.5%	10.9%	10.1%	

#### Online retailing, New Zealand and Australia

Management's key assumptions for the online retailing unit include stable profit margins, which have been determined based on past experience in this market. The Group's management believes that this is the best available input for forecasting this mature market.

NZ IAS 36.134(d)(i)  
NZ IAS 36.134(d)(ii)

#### Telco Consult

The forecast for the Telco Consult unit was adjusted in 2010 for the decline of consulting services related to conventional telecommunication solutions. This market shifted considerably towards internet and intranet based solutions during 2010. This development continued in 2011. Impairment testing, taking into account these latest developments, resulted in the further reduction of goodwill in 2011 to the recoverable amount of the cash-generating unit.

NZ IAS 36.130(a)  
NZ IAS 36.130(d)

The related goodwill impairment loss of \$799,000 in 2011 (2010:\$190,000) was included within "depreciation, amortisation and impairment of non-financial assets" and is allocated to the consulting segment.

NZ IAS 36.126(a)  
NZ IAS 36.129(a)

As a result of the developments in this unit during 2011 and 2010, management expects lower growth and moderately declining profit margins for this unit.

NZ IAS 36.134(d)(i)  
NZ IAS 36.134(d)(ii)

Apart from the considerations described in determining the value-in-use of the cash-generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimate of recoverable amount for the Telco Consult unit is particularly sensitive to the discount rate.

NZ IAS 36.134(f)

If the discount rate of the Group's Telco Consult unit was increased by 1% a further impairment loss of \$300,000 would have to be recognised, of which \$245,000 would be written off against goodwill and \$55,000 against property, plant and equipment.

NZ IAS 1.125

## 22 Other intangible assets

The Parent and Group's other intangible assets comprise; acquired software licences, own software developments, brand names and customer lists.

Movements for each class of other intangible assets are as follows:

Group 2011	Acquired software licence \$000	Internally generated software \$000	Brand names \$000	Customer lists \$000	Total \$000	NZ IAS 38.118(e)
<b>Gross carrying amount</b>						
Balance 1 July 2010	13,608	14,794	760	374	29,536	
Additions – separately acquired	440	-	-	-	440	
Additions – internally developed	-	3,306	-	-	3,306	
Additions – business combinations	3,653	-	215	1,387	5,255	
Disposals	(1,159)	-	-	-	(1,159)	
Foreign exchange differences	(73)	(54)	-	-	(127)	
Balance 30 June 2011	16,469	18,046	975	1,761	37,251	

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Other intangible assets (continued)

<b>Amortisation and impairment</b>					
Balance 1 July 2010	(6,063)	(9,381)	(162)	(89)	(15,695)
Amortisation	(1,978)	(1,315)	(125)	(110)	(3,528)
Impairment losses	-	(870)	-	-	(870)
Disposals	350	-	-	-	350
Foreign exchange differences	(48)	(36)	-	-	(84)
Balance 30 June 2011	(7,739)	(11,602)	(287)	(199)	(19,827)
<b>Carrying amount 30 June 2011</b>	<b>8,730</b>	<b>6,444</b>	<b>688</b>	<b>1,562</b>	<b>17,424</b>

Additions to internally generated software include capitalised borrowing costs of \$80,000 (2010:\$78,000). In addition to development costs capitalised, the Group expensed as "other expenses" \$1,690,000 of research and development costs during the year (2010: \$1,015,000).

NZ IAS 38.126

During the year the Group entered into an agreement to acquire enterprise resource planning software, to support the administration and control of the Group. Minimum contractual commitments resulting from this agreement are \$97,000 payable during 2012. No other material contractual commitments were entered into during 2011 or 2010.

NZ IAS 38.122(e)

One internally generated software product was subject to impairment testing during 2011 as the market in telecommunication consulting shifted considerably towards inter- and intranet based solutions. The impairment loss amounted to \$70,000 (2010:\$Nil). The impaired asset was designed to support the implementation and customisation of installed telecommunication equipment and remote maintenance of these systems.

NZ IAS 36.130(a)  
NZ IAS 36.130(b)

There are no restrictions over title of Parent and Group intangible assets, nor any intangible assets pledged as security.

NZ IAS 38.122(d)

Group 2010	<b>Acquired software licence \$000</b>	<b>Internally generated software \$000</b>	<b>Brand names \$000</b>	<b>Customer lists \$000</b>	<b>Total \$000</b>
<b>Gross carrying amount</b>					
Balance 1 July 2009	8,672	14,600	-	-	23,272
Additions – separately acquired	3,097	-	-	-	3,097
Additions – internally developed	-	216	-	-	216
Additions – business combinations	1,859	-	768	378	3,005
Foreign exchange differences	(20)	(22)	(8)	(4)	(54)
Balance 30 June 2010	13,608	14,794	760	374	29,536
<b>Amortisation and impairment</b>					
Balance 1 July 2009	(4,442)	(8,166)	-	-	(12,608)
Amortisation	(1,607)	(1,201)	(156)	(87)	(3,051)
Foreign exchange differences	(14)	(14)	(6)	(2)	(36)
Balance 30 June 2010	(6,063)	(9,381)	(162)	(89)	(15,695)
<b>Carrying amount 30 June 2010</b>	<b>7,545</b>	<b>5,413</b>	<b>598</b>	<b>285</b>	<b>13,841</b>

NZ IAS 38.118(e)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Other intangible assets (continued)

NZ IAS 38.118(e)

Parent 2011	Acquired software licence \$000	Internally generated software \$000	Brand names \$000	Customer lists \$000	Total \$000
<b>Gross carrying amount</b>					
Balance 1 July 2010	3,402	3,699	190	94	7,385
Additions – separately acquired	110	-	-	-	110
Additions – internally developed	-	827	-	-	827
Additions – business combinations	913	-	54	347	1,314
Disposals	(290)	-	-	-	(290)
Foreign exchange differences	(18)	(14)	-	-	(32)
Balance 30 June 2011	4,117	4,512	244	441	9,314
<b>Amortisation and impairment</b>					
Balance 1 July 2010	(1,517)	(2,345)	(41)	(22)	(3,924)
Amortisation	(495)	(329)	(31)	(28)	(883)
Impairment losses	-	(218)	-	-	(218)
Disposals	88	-	-	-	88
Foreign exchange differences	(12)	(9)	-	-	(21)
Balance 30 June 2011	(1,935)	(2,901)	(72)	(50)	(4,958)
<b>Carrying amount 30 June 2011</b>	<b>2,182</b>	<b>1,611</b>	<b>172</b>	<b>391</b>	<b>4,356</b>

Parent 2010	Acquired software licence \$000	Internally generated software \$000	Brand names \$000	Customer lists \$000	Total \$000
<b>Gross carrying amount</b>					
Balance 1 July 2009	2,168	3,650	-	-	5,818
Additions – separately acquired	774	-	-	-	774
Additions – internally developed	-	54	-	-	54
Additions – business combinations	465	-	192	95	752
Foreign exchange differences	(5)	(6)	(2)	(1)	(14)
Balance 30 June 2010	3,402	3,698	190	94	7,384
<b>Accumulated amortisation and impairment</b>					
Balance 1 July 2009	(1,111)	(2,042)	-	-	(3,153)
Current year amortisation	(402)	(300)	(39)	(22)	(763)
Foreign exchange differences	(4)	(4)	(2)	-	(10)
Balance 30 June 2010	(1,517)	(2,345)	(41)	(22)	(3,924)
<b>Carrying amount 30 June 2010</b>	<b>1,885</b>	<b>1,353</b>	<b>149</b>	<b>72</b>	<b>3,460</b>

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 23 Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

NZ IAS 16.73

Group 2011	Land \$000	Buildings \$000	IT equipment \$000	Other equipment \$000	Total \$000
<b>Gross carrying amount</b>					
Balance 1 July 2010	7,697	19,362	5,579	2,594	35,232
Acquisition through business combination	730	1,221	2,306	365	4,622
Additions	-	76	-	-	76
Revaluation movements	303	-	-	-	303
Disposals	-	(401)	-	-	(401)
Foreign exchange differences	(21)	(81)	(79)	(54)	(235)
Balance 30 June 2011	8,709	20,177	7,806	2,905	39,597
<b>Accumulated depreciation and impairment</b>					
Balance 1 July 2010	-	(12,159)	(1,503)	(923)	(14,585)
Current year depreciation	-	(1,315)	(890)	(540)	(2,745)
Depreciation written back on disposal	-	315	-	-	315
Foreign exchange differences	-	(54)	(53)	(36)	(143)
Balance 30 June 2011	-	(13,213)	(2,446)	(1,499)	(17,158)
<b>Carrying amount 30 June 2011</b>	<b>8,709</b>	<b>6,964</b>	<b>5,360</b>	<b>1,406</b>	<b>22,439</b>

Group 2010	Land \$000	Buildings \$000	IT equipment \$000	Other equipment \$000	Total \$000
<b>Gross carrying amount</b>					
Balance 1 July 2009	7,697	23,067	4,316	1,226	36,306
Acquisition through business combination	-	-	2,310	838	3,148
Additions	-	1,001	1,390	890	3,281
Disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
Transfer to available for sale	-	(4,598)	(2,422)	(348)	(7,368)
Foreign exchange differences	-	(108)	(15)	(12)	(135)
Balance 30 June 2010	7,697	19,362	5,579	2,594	35,232
<b>Accumulated depreciation and impairment</b>					
Balance 1 July 2009	-	(12,944)	(1,805)	(551)	(15,300)
Transfer to available for sale	-	3,200	990	200	4,390
Current year depreciation	-	(2,343)	(678)	(564)	(3,585)
Foreign exchange differences	-	(72)	(10)	(8)	(90)
Balance 30 June 2010	-	(12,159)	(1,503)	(923)	(14,585)
<b>Carrying amount 30 June 2010</b>	<b>7,697</b>	<b>7,203</b>	<b>4,076</b>	<b>1,671</b>	<b>20,647</b>



# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Property, plant and equipment (continued)

Parent 2011	Land \$000	Buildings \$000	IT equipment \$000	Other equipment \$000	Total \$000
<b>Gross carrying amount</b>					
Balance 1 July 2010	1,924	4,840	1,396	649	8,808
Acquisition through business combination	182	305	577	91	1,155
Additions	-	19	-	-	19
Disposals	-	(100)	-	-	(100)
Revaluation movements	76	-	-	-	76
Foreign exchange differences	(5)	(20)	(20)	(14)	(58)
Balance 30 June 2011	2,177	5,044	1,952	726	9,900
<b>Accumulated depreciation and impairment</b>					
Balance 1 July 2010	-	(3,040)	(375)	(231)	(3,646)
Current year depreciation	-	(328)	(223)	(135)	(686)
Depreciation written back on disposal	-	79	-	-	79
Foreign exchange differences	-	(14)	(13)	(9)	(36)
Balance 30 June 2011	-	(3,303)	(612)	(375)	(4,290)
<b>Carrying amount 30 June 2011</b>	<b>2,177</b>	<b>1,741</b>	<b>1,340</b>	<b>351</b>	<b>5,610</b>

Parent 2010	Land \$000	Buildings \$000	IT equipment \$000	Other equipment \$000	Total \$000
<b>Gross carrying amount</b>					
Balance 1 July 2009	1,924	5,767	1,079	307	9,077
Acquisition through business combination	-	-	578	209	787
Additions	-	250	348	223	820
Disposals	-	(1,150)	(605)	(87)	(1,842)
Foreign exchange differences	-	(27)	(4)	(3)	(34)
Balance 30 June 2010	1,924	4,840	1,396	649	8,808
<b>Accumulated depreciation and impairment</b>					
Balance 1 July 2009	-	(3,236)	(451)	(138)	(3,825)
Current year depreciation	-	(586)	(169)	(141)	(896)
Depreciation written back on disposal	-	800	248	50	1,098
Foreign exchange differences	-	(18)	(3)	(2)	(23)
Balance 30 June 2010	-	(3,040)	(375)	(231)	(3,646)
<b>Carrying amount 30 June 2010</b>	<b>1,924</b>	<b>1,800</b>	<b>1,021</b>	<b>418</b>	<b>5,162</b>

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Property, plant and equipment (continued)

#### Revaluations

The Parent and Group engaged New Zealand Valuers Limited, an accredited valuer that uses the International Valuation Standards Committee, International Valuation Standards as a reference, to determine the fair value of land. The effective date of the revaluation was 30 June 2011.

NZ IAS 16.77,  
NZ 77.2

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

The value of land recognised upon the acquisition of Good Tech was \$730,000. This land was not re-valued to fair value at the reporting date as management determined that the effect of changes in market prices between the acquisition and reporting dates is immaterial.

If the cost model had been used, the carrying value of land would have been:

NZ IAS 16.77(e)

Group \$7,421,000 (2010:\$6,712,000)

Parent \$1,198,000 (2010:\$1,098,000)

#### Bank security

The Parent and Group land and buildings have been pledged as security for "loans and borrowings" (see note 31).

NZ IAS 16.74(a)

#### Capital commitments

The Parent and Group have a contractual commitment to acquire IT equipment of \$1,304,000 payable in 2012. In 2011 and 2010 there were no other material contractual commitments.

NZ IAS 16.74(c)

## 24 Investment Property

Investment property includes real estate properties in New Zealand and Australia held by the Parent and Group, which are held to earn rents and for capital appreciation purposes.

Movements in carrying value of investment property are as follows:

	Group		Parent		
	2011	2010	2011	2010	
	\$000	\$000	\$000	\$000	
Opening balance as at 1 July	12,277	12,102	3,069	3,025	NZ IAS 40.76
Additions	-	-	-	-	NZ IAS 40.76(a)
Additions through business combination	75	-	19	-	NZ IAS 40.76(b)
Fair value gain/ (loss)	288	150	72	38	NZ IAS 40.76(d)
Foreign exchange differences	22	25	6	6	NZ IAS 40.76(e)
<b>Closing balance 30 June</b>	<b>12,662</b>	<b>12,277</b>	<b>3,166</b>	<b>3,069</b>	

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Investment Property (continued)

#### Reconciliation of net profit generated from investment properties:

NZ IAS 40.75(f)

Rental income derived from investment properties	1,066	1,028	267	257
Direct operating expenses (including repairs and maintenance) generating rental income	(195)	(194)	(49)	(12)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(18)	(12)	(4)	(3)
Net profit arising from investment properties	853	822	214	242

The Parent and Group have no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

NZ IAS 40.75(d)

Investment properties are carried at fair value, which has been determined based on valuations performed by New Zealand Valuers Limited as at 30 June 2011 (and 30 June 2010) for the current (and previous) years. New Zealand Valuers Limited is an industry specialist in valuing these types of investment properties.

NZ IAS 40.75(e)  
NZ IAS 40.NZ.75.1

In determining fair value, the expected net cash flows applicable to each investment property have been discounted to the present value using a market determined, risk adjusted, discount rate applicable to the respective asset.

NZ IAS 40.75(d)

#### The following main inputs to determining fair value have been used:

NZ IAS 40.75(d)

	Group		Parent	
	2011	2010	2011	2010
	%	%	%	%
Yields	12	10	12	10
Inflation	3.4	2.9	3.4	2.9
Long term vacancy rates	78	76	68	76
Long term growth in real rental rates	4	3	4	3

NZ IAS 40.76

NZ IAS 40.76(a)

NZ IAS 40.76(d)

Investment properties with a carrying value of \$8,327,000 (2010:\$7,348,000) are subject to first charge security for Parent and Group borrowings (see note 31).

NZ IAS 40.76(g)

#### Minimum lease income

The properties are all leased out under operating leases. The lease contracts are all non-cancellable for 8 years from the commencement of the lease. Future minimum lease rentals are as follows:

NZ IAS 17.56(c)

	Group		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Less than one year	1,075	1,030	269	2,575
Between one and five years	5,375	5,150	1,344	1,288
More than five years	2,090	1,978	523	495
<b>Total</b>	<b>8,540</b>	<b>8,158</b>	<b>2,136</b>	<b>4,358</b>

NZ IAS 17.56(a)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 25 Other financial assets

	Group		Parent	
Current assets	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<i>Financial assets held for trading (carried at fair value through profit or loss)</i>				
Money market funds	655	649	164	162
<b>Total current</b>	<b>655</b>	<b>649</b>	<b>164</b>	<b>162</b>
<b>Non-current assets</b>				
<i>Held-to-maturity investments</i>				
Bonds	2,814	3,142	-	-
<i>Available-for-sale financial assets</i>				
Securities and debentures	951	888	-	-
<b>Total non-current</b>	<b>3,765</b>	<b>4,030</b>	<b>-</b>	<b>-</b>

#### Money market funds

The fair value of the Parent and Group investments in money market funds has been determined by reference to their quoted bid prices at the reporting date. All money market funds are publicly traded on stock exchanges in New Zealand. Gains and losses are recorded within "other financial items", within the reported profit or loss.

#### Bonds

Held-to-maturity financial assets comprise zero coupon and US straight bonds with fixed interest rates between 5.5% and 6.2%. They mature in 2012 and 2013. The carrying amounts, measured at amortised cost, and fair values of these financial assets are as follows:

	Carrying value		Fair value	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Bonds	2,814	3,142	2,895	2,995

NZ IFRS 7.25  
NZ IFRS 7.8(b)

Bonds held are publicly traded, and fair values have been estimated by reference to their quoted bid prices at their reporting date. The fair value of US-dollar straight bonds also reflects the US-dollar spot rate as at the reporting date.

NZ IFRS 7.27(a)  
NZ IFRS 7.27(b)

Bonds held are publicly traded, and fair values have been estimated by reference to their quoted bid prices at their reporting date. The fair value of US-dollar straight bonds also reflects the US-dollar spot rate as at the reporting date.

NZ IFRS 7.27(a)  
NZ IFRS 7.27(b)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements

30 June 2011

### Other financial assets (continued)

#### Securities and debentures

The carrying amounts of available-for-sale financial assets, comprising securities and debentures, are as follows:

NZ IFRS 7.25

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Listed equity investment	421	343	-	-
Investment in XY Limited	433	433	-	-
Listed Debentures	97	112	-	-
<b>Total</b>	<b>951</b>	<b>888</b>	<b>-</b>	<b>-</b>

Other than the investment in XY Limited, the assets are stated at fair value.

XY Limited, one of the Group's suppliers in the telecommunication business, is not a listed company. XY Limited is currently in its second year of a major restructuring process, which has triggered possible litigation by third parties. Due to numerous uncertainties regarding the future development of XY Limited, the fair value of the Group's equity investment in this entity cannot be reliably measured. This investment has therefore been stated at cost less impairment charges. An impairment charge of \$350,000 was recognised in 2011 (2010:\$87,000), within "finance costs". The Group plans to continue to hold its 15% interest in XY Limited while it secures other supply lines.

NZ IFRS 7.30(a)-(e)

All the listed equity securities and debentures are denominated in NZD and are publicly traded in New Zealand, except for XY Limited. Fair values have been determined by reference to their quoted bid prices at the reporting date. Fair value movements are reported as other comprehensive income and carried in the "available-for sale reserve" within equity until the securities or debentures are sold.

## 26 Trade creditors and other payables

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>Current</b>				
Trade creditors	7,893	6,512	1,973	1,628
Related party payables				
Short-term bank overdraft	654	78	163	20
Finance lease liabilities (refer to note 29)	512	506	128	126
	9,059	7,096	2,265	1,774
<b>Non-current</b>				
Finance lease liabilities (refer to note 29)	4,096	4,608	1,024	1,152
<b>Total</b>	<b>13,155</b>	<b>11,704</b>	<b>3,289</b>	<b>2,926</b>

NZ IAS 1.69.77

Trade creditors and other payables (except for finance leases) are non-interest bearing and are normally settled on 30 day terms, therefore the carrying amount approximates its fair value.

NZ IFRS 7.25  
NZ IFRS 7.27(a)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

Trade creditors and other payables (except for finance leases) are non-interest bearing and are normally settled on 30 day terms, therefore the carrying amount approximates its fair value.

NZ IFRS 7.25  
NZ IFRS 7.27(a)

The carrying value of the Parent and Group's finance lease liabilities approximates its fair value. This amount reflects the present value, taking into account interest rates available on secured bank borrowings on similar terms.

NZ IFRS 7.27(b)  
NZ IFRS 7.29

### 27 Employee entitlements

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>Current</b>				
Short-term employee entitlements	221	303	55	76
Defined benefit plan obligations	1,246	1,193	-	-
	1,467	1,496	55	76
<b>Non-current</b>				
Defined benefit obligations	11,224	10,812	-	-
<b>Total</b>	<b>12,691</b>	<b>12,608</b>	<b>55</b>	<b>76</b>

Short-term employee entitlements represent the Parent and Group's obligation to its current and former employees that are expected to be settled within 12 months of balance date. These mainly consist of accrued holiday entitlements at the reporting date.

NZ IAS 1.69

#### Defined benefit plan obligations

The Group has set up a partly funded pension scheme (the "Plan") for senior management that was available to certain senior workers after completing five years' service. According to the plan, a certain percentage of the current salary is converted into a pension component each year. Pensions under this scheme are paid out when a beneficiary has reached the age of 65.

NZ IAS 19.120A(b)

The Group is liable for any under-funded past service pension liability and the Group has undertaken to fund any shortfall (a liability does not exist for the Parent).

#### (a) Net funding position

	Group	
	2011 \$000	2010 \$000
Present value of defined benefit obligations	53,874	47,410
Fair value of Plan assets	(42,242)	(32,575)
Net actuarial gain not yet recognised	1,438	(1,930)
Past service cost not yet recognised	(600)	(900)
<b>(Surplus) deficit in Plan funding position</b>	<b>12,470</b>	<b>12,005</b>

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Employee entitlements (continued)

#### Defined benefit plan obligations

Funding obligation represented in the Statement of Financial Position

Current liabilities	11,224	10,812
Non- current liabilities	1,246	1,193
<b>Total</b>	<b>12,470</b>	<b>12,005</b>

#### (b) Present value of defined benefit obligations

NZ IAS 19.120A(c)

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
Present value of obligations at beginning of year	47,410	38,689
Current service cost	1,308	1,530
Interest cost	2,488	2,467
Past service costs	-	1,500
Contribution by Plan participants	658	650
Actuarial losses/(gains)	3,261	3,761
Benefits paid	(1,251)	(1,187)
<b>Present value of obligations at end of year</b>	<b>53,874</b>	<b>47,410</b>

Assumptions used in determination of the Present value of defined benefit obligation:

NZ IAS 19.120A(n)

	<b>2011</b>	<b>2010</b>
Discount rate	5.3%	5.5%
Expected rate of return on Plan assets	7.2%	7.4%
Expected rate of salary growth	4.3%	4.2%
Medical cost trend rates	4.4%	4.2%
Average life expectancies		
Male, 65 years of age at reporting date	82.5	82.5
Female, 65 years of age at reporting date	84.5	84.5
Male, 45 years of age at reporting date	84.5	84.5
Female, 45 years of age at reporting date	87.5	87.5

These assumptions were developed by management under consideration of expert advice provided by independent actuarial appraisers and should be regarded as management's best estimate. The actual outcomes may vary from the estimates.

NZ IAS 1.125(a)  
NZ IAS 1.125(b)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements

30 June 2011

Employee entitlements (continued)

### Defined benefit plan obligations

Estimation uncertainties exist especially in regards to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit obligations. If the medical cost rate assumed in the actuarial valuation of defined benefit obligations had been varied by +/- 1 percent, this would have altered the Group's defined benefit schemes at follows:

NZ IAS 19.120A(o)

	<b>2011 \$000</b>		<b>2010 \$000</b>	
	<b>+1%</b>	<b>-1%</b>	<b>+1%</b>	<b>-1%</b>
Aggregate of current service & interest cost	684	(627)	746	(681)
Defined benefit obligation for medical costs	9,697	(8,797)	8,534	(7,734)

Based on historical data, the Group expects contributions in the range of \$2,200,000 to \$2,500,000 to be paid for 2012.

NZ IAS 19.120A(q)

### (c) Fair value of plan assets

#### Group

	<b>2011 \$000</b>	<b>2010 \$000</b>
Fair value Plan assets at beginning of year	32,575	29,901
Expected return on Plan assets	2,445	2,417
Actuarial gains/ (losses)	6,629	(479)
Contributions by the Group	1,186	1,273
Contributions by Plan beneficiaries	658	650
Benefits paid	(1,251)	(1,187)
<b>Fair value of Plan assets at end of year</b>	<b>42,242</b>	<b>32,575</b>

NZ IAS 19.120A(e)

Expected returns on Plan assets are based on a weighted average of expected returns of the various assets in the plan, and include an analysis of historical returns and predictions about future returns. Expected returns on Plan assets are estimated by independent pension scheme appraisals undertaken by external valuers. In 2011, the actual return on plan assets was \$2,900,000 (2010:\$1,900,000).

NZ IAS 19.120A(l,m)

Plan assets do not comprise any of the Group's own financial instruments or any assets used by Group companies.

NZ IAS 19.120A(k)

Plan assets can be broken down into the following major categories of investments:

NZ IAS 19.120A(j)

	<b>2011</b>	<b>2010</b>
Real estate funds	27%	27%
Equity investment funds	50%	51%
Money market funds	1%	1%
Other debt instruments	17%	18%
Liquid funds	5%	4%
<b>Total</b>	<b>100%</b>	<b>100%</b>



# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Employee entitlements (continued)

#### Defined benefit plan obligations

#### (d) Defined benefit plan obligation movements recognised in profit or loss

	Group	
	2011 \$000	2010 \$000
<b>Employee benefit expense</b>		
Current service cost	1,308	1,530
Past service cost	300	600
	1,608	2,130
<b>Finance costs</b>		
Interest costs	2,487	2,267
<b>Other movements</b>		
Expected return on plan assets	(2,445)	(2,417)
<b>Total recognised in profit or loss</b>	<b>1,651</b>	<b>1,980</b>

NZ IAS 19.120A(g)

The Group recognises all actuarial gains and losses in accordance with the corridor approach (i.e. movements of less than 10% are not recognised). Actuarial gains and losses arising in the year were within the corridor and have therefore not been recognised in profit or loss.

NZ IAS 19.120A(h)

## 28 Provisions

Provisions held by the Group can be summarised as follows (the Parent had no provisions in the years reported):

	Group		
	Restructuring \$000	Other \$000	Total \$000
Balance 1 July	2,110	1,235	3,345
Additional provisions	-	1,570	1,570
Provisions settled/ extinguished	(876)	(2,211)	(3,087)
Provisions reversed	(510)	(103)	(613)
<b>Balance 30 June</b>	<b>724</b>	<b>491</b>	<b>1,215</b>

NZ IAS 37.84(a)

NZ IAS 37.84(b)

NZ IAS 37.84(c)

NZ IAS 37.84(d)

All provisions are considered current liabilities.

NZ IAS 1.69

Provisions recognised from business combination are included in "additional provisions". Provisions classified as "held for sale" are included within "provisions settled/ extinguished".

The restructuring provisions relates to the "Phoenix Programme", which was initiated in early 2009 and carried out predominantly in 2009 and 2010. The Group's management expects to settle the remaining termination remuneration for former employees and legal fees relating to the restructuring programme in 2011. The Group is not eligible for any reimbursement by third parties in this regard.

NZ IAS 37.85(a)  
NZ IAS 37.85(b)  
NZ IAS 37.85(c)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Provisions (continued)

The restructuring provision as at 30 June 2011 was reduced due to the outcome of several lawsuits brought against the Group during 2010 by former employees. Out of court settlements based on the outcome of earlier settlements are expected for most of the remaining claims.

NZ IAS 1.125(a)

Other provisions relate to various legal and other claims by customers, including warranties for which customers are covered for the cost of repairs. The Group is not eligible for any reimbursement by third parties in this regard. Other provisions are expected to be settled or expired within 3 to 18 months.

### 29 Finance Lease liabilities

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Current	512	506	128	126
Non current	4,096	4,608	1,024	1,152
<b>Total</b>	<b>4,608</b>	<b>5,114</b>	<b>1,152</b>	<b>1,278</b>

The Parent and Group's main warehouse and related facilities are held under a finance lease arrangement. The net carrying amount of the assets is \$3,362,000 (2010:\$3,723,000) and leased assets are included in "buildings" within property, plant and equipment.

NZ IAS 17.31(a)

Finance lease liabilities are reported within "trade creditors and other payables" (note 27).

Furthermore, the Parent and Group has leased IT equipment under finance lease arrangements. The net carrying amount of the assets is \$231,000 (2010:\$480,000) and the leased assets are included in "IT equipment" within property, plant and equipment.

Finance lease liabilities are secured by the related assets held under finance leases.

Finance lease liabilities are payable as follows:

2011 - Group	Future minimum lease payments \$000	Interest \$000	Present value of minimum lease payments \$000
Less than one year	727	215	512
Between one and five years	1,415	330	1,085
More than five years	3,539	528	3,011
<b>Total</b>	<b>5,681</b>	<b>1,073</b>	<b>4,608</b>

NZ IAS 17.31(b)

2010 - Group	Future minimum lease payments \$000	Interest \$000	Present value of minimum lease payments \$000
Less than one year	726	220	506
Between one and five years	1,432	336	1,096
More than five years	4,072	560	3,512
<b>Total</b>	<b>6,230</b>	<b>1,116</b>	<b>5,114</b>

NZ IAS 17.31(b)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements

30 June 2011

### Finance Lease Liabilities (continued)

2011 - Parent

	Future minimum lease payments \$000	Interest \$000	Present value of minimum lease payments \$000
Less than one year	182	54	128
Between one and five years	354	83	271
More than five years	885	132	753
<b>Total</b>	<b>1,421</b>	<b>269</b>	<b>1,152</b>

NZ IAS 17.31(b)

2010 - Parent

	Future minimum lease payments \$000	Interest \$000	Present value of minimum lease payments \$000
Less than one year	182	55	127
Between one and five years	358	84	274
More than five years	1,018	140	878
<b>Total</b>	<b>1,558</b>	<b>279</b>	<b>1,279</b>

NZ IAS 17.31(b)

The finance rate charged on finance leases ranges from 8.0% - 12.0% per annum (2010:9.0% - 14.0%).

The lease agreement for the main warehouse includes fixed lease payments and a purchase option at the end of the 10 year lease term. The agreement is non-cancellable but does not contain any further restrictions.

NZ IAS 17.31(e)

No contingent rents were recognised as an expense in the year (2010:\$Nil), and no future sublease income is expected to be received as all assets are used exclusively by the Parent and Group.

NZ IAS 17.31(c)-(d)

## 30 Operating leases

Non-cancellable operating lease rentals are payable as follows:

NZ IAS 17.35(a)

	Group	
	2011 \$000	2010 \$000
Less than one year	4,211	3,431
Between one and five years	12,567	12,100
More than five year	25,678	24,342
<b>Total</b>	<b>42,456</b>	<b>39,873</b>

The Parent has not entered into any operating leases arrangements during the year (2010: None).

NZ IAS 17.35(d)

The Group leases a number of warehouse and factory facilities under operating leases. The leases typically run for a period of 10 years, with an option to renew the lease after that date. Leased payments are increased every five years to reflect market rentals.

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Operating leases (continued)

One of the leased properties has been sublet by the Group. The lease and sublease expire in 2013. Sublease payments of \$70,000 are expected to be received during 2012.

NZ IAS 17.35(b)

During the year an amount of \$3,568,000 (2010:\$3,398,000) was expensed in operating lease payments. An amount of \$150,000 (2010:\$90,000) was recognised as other income in respect of subleases.

NZ IAS 17.35(c)

Except for the Group's main warehouse, other warehouse and factory leases were entered into as combined leases of land and buildings. Since the land title does not pass, the Group determined that the land lease is an operating lease. The rent paid to the landlord of the building is increased to market rent at regular intervals, and the Group does not participate in the residual value of the buildings, it was determined that substantially all the risks and rewards of the buildings are with the land lord. As such, the Group determined that the building lease is an operating lease.

NZ IFRS 7.15A

### 31 Loans and Borrowings

Loans and borrowings of the Group include the following financial liabilities (the Parent held no loans and borrowings in the years reported) :

	Group				NZ IFRS 7.8(f)
	Current		Non current		
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	
<b>Measured at amortised cost</b>					
NZD bank loans	4,565	3,124	-	-	
Non-convertible bond	-	-	8,300	8,300	
Subordinated shareholder loan	-	-	5,000	5,000	
	4,565	3,124	13,300	13,300	
<b>Measured at fair value through profit and loss</b>					NZ IFRS 7.8(e)(i)
USD bank loans	250	255	7,700	7,965	
<b>Total loans and borrowings</b>	4,815	3,379	21,000	21,265	

Other than the US-dollar loans, all borrowings are denominated in NZD.

Fair value of loans and borrowings

NZ IFRS 7.25

	2011		2010	
	Fair value \$000	Carrying amount \$000	Fair value \$000	Carrying amount \$000
USD bank loans	7,950	7,950	8,220	8,220
NZD bank loans	4,565	4,565	3,124	3,124
Non-convertible bond	8,259	8,300	8,383	8,300
Subordinated shareholder loan	4,975	5,000	5,050	5,000
<b>Total</b>	<b>25,749</b>	<b>25,815</b>	<b>24,777</b>	<b>24,644</b>

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Loans and Borrowings (continued)

Fair values of long-term financial liabilities have been determined by calculating their present values at the reporting date, using fixed effective market interest rates available to the Group. Except for the US-dollar loans, no fair value changes have been included in profit or loss for the period as financial liabilities are carried at amortised cost in the statement of financial position.

NZ IFRS 7.27

Borrowings at fair value through profit and loss

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
Carrying amount 1 April	8,220	8,380
Principal repayments	(300)	(230)
New borrowings	-	-
Fair value movement due to:		
Changes in credit risk	-	-
Other market factors	30	70
<b>Carrying amount 30 June</b>	<b>7,950</b>	<b>8,220</b>

NZ IFRS 7.10(a)

NZ IFRS 7.25

The fair value of the loans is estimated using a valuation technique. All significant inputs into the model are based on observable market prices, e.g. market interest rates of similar loans with similar risk. The interest rate used for this calculation is 3.9% (2010:4.1%).

NZ IFRS 7.27(a)  
NZ IFRS 7.27(b)

The cumulative changes since fair value designation attributable to changes in credit risk are \$Nil (2010: \$Nil). The Group estimates the credit risk related change in fair value on a residual basis, as the difference between fair value changes specifically attributable to interest rates and foreign exchange rates and the total change in fair value. At year-end the estimate shows an insignificant change attributable to credit risk.

NZ IFRS 7.10(a)  
NZ IFRS 7.11(a)

The total undiscounted amount repayable at maturity in respect of the US-dollar loan, converted at year-end exchange rates is \$7,755,000 (2010:\$8,055,000; equivalent to a difference between the carrying amount and the amount repayable of \$195,000 (2010:\$165,000).

NZ IFRS 7.10(b)

Borrowings at amortised cost

Other bank borrowings are secured by land and buildings owned by the Group. Current interest rates are variable and average 4.0 % (2010:4.1%).

NZ IFRS 16.74(a)  
NZ IFRS 7.31

The Group's non-convertible bond with a fixed interest rate of 5.0% (2010:5.0%) matures on 20 November 2013 and is therefore classified as non-current.

NZ IFRS 7.31

The subordinated shareholder loan was provided by the Parent's main shareholder, the LOM Investment Trust. It is perpetual and carries a fixed coupon of 4.0% (2010:4%). It is repayable only upon liquidation of the Group.

NZ IFRS 24.17

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 32 Other liabilities and deferred income

	Group		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
<b>Current</b>				
Due to customers for construction contracts	288	207	-	-
Advances received for construction contracts	225	220	-	-
Deferred service income	2,123	2,291	-	-
Deferred gains	22	657	-	-
Other	100	100	-	2,598
<b>Total</b>	<b>2,758</b>	<b>3,475</b>	<b>-</b>	<b>2,598</b>
<b>Non-current</b>				
Contingent consideration – Good Tech	620	-	-	-
Deferred gains	1,400	1,650	-	-
Other	-	-	-	22,751
<b>Total</b>	<b>2,020</b>	<b>1,650</b>	<b>-</b>	<b>22,751</b>

The amount presented as deferred gains relates to an office and production building, which was subject to a sale and lease back transaction in 2002, with a sales price above fair value. The excess of proceeds received over fair value was deferred and is being amortised over the lease term of 15 years. In 2011, deferred income of \$100,000 (2010:\$100,000) was recognised in profit or loss relating to this transaction. The subsequent leasing agreement is treated as an operating lease. The non-current part of the deferred gain will be amortised between 2012 and the end of the lease term.

### 33 Share capital

The share capital of the Parent consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Parent.

NZ IAS 1.79(a)(iii)  
NZ IAS 1.79(a)(v)

	# of shares '000		Parent Carrying value \$000	
	2011	2010	2011	2010
<b>Shares issued and fully paid</b>				
Opening balance	12,000	12,000	15,050	15,050
Shares issued in year	1,500	-	16,680	-
Shares issued under share-based payments	270	-	1,685	-
Closing balance of shares issued	13,770	12,000	33,415	15,050
Shares authorised for share based payments	600	600	-	-
<b>Total shared authorised 30 June</b>	<b>14,370</b>	<b>12,600</b>	<b>33,415</b>	<b>15,050</b>

NZ IAS 1.79(a)

The authorised shares that have not yet been issued have been authorised solely for use in the Group's share-based remuneration programmes (see note 38).

NZ IAS  
1.79(a)(vii)

None of the Parent's shares are held by any company within the Group.

NZ IAS 1.79(a)(vi)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 34 Other equity reserves

#### Share option reserve

The share option reserve is used to record the value of share based payments provided to employees, including key management personal, as part of their remuneration.

NZ IAS 1.79(b)

	Group		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Opening balance	466	-	466	-
Employee remuneration – equity settled share-based payment	298	466	298	466
<b>Closing balance</b>	<b>764</b>	<b>466</b>	<b>764</b>	<b>466</b>

#### Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries for consolidation purposes.

It is also used to record gains and losses on hedges of the net investments in foreign operations.

NZ IAS 1.79(b)

NZ IAS 1.106

	Group		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Opening balance	(359)	(113)	(90)	(28)
Current year gains/ (loss)	(664)	(341)	(166)	(85)
Income tax component taken to other comprehensive income	176	95	44	24
<b>Closing balance</b>	<b>(847)</b>	<b>(359)</b>	<b>212</b>	<b>(90)</b>

#### Asset revaluation reserve

The asset revaluation reserve is used to record increases and decreases in the fair value of land only to the extent that they offset each other (i.e. the reserve cannot fall into deficit).

NZ IAS 1.106

	Group		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Opening balance	689	689	172	172
Revaluation of land	303	-	76	-
Income tax component taken to other comprehensive income	(91)	-	(23)	-
<b>Closing balance</b>	<b>901</b>	<b>689</b>	<b>225</b>	<b>172</b>

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Other equity reserves (continued)

#### Available-for-sale reserve

This reserve records the movements in fair value of available-for-sale financial assets. Upon sale of available-for-sale financial instruments, the accumulative balance of fair value gains/(losses) related that asset is reclassified to profit and loss.

	Group		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Opening balance	35	-	9	-
Current year fair value gains/(losses)	113	35	28	9
Reclassification to profit and loss	(50)	-	(12)	-
<b>Closing balance</b>	<b>98</b>	<b>35</b>	<b>25</b>	<b>9</b>

NZ IAS 1.106

#### Cash flow hedge reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

	Group		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Opening balance	(160)	312	(40)	78
Current year gains/(losses)	367	(47)	92	(12)
Reclassification to profit and loss	260	(425)	65	(106)
Equity accounted investments				
Current year gains/(losses)	5	-	-	-
Reclassification to profit and loss	(3)	-	-	-
<b>Closing balance</b>	<b>469</b>	<b>(160)</b>	<b>117</b>	<b>(40)</b>

NZ IAS 1.106



# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 35 Earnings per share and dividends

#### Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent as the numerator, i.e. no adjustments to profit were necessary in 2011 or 2010.

NZ IAS 33.70(a)

The weighted average number of shares for the purposes of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

NZ IAS 33.70(b)

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
Weighted average number of shares in basic earnings per share	12,520	12,000
Shares deemed to be issued for no consideration in respect of share-based payments	17	21
Weighted average number of shares used in diluted earnings per share	12,537	12,021

NZ IAS 33.70(b)

#### Dividends paid and proposed

#### Dividends paid during the year:

Fully imputed interim dividend (25c per share)

<b>Parent and Group</b>	
<b>2011</b>	<b>2010</b>
<b>\$000</b>	<b>\$000</b>
3,000	-

NZ IAS 1.107

A fully imputed final dividend of \$6,885,000 (50c per share) has been declared since the end of the financial year and is proposed to be paid on 15 October 2011 (2010:\$Nil). This dividend has not been recognised as a liability in the financial statements for the year ended 30 June 2011. No income tax consequences are expected to arise as a result of this transaction at the Parent and Group level.

NZ IAS 1.137(a)  
NZ IAS 12.81(i)

	<b>Parent</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
<b>Imputation credit balance</b>		
<i>The amount of imputation credits available for the subsequent year are:</i>		
Balance at beginning of the year	2,450	3,253
Imputation credits attached to dividends received during the year	-	-
Income tax payments during the year	408	294
Balance at end of the year	2,858	3,817

NZ IAS 12.81(a)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 36 Reconciliation of cash flows from operating activities

NZ IAS 1.20.1

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Net profit for the year	15,447	13,452	17,448	3,363
<i>Add/(deduct) non-cash items:</i>				
Depreciation, amortisation and impairment	7,942	6,826	1,786	1,659
Fair value movements on financial instruments through profit and loss	(219)	373	(54)	93
Defined benefit plan actuarial (gains)/ losses	465	707	-	-
Changes in fair value of investment property	(310)	(175)	(78)	(44)
Bad debt expense	72	864	-	-
Share of profit from associates	(60)	(12)	(60)	(12)
Foreign exchange differences	(123)	(1,164)	-	-
Other non-cash items	(12,597)	(11,608)	(16,096)	(1,017)
<i>Add/(deduct) items classified as investing or financing activities:</i>				
Acquisition costs	223	76	-	-
Interest and dividends	221	439	55	110
Return on Plan assets	(2,445)	(2,417)	-	-
<i>Add/(deduct) movements in working capital:</i>				
(Increase)/ decrease in inventories	7,823	6,764	1,956	1,691
(Increase)/ decrease in trade debtors and other receivables	(281)	(573)	(70)	(143)
(Increase)/ decrease in other financial assets	(430)	362	108	91
Increase/ (decrease) in trade creditors and other payables	(2,841)	(2,856)	(710)	(714)
Increase/ (decrease) in employee entitlements	(82)	23	(20)	6
Increase/ (decrease) in deferred tax	1,215	971	304	243
Increase/ (decrease) in provisions	(40)	(2,825)	-	-
<b>Net cash flows from/ (used in) operating activities</b>	<b>12,980</b>	<b>9,227</b>	<b>4,569</b>	<b>5,326</b>

In 2011, the Group acquired Good Tech. The consideration transferred included a contingent payment arrangement amounting to \$600,000 as of the acquisition date. This is a non-cash transaction excluded from the statement of cash flows.

NZ IAS 7.43

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 37 Employee share-based payment plans

As at 30 June 2011 the Parent and Group maintained two equity settled share-based payment schemes for employee remuneration, the Star Programme and the Stay Programme.

The *Star Programme*, is part of the remuneration package of the Parent and Group's senior management. Options will only vest subject to the achievement of the following total shareholder return performance condition. If the Company's total shareholder return (representing dividend per share plus increase in share price divided by initial share price) is in the top quartile of companies in the NZX 100 Index (the Index) over the vesting period, the full number of options will vest. For performance between median and upper quartile, vesting will occur on a straight-line basis so that 25% of the options vest for median performance and full vesting occurs for top quartile performance. No options will vest if the total shareholder return is below the median in the Index. In addition, persons eligible to participate in this programme have to be employed until the end of the arranged vesting period. Upon vesting, each option allows the holder to purchase one ordinary share at a discount of 20-25% of the market price determined at grant date.

NZ IFRS 2.45(a)

The *Stay Programme*, is part of the remuneration package of the Group's research, development and sales personnel. For the options granted to vest, persons eligible to participate in this programme have to remain employed for the agreed vesting period. The maximum term of the options granted under the Stay Programme ends on 31 July 2011. Upon vesting, each option allows the holder to purchase one ordinary share at a discount of 15-20% of the market price determined at grant date.

NZ IFRS 2.45(a)

All share-based employee remuneration will be settled in equity. The Parent and Group have no legal or constructive obligation to repurchase or settle the options.

Share options and weighted average exercise prices

	Star programme		Stay programme	
	No. Of shares	Weighted average exercise price \$	No. Of shares	Weighted average exercise price \$
Outstanding 1 July 2009	300,000	6.24	92,250	5.81
Granted	-	-	-	-
Forfeited	(513)	6.24	(1,012)	5.81
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding 30 June 2010	299,487	6.24	94,238	5.81
Granted	100,000	7.81	-	-
Forfeited	(312)	6.24	(3,849)	5.81
Exercised	(270,000)	6.24	-	-
Expired	-	-	-	-
Outstanding 30 June 2011	129,175	7.45	90,749	5.81
Exercisable at 30 June 2010	-	-	-	-
Exercisable at 30 June 2011	29,175	6.24	-	-

NZ IFRS 2.45(b)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Employee share-based payment plans (continued)

The weighted average share price at the date of exercise was 11.19% (no exercises in 2010).

NZ IFRS 2.45(c)

The fair values of options granted were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The total shareholder return performance condition related to the Star Programme, being a market condition, has been incorporated into the measurement by means of actuarial modelling.

NZ IFRS 2.47(a)(i)

*The following principal assumptions were used in the valuation of share options:*

	<b>Star programme</b>		<b>Stay programme</b>
Grant date	1 July 2007	1 August 10	5 July 2006
Vesting period ends	30 June 2010	31 July 2013	31 July 2011
Share price at date of grant	\$8.00	\$10.01	\$7.00
Volatility	50%	50%	50%
Option life	5 years	5 years	7 years
Dividend yield	1%	1%	1%
Risk-free investment rate	4%	4%	4%
Fair value at grant date	4.00	6.70	5.30
Exercise price at date of grant	6.24	7.81	5.81
Exercisable from/ to	1 July 2010/ 30 June 2012	1 August 2013/ 30 June 2015	1 August 2011/ 4 July 2013
Weighted average remaining contractual life	1.0 years	4.1 years	2.0 years

NZ IFRS 2.47

NZ IFRS 2.45(d)

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of time since its flotation on the NZX. No special features inherent to the options granted were incorporated into measurement of fair value.

NZ IFRS 2.47(a)(ii)

In total, \$298,000 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) has been included in profit or loss for 2011 (2010:\$446,000) and credited to share option reserve.

NZ IFRS 2.51

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 38 Financial instruments

#### Classification of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial asset and liabilities.

Group 2011 \$000	Financial assets at fair value through profit and loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit and loss	Financial Liabilities at amortised cost	Derivatives designated as cash flow hedges	Other derivatives	Total
<b>Financial Assets</b>									
Cash and cash equivalents	-	-	34,789	-	-	-	-	-	34,789
Trade debtors and other receivables	-	-	33,629	-	-	-	-	-	33,629
Derivative financial instruments	-	-	-	-	-	-	467	115	582
Other financial assets	655	2,814	-	951	-	-	-	-	4,420
	655	2,814	68,418	951	-	-	467	115	73,420
<b>Financial liabilities</b>									
Trade creditors and other payables	-	-	-	-	-	13,155	-	-	13,155
Loans and borrowings	-	-	-	-	7,950	16,865	-	-	24,816
Other financial liabilities	-	-	-	-	-	-	-	-	-
	-	-	-	-	7,950	30,020	-	-	34,971

Grant Thornton Holdings (NZ) Limited

Notes to the financial statements  
30 June 2011

Classification of financial instruments

<b>Group 2010 \$000</b>	<b>Financial assets at fair value through profit and loss</b>	<b>Held-to-maturity investments</b>	<b>Loans and receivables</b>	<b>Available-for-sale financial assets</b>	<b>Financial liabilities at fair value through profit and loss</b>	<b>Financial Liabilities at amortised cost</b>	<b>Derivatives designated as cash flow hedges</b>	<b>Other derivatives</b>	<b>Total</b>
<b>Financial Assets</b>									
Cash and cash equivalents	-	-	11,237		-	-	-	-	11,237
Trade debtors and other receivables	-	-	25,628		-	-	-	-	25,628
Derivative financial instruments	-	-	-		-	-	(160)	212	52
Other financial assets	649	3,142	-	888	-	-		-	4,679
	649	3,142	36,865	888	-	-	(160)	212	41,596
<b>Financial liabilities</b>									
Trade creditors and other payables	-	-	-	-	-	11,704	-	-	11,704
Loans and borrowings	-	-	-	-	8,220	16,424	-	-	24,644
Other financial liabilities	-	-	-	-	-		-	-	-
	-	-	-	-	8,220	28,128	-	-	36,348

Grant Thornton Holdings (NZ) Limited

Notes to the financial statements  
30 June 2011

Classification of financial instruments Parent 2011 \$000	Financial assets at fair value through profit and loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit and loss	Financial Liabilities at amortised cost	Derivatives designated as cash flow hedges	Other derivatives	Total
<b>Financial Assets</b>									
Cash and cash equivalents	-	-	8,698	-	-	-	-	-	8,698
Trade debtors and other receivables	-	-	8,407	-	-	-	-	-	8,407
Derivative financial instruments	-	-	-	-	-	-	116	29	145
Other financial assets	164	-	-	-	-	-	-	-	164
	164	-	17,105	-	-	-	116	29	17,414
<b>Financial liabilities</b>									
Trade creditors and other payables	-	-	-	-	-	3,289	-	-	3,289
Loans and borrowings	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	3,289	-	-	3,289

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Classification of financial instruments

<b>Parent 2010</b>									
<b>\$000</b>									
	Financial assets at fair value through profit and loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit and loss	Financial Liabilities at amortised cost	Derivatives designated as cash flow hedges	Other derivatives	Total
<b>Financial Assets</b>									
Cash and cash equivalents	-	-	2,809	-	-	-	-	-	2,809
Trade debtors and other receivables	-	-	6,407	-	-	-	-	-	6,407
Derivative financial instruments	-	-	-	-	-	-	(40)	53	13
Other financial assets	162	-	-	-	-	-	-	-	162
	162	-	9,216	-	-	-	(40)	53	9,391
<b>Financial liabilities</b>									
Trade creditors and other payables	-	-	-	-	-	2,926	-	-	2,926
Loans and borrowings	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	2,926	-	-	2,926



# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

NZ IFRS 7.27B(a)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Group 2011</b>				
<b>Assets</b>				
Securities and debentures	951	-	-	951
Money market funds	655	-	-	655
Derivatives	-	561	21	582
	1,606	561	21	2,188
<b>Liabilities</b>				
US dollar bank loan	-	7,950	-	7,950

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Group 2010</b>				
<b>Assets</b>				
Securities and debentures	888	-	-	888
Money market funds	649	-	-	649
Derivatives	-	24	28	52
	1,537	24	28	1,589
<b>Liabilities</b>				
US dollar bank loan	-	8,220	-	8,220

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Parent 2011</b>				
<b>Assets</b>				
Securities and debentures	-	-	-	-
Money market funds	164	-	-	164
Derivatives	-	-	-	-
	164	-	-	164
<b>Liabilities</b>				
US dollar bank loan	-	-	-	-

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

Financial instruments measured at fair value (continued)

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Parent 2010</b>				
<b>Assets</b>				
Listed securities and debentures	-	-	-	-
Money market funds	162	-	-	162
Derivatives	-	-	-	-
	162	-	-	162
<b>Liabilities</b>				
US dollar bank loan	-	-	-	-

There have been no significant transfers between levels 1 and 2 in the reporting periods.

### Derivatives

Where derivatives are traded either on exchanges or liquid over-the-counter markets the Group uses the closing price at the reporting date. Normally, the derivatives entered into by the Parent and Group are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates (Level 2). Most derivatives entered into by the Parent and Group are included in Level 2 and consist of foreign currency forward contracts. A few of the Parent and Group's derivative positions in foreign currency forward contracts are classified within Level 3. These primarily relate to positions in currencies for which markets are less developed.

NZ IFRS 7.27(a)  
NZ IFRS 7.27(b)

### Level 3 fair value measurements

The Group's measurement of financial assets and liabilities classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The fair value movement of financial instruments within this level can be summarised as follows:

NZ IFRS 7.27B(c)

	<b>Group</b>	
	<b>2011 \$000</b>	<b>2010 \$000</b>
Opening balance	28	34
Fair value gain/(loss) recognised in profit or loss	23	18
Fair value gain/(loss) recognised in other comprehensive income	-	-
Purchases	-	-
Sales	-	-
Settlements	(30)	(24)
<b>Closing balance</b>	<b>21</b>	<b>28</b>

Fair value gains or losses recognised in profit or loss for the year are presented in "finance income" and can be attributed as follows:

NZ IFRS 7.27B(d)

Assets held at the end of the reporting year	21	28
Assets not held at the end of the reporting year	2	(10)
<b>Total fair value gain/(loss) recognised on level 3 financial instruments</b>	<b>23</b>	<b>18</b>

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

Financial instruments measured at fair value (continued)

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

NZ IFRS 7.27B(e)

There have been no transfers into or out of level 3 in the reported years.

NZ IFRS 7.27B(c)(iv)

Financial instrument risk management

NZ IFRS 7.33

The Parent and Group are exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Parent and Group are exposed to market risk through their use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

The Parent and Company have a series of policies to manage the risk associated with financial instruments. Policies have been established which do not allow transactions that are speculative in nature to be entered into and the Parent and Group are not actively engaged in the trading of financial instruments. As part of this policy, limits of exposure have been set and are monitored on a regular basis.

NZ IFRS 7.IG15

(i) Foreign currency risk

Currency risk is the risk that the fair value of financial instruments will fluctuate due to a change in foreign exchange rates.

Most of the Parent and Group transactions are carried out in NZD. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in Australian dollars (AUD) and US dollars (USD). The Parent and Group also holds an investment in a USD bond and a USD loan designated at fair value through profit or loss, which has been used to fund the purchase of investment property in the United States.

NZ IFRS 7.33(a)

To mitigate the Parent and Group's exposure to foreign currency risk, non-NZD cash flows are monitored and forward exchange contracts are entered into in accordance with the Parent and Group's risk management policies. Generally, the Parent and Group's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows (due after 6 months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other currency transactions.

NZ IFRS 7.33(b)  
NZ IFRS 7.IG15  
NZ IFRS 7.33(c)

The Parent and Group do not enter into forward exchange contracts to mitigate the exposure to foreign currency risk on the Group's USD loan used to fund the purchase of US investment property. The loan is designated at fair value through profit and loss to significantly reduce measurement inconsistencies between investment properties and the related loan, i.e. a foreign currency loss on the investment property is offset by a gain on the related loan. Therefore, the loan is not included in management's assessment of foreign currency exposure.

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below (the Parent does not hold any foreign currency balances). The amounts shown are those reported to key management translated into NZD at the closing rate:

NZ IFRS 7.34(c)

	Short-term exposure			Long-term exposure		
	AUD \$000	USD \$000	Other \$000	AUD \$000	USD \$000	Other \$000
<b>30 June 2011</b>						
Financial assets	3,629	4,518	308	-	1,363	-
Financial liabilities	1,658	710	-	-	-	-
Net exposure	1,971	3,808	308	-	1,363	-
<b>30 June 2010</b>						
Financial assets	1,840	2,920	233	-	1,442	-
Financial liabilities	1,368	586	-	-	-	-
Net exposure	472	2,334	233	-	1,442	-

### Sensitivity analysis

NZ IFRS 7.40(a)

The following analysis illustrates the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities carried in foreign currencies. It assumes a +/- 10% change in the exchange rate for the year ended at 30 June 2011 (2010:10%).

The percentage movement has been determined based on the average exchange rate market volatility for the NZD in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

	2011		2010	
	Profit for the year	Equity	Profit for the year	Equity
	\$000	\$000	\$000	\$000
10% increase NZD against foreign currencies	(197)	(147)	(77)	(27)
10% decrease in NZD against foreign currencies	195	135	73	33

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Parent and Group's exposure to currency risk.

NZ IFRS 7.42

### (ii) Interest rate risk

Interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates.

NZ IFRS 7.42

The Parent and Group are exposed to interest rate risk on funds borrowed at both fixed and variable rates. The Parent held no interest bearing liabilities in the years reported. Interest rate risk is managed by the Parent and Group maintaining an appropriate mix between fixed and floating rates.

NZ IFRS 7.33(a)  
NZ IFRS 7.33(b)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

The Parent and Group are also exposed to interest rate risk on interest bearing financial assets. The Group's investment in bonds all pay fixed interest rates and the interest risk exposure on money market funds is considered immaterial.

### *Sensitivity analysis*

The following analysis illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2010: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

NZ IFRS 7.40(a)  
NZ IFRS 7.40(b)

	2011 \$000		2010 \$000	
	Profit for the year	Equity	Profit for the year	Equity
1% increase in market borrowing interest rates	(36)	(26)	(32)	(23)
1% decrease in market borrowing interest rates	36	16	32	14

### (iii) Other market risk

Other market risk is the risk that the carrying amount (and the ultimate amount realised upon sale) of financial instruments will fluctuate because of changes in market demand. The Group is exposed to other price risk in respect of its listed equity securities, the investment in XY Ltd and debentures.

NZ IFRS 7.33(a)

### *Sensitivity analysis*

For listed equity securities, an average volatility of 20% has been observed during 2011 (2010:18%). This volatility figure is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If the quoted stock price for these securities increased or decreased by that amount, other comprehensive income and equity would have changed by \$85,000 (2010:\$62,000). The listed securities are classified as available-for-sale, therefore no effect on profit or loss would have occurred.

NZ IFRS 7.40(a)

NZ IFRS 7.40(b)

The Group's sensitivity to price risk in regards to its investment in XY Ltd cannot be reliably determined due to numerous uncertainties regarding the future development of this company.

The average volatility of the listed debentures was 15% in 2011 (2010:14%). If the market price had increased or decreased by this amount, other comprehensive income and equity would have increased/decreased by \$15,000 (2010:\$15,000)). As none of the debentures classified as available-for-sale were sold during any of the periods under review, no effect on profit or loss would have occurred (unless any decline in fair value to below cost is considered to result from impairment of the asset).

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### (iv) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Parent and Group, causing the Parent and Group to incur a loss. The Parent and Group have no significant concentration of risk in relation to cash and cash equivalents, trade debtors and other financial assets. The Parent and Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls.

NZ IFRS 7.33(a)  
NZ IFRS 7.33(b)  
NZ IFRS 7.36(c)

The carrying value of financial assets represents the Parent and Group maximum exposure to credit risk at balance date.

NZ IFRS 7.34(a)

The Parent and Group's management considers that all financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Group's financial assets are secured by collateral or other credit enhancements.

NZ IFRS 7.36(c)  
NZ IFRS 7.36(b)

The ageing of trade debtors and other receivables has been detailed in note 16.

The balance of all trade receivables that are past due at the reporting date and are not impaired can be summarised as follows:

NZ IFRS 7.37(a)  
NZ IFRS 7.IG28

	Group		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Not more than 3 months	23	-	6	-
Between 3 and 6 months	-	-	-	-
Between 6 months and 1 year	-	-	-	-
More than one year	-	-	-	-
<b>Total</b>	-	-	-	-

The credit risk for cash and cash equivalents, money market funds, debentures and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

NZ IFRS 7.36(c)

### (v) Liquidity risk

Liquidity risk represents the Parent and Group's ability to meet its contractual obligations as they fall due. The Parent and Group manage liquidity risk by managing cash flows and ensuring that adequate credit lines are in place to cover any potential short falls.

NZ IFRS 7.33(a)

The Parent and Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

NZ IFRS 7.33(b)  
NZ IFRS 7.39(c)

The Parent and Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective has been met for the current years reported. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

NZ IFRS 7.39(c)  
NZ IFRS 7.B11F  
NZ IFRS 7.IG31(c)  
NZ IFRS 7.IG31(d)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

The Parent and Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months.

NZ IFRS 7.B11E

*The Parent and Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:*

NZ IFRS 7.39(a)  
NZ IFRS 7.B11

Group 2011	Contractual cash flow maturities					
	Carrying amounts	Contractual cash flows	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Trade creditors and other payables	8,547	8,547	8,547	-	-	-
Finance lease obligations	4,608	5,682	364	364	1,415	3,539
NZD bank loans	4,565	4,565	4,565	-	-	-
USD bank loan	7,950	10,536	280	280	1,761	8,215
Non-convertible bond	8,300	9,304	208	208	8,888	-
Total	33,970	38,634	13,964	852	12,064	11,754

Group 2010	Contractual cash flow maturities					
	Carrying amounts	Contractual cash flows	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Trade creditors and other payables	6,590	6,590	6,590	-	-	-
Finance lease obligations	5,114	6,230	363	363	1,432	4,072
NZD bank loans	3,124	3,124	3,124	-	-	-
USD bank loan	8,220	10,867	289	289	1,781	8,508
Non-convertible bond	8,300	9,719	208	208	9,303	-
Total	31,348	36,530	10,574	860	12,516	12,580

Parent 2011	Contractual cash flow maturities					
	Carrying amounts	Contractual cash flows	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Trade creditors and other payables	2,497	2,497	2,497	-	-	-
Finance lease obligations	1,152	1,421	91	91	354	885
Loans and borrowings	-	-	-	-	-	-
Total	3,649	3,918	2,588	91	354	885

Parent 2010	Contractual cash flow maturities					
	Carrying amounts	Contractual cash flows	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Trade creditors and other payables	1,648	1,648	1,648	-	-	-
Finance lease obligations	1,278	1,558	91	91	358	1,018
Total	2,926	3,206	1,739	91	358	1,018

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

Note: the subordinated shareholder loan amounting to \$5,000,000 (2010:\$5,000,000), which is disclosed within loans and borrowing in the Statement of Financial Position is not included with the liquidity maturity analysis above. The subordinated shareholder loan is only repayable upon liquidation of the Group.

### 39 Capital management policies and procedures

NZ IAS 1.134

The Parent and Group manage its capital on a Group basis.

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders

This is achieved by pricing products and services commensurately within the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position and cash flow hedges recognised in other comprehensive income.

NZ IAS 1.135(a)(i)

The Group's goal in capital management is to maintain a capital-to-overall financing ratio of 1:6 to 1:4. This is in line with the Group's covenants resulting from the subordinated loan it has taken out from its main shareholder in 2007.

NZ IAS 1.135(a)(ii)

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities other than its subordinated loan. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

NZ IAS 1.135(a)(iii)

*Capital for the reporting periods under review is summarised as follows:*

NZ IAS 1.135(b)

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
Total equity	83,914	52,388
Subordinated loan	5,000	5,000
Cash flow hedges	(469)	160
Cash and cash equivalent	(34,789)	(11,237)
Capital	53,656	46,311
Total equity	83,914	52,388
Borrowings	25,815	24,644
Overall financing	109,729	77,032
Capital-to-overall financing ratio	0.49	0.60

The Group has honoured its covenant obligations, including maintaining capital ratios, since the subordinated loan was taken out in 2007. The ratio-reduction during 2011 is primarily a result of financing the acquisition of Good Tech Limited.

NZ IAS 1.135(d)



# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 40 Related party transactions

Related parties arise when an entity or person(s) has the ability to influence the financial and operating decisions of the Parent and Group.

The Parent and Group's related parties include its subsidiaries, associates and joint venture and key management personnel. In addition the Group has a subordinated loan from the Parents main shareholder, the LOM Investment Trust (see note 22 for information on terms and conditions), on which interest is paid.

NZ IAS 24

Unless otherwise stated transactions with related parties in the years reported have been on an arms-length basis, none of the transactions included special terms, conditions or guarantees.

NZ IAS 24.17(b)(i)  
NZ IAS 24.17(b)(ii)

Parent and ultimate controlling party

The Parent and ultimate controlling party of the Group is Grant Thornton Holdings (NZ) Limited.

NZ IAS 24.12

Transactions with subsidiaries

NZ IAS 12.17, 22

The Parent provided administrative and management support to subsidiary entities, which was on-charged to the subsidiaries for a value of \$567,989 in the year (2010: \$678,986).

The Parent did not receive any dividends or any other income from subsidiaries in the year (2010:\$Nil).

All inter-group debtor and creditor balances were fully settled at year-end (2010:\$Nil).

NZ IAS 24.17(b)

Transactions with Associates

In order to meet peak demands by its customers, the Group has some of its consulting services carried out by professionals of its associate, Equipe Consultants Example Limited.

NZ IAS 24.17

During 2011, Equipe Consultants Example Limited provided services valued at \$568,000 (2010:\$590,000). The outstanding balance of \$20,000 (2010:\$22,000) due to Equipe Consultants Limited is included in trade payables.

NZ IAS 24.17(a)  
NZ IAS 24.17(b)

In 2011, no transactions have been carried out with Shopmore Example Limited.

The Group did not receive any dividends from associates in 2011 or 2010.

Transactions with Joint Ventures

During 2011, Halftime Limited provided services valued at \$10,000 (2010:\$3,000). For joint ventures the full amount of the transactions are shown. These amounts are recognised using the proportionate consolidation method.

NZ IAS 24.18(e)  
NZ IAS 24.17(a)

There are no outstanding balances as at 31 June 2011 (2010:\$Nil). The Group did not receive dividends from Halftime Limited in 2010 or 2011.

NZ IAS 24.17(b)

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

Transactions with key management personnel

NZ IAS 24.16

The Parent and Group have a related party relationship with its key management personnel. Key management personnel include the Parent's Board of Directors and members of the Executive Council, and Senior Management.

Key management personnel compensation includes the following expenses (all were incurred by the Parent):

	Parent		
	2011 \$000	2010 \$000	
Short-term employee benefits	2,710	2,434	NZ IAS 24.16(a)
Post-employment benefits	337	311	NZ IAS 24.16(b)
Other long-term benefits	-	-	NZ IAS 24.16(c)
Termination benefits	100	-	NZ IAS 24.16(d)
Share-based payment	103	175	NZ IAS 24.16(e)
<b>Total</b>	<b>3,250</b>	<b>2,920</b>	

During 2011 key management exercised share options with total exercise price of \$1,685,000 (2010: \$Nil) granted in the Group's *Star Programme*.

NZ IAS 24.17

The Parent and Group allow its employees to take up limited short-term loans to fund merchandise and other purchases through the Group's business contacts. This facility is also available to the Group's key management personnel.

During 2011, the Group's key management received short term loans totalling \$40,000 (2010: \$38,000). The outstanding balance of \$1,000 (2010 and 2009: \$1,000) has been included in 'trade and other receivables'. There are no allowances for doubtful debts in relation to these loans (2010: \$Nil)

NZ IAS 24.17(a)  
NZ IAS 24.17(b)

The Parent and Group used the legal services of one director in the company and the law firm over which he exercises significant influence. The amounts billed were based on normal market rates and amounted to \$21,000 (2010: Nil). There were no outstanding balances at the reporting dates under review.

### 41 Contingent assets and contingent liabilities

The Parent and Group have no contingent assets.

NZ IAS 1.114(d)(i)

Various warranty and legal claims were brought against the Parent Group during the year. Unless recognised as a provision, management considers these claims to be unjustified and the probability that they will require settlement at the Parent and Group's expense to be remote. This evaluation is consistent with external independent legal advice (2010: Nil).

NZ IAS 37.89  
NZ IAS 37.86

Further information on these contingencies is omitted so as not to seriously prejudice the Parents and Group's position in the related disputes.

NZ IAS 37.92

No contingent liabilities have been incurred by the Parent and Group in relation to associates and joint ventures.

NZ IAS 28.40

# Grant Thornton Holdings (NZ) Limited

## Notes to the financial statements 30 June 2011

### 42 Capital commitments

	<b>Parent and Group</b>		NZ IAS 16.74(c)
	<b>2011</b>	<b>2010</b>	
	<b>\$000</b>	<b>\$000</b>	
Within 12 months	1,500	190	
Greater than 12 months	-	-	
	<b>1,500</b>	<b>190</b>	

Capital commitments are for items of plant and IT equipment where contracts have been agreed but the assets are not yet received at the reporting date.

### 43 After balance date events

There were no significant after balance date events (2010: None).

NZ IAS 10.19,21

## Appendix A – alternative income statement

### Two statement approach

In accordance with NZ IAS 1. 81 the “Statement of Comprehensive Income” may be presented in either two statements, the “Income Statement” and a “Statement of Comprehensive Income”, or a single “Statement of Comprehensive Income”.

The main body of these model financial statements presents the statement of comprehensive income in one statement. In this appendix, the alternative an example of presenting the statement of comprehensive income as two statements is presented.

The accounting policies will need to disclose that the alternative of two statements in the statement of comprehensive income has been adopted. In general, the accounting policies will need to be tailored so that they refer to the “Income Statement” and not the “Statement of Comprehensive Income” where appropriate.

### Presenting the income statement by function or nature of expenses

NZ IAS 1.99 allows an “income Statement” format analysing expenses using a classification based on either the nature of expenses (NOE) or based on the function of expenses (FOE) within equity. This depends on management’s assessment of which format provides information that is reliable and more relevant.

The FOE format is illustrated in the main body of the model financial statements. The NOE format is illustrated in this appendix. The FOE and NOE formats do not affect the presentation requirements for other comprehensive income movements. Only the “income statement” is affected.

## Appendix A – alternative income statement

NZ IAS 1.10(b)

### Income statement (alternative 2) For the year ended 30 June 2011

		Notes	Group		Parent	
			2011 \$000	2010 \$000	2011 \$000	2010 \$000
NZ IAS 1.38, 39						
NZ IAS 1.82 (a)	Revenue	9	206,193	191,593	51,548	47,898
NZ IAS 1.85	Other income		427	641	-	-
NZ IAS 1.85	Changes in inventories		(7,823)	(5,573)	(1,956)	(1,393)
NZ IAS 1.85	Cost of materials		(42,634)	(40,666)	(3,791)	(6,350)
NZ IAS 1.85	Employee benefits expense		(114,190)	(108,673)	(18,050)	(30,985)
NZ IAS 1.85	Depreciation, amortisation and impairment of non-financial assets		(7,942)	(6,061)	(1,986)	(1,515)
NZ IAS 1.85	Other expenses		(12,722)	(12,285)	(6,898)	(3,817)
	<b>Operating profit</b>	10	21,309	18,976	18,867	3,838
	Finance income	11	994	793	249	198
NZ IAS 1.82(b)	Finance costs	11	(3,473)	(3,594)	-	(87)
	<b>Net financing costs</b>		(2,479)	(2,801)	249	111
NZ IAS 1.82(c)	Share of profits of associates	7	60	12	60	12
	Change in fair value of investment property		310	175	78	44
	Other financial assets movements	12	3,388	3,599	847	900
	<b>Profit before tax</b>		22,588	19,961	19,233	4,905
NZ IAS 1.82(d)						
NZ IAS 1.12.77	Income tax expense	13	(7,132)	(6,184)	(1,783)	(1,546)
NZ IAS 1.82(f)	<b>Profit for the year from continuing operations</b>		15,456	13,777	17,450	3,363
NZ IAS 1.82(e) NZ IFRS 5.33(a)	Loss for the year from discontinued operations (net of income tax)	20	(9)	(325)	-	-
	<b>Profit for the year</b>		15,447	13,452	17,450	3,363

		Group		Parent	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
	<b>Net profit for the year is attributable to:</b>				
NZ IAS 1.83(a)(i)	Equity holders of the parent	15,326	13,336	17,448	3,363
NZ IAS 1.83(a)(i)	Non controlling interest	121	116	-	-
	<b>Total</b>	15,447	13,452	17,448	3,363
NZ IAS 33.66	<b>Earnings per share</b>				
	<i>From continuing and discontinuing operations</i>				
	Basic (cents per share)	1.22	1.14		
	Diluted (cents per share)	(0.00)	(0.03)		
	<b>Total</b>	1.22	1.11		
NZ IAS 33.66	<b>Earnings per share</b>				
	<i>From continuing operations</i>				
	Basic (cents per share)	1.22	1.14		
	Diluted (cents per share)	(0.00)	(0.03)		
	<b>Total</b>	1.22	1.11		

## Appendix A – alternative income statement

NZ IAS 1.10(b)

### Statement of comprehensive income For the year ended 30 June 2011

	Notes	Group		Parent	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>Net Profit for the year</b>		15,447	13,452	17,450	3,363
<b>Other comprehensive income</b>					
Gains/(losses) on revaluation of land		303	-	76	-
Cash flow hedges					
- Current year gains/ (losses)		367	(47)	92	(12)
- Reclassification to profit and loss		260	(425)	65	(106)
Available-for-sale financial assets					
- Current year gains/ (losses)		113	35	28	9
- Reclassification to profit and loss		(50)	-	(13)	-
Translation of foreign operations					
- Current year gains/ (losses)		(664)	(341)	(166)	(85)
- Reclassification to profit and loss		-	-	-	-
Other comprehensive income - associates					
- Current year gains/ (losses)	7	5	-	5	-
- Reclassification to profit and loss	7	(3)	-	(3)	-
Income tax on other comprehensive income	14	85	95	21	24
<b>Other comprehensive income for the year</b>		416	(683)	103	(170)
<b>Total comprehensive income for the year</b>		15,863	12,769	17,553	3,272

NZ IAS 1.83(b)(ii)  
NZ IAS 1.83(b)(i)

#### Total comprehensive income is attributable to:

Equity holders of the parent	15,742	12,653	17,553	3,272
Non controlling interest	121	116	-	-
<b>Total</b>	15,863	12,769	17,553	3,272

