**Accounting Policies**

# Reporting Entity

The Firm Limited is a New Zealand company registered under the *Companies Act 1993*.

The company is a sporting goods distributor based in Invercargill.

The company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

**Compliance with IFRSs**

The financial statements comply with International Financial Reporting Standards

**Basis of Preparation**

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand.

The financial statements have been prepared on the basis of historical cost modified to include the revaluation of land and buildings, available for sale financial assets and investments held for trading

The presentation currency is New Zealand dollars.

**Specific Accounting Policies**

The specific accounting policies that materially affect the measurement of financial performance and financial position are set out below. These policies have been applied consistently.

1. *Receivables*  
   Receivables are stated at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.
2. *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle.

1. *Investments*

Management classifies investments into two categories. Financial assets which are available-for-sale investments and those investments held for trading. The classification depends on the purpose for which the assets were acquired.

*Investments held for trading*

An investment is classified as held for trading if it was acquired primarily for the purpose of selling in the short-term or if management designates them as held for trading. Investments held for trading are recognised at their historical cost at the date of acquisition.

*Available-for-sale investments*

Available-for-sale investments are classified as non-current unless management intends to dispose of them in the next 12 months. Available-for-sale investments are recognised at their fair value at the date of acquisition

Available-for-sale Investments and investments held for trading are subsequently carried at fair value.

1. *Property, plant and equipment*Land and buildings are stated at fair value, as determined every three years by an independent registered valuer.

Other items of property, plant and equipment are stated at historical cost and depreciated as outlined below.

1. *Depreciation*

Depreciation is charged to the income statement to allocate the cost or revalued amount of an asset, less any residual value, over its useful life.

1. *Revenue*

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services.

1. *Dividends*  
   Dividends are recognised in the period that they are authorised and approved.
2. *Goods and services tax*

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

1. *Changes in Accounting Policy*

There have been no significant changes in accounting policy. All policies have been applied on a basis consistent with those used in previous years.

**Exempt Companies**

***Are exempt from providing general purpose financial statements if at least 2 of the following apply:***

1. at balance date total assets are less than $1 million
2. turnover is less tan $2 million
3. The company has less than 5 fulltime equivalent employees

**Or, the company**

1. Did not have any subsidiaries
2. Was not a subsidiary of another body corporate or associated person