



Black Box Network Services New Zealand Limited – Consolidated

Annual report for the year ended 31 March 2025

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2025

CONTENTS

Directory and Directors' Report	3 to 4
Independent Auditor's Report	5 to 9
Consolidated Statement of Profit or Loss	10
Consolidated Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14 to 33

DIRECTORY

Company Name	Black Box Network Services New Zealand Limited
Entity Type	New Zealand Limited Company
Registered Company Number	399445
NZBN:	9429039431875
Registered Address	Bell Gully, Level 4, 40 Lady Elizabeth Lane Wellington Central Wellington 6011
Other Contact Details	www.blackbox.com/en-nz/
Auditor	Aurora Financials Limited Qualified Statutory Auditors PO Box 11030, Manners Street Wellington 6142 www.aurorafinancials.com

DIRECTORS' REPORT

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of Black Box Network Services New Zealand Limited (Consolidated) as at 31 March 2025 and the results of their operations for the year ended 31 March 2025.

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

The Directors are responsible for ensuring proper accounting records have been kept, which enable, with reasonable accuracy, the determination of the company's financial position. The Directors have the responsibility for the maintenance of a system of internal control 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 company to prevent and detect fraud and other irregularities.

The Directors are pleased to present the financial statements of Black Box Network Services New Zealand Limited (Consolidated) for the year ended 31 March 2025.

These consolidated financial statements have been approved by the Directors, for and on behalf of Black Box Network Services New Zealand Limited:



ROHIT NAHATA

Director

Dated: 13th August 2025



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Independent Auditor's Report

To the shareholders of Black Box Network Services New Zealand Limited,

Report on the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Black Box Network Services New Zealand Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2025, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 March 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual financial report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. Below is a summary of those matters and our key audit procedures to address those matters in order that the Directors may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole, and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Revenue Recognition	
Revenue recognition is a key audit matter due to the significance of revenue to the financial statements and the inherent risk of material misstatement associated with revenue recognition policies.	• We performed substantive testing on a sample of revenue transactions, tracing them to supporting documentation, including contracts and invoices.
The complexity and judgement involved in recognising revenue from various streams required a detailed audit focus.	• We assessed the appropriateness of the company's revenue recognition policies and their compliance with IFRS 15. • We examined any significant estimates and judgments made by management in recognising revenue, particularly concerning the timing of revenue recognition and the identification of performance obligations. • We reviewed the disclosures in the financial statements related to revenue recognition to ensure they were in accordance with IFRS requirements.
Impairment of Goodwill and Intangible Assets	
The assessment of impairment of goodwill and intangible assets is a key audit matter due to the significant judgment required in estimating future cash flows, growth rates, and discount rates.	• We assessed the methodology used by management to estimate the recoverable amount of cash-generating units (CGUs) to which goodwill and intangible assets are allocated.
The assumptions used in the impairment model have a material impact on the carrying value of goodwill and intangible assets.	• We tested the reasonableness of key assumptions used in the impairment model, including future cash flow projections, growth rates, and discount rates.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS RDR, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit 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.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The auditor communicates with management and the Directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies identified in internal control.

From the matters communicated with management and the Directors, the auditor determines those matters that were of most significance in the audit of the consolidated financial statements and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to

anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.



Aurora Financials Limited
Qualified Statutory Auditors
Wellington, New Zealand

13 August 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 MARCH 2025

	Notes	2025	2024
Revenue from contracts with customers	2	11,041,507	11,042,513
Cost of providing services	2	(6,305,086)	(6,826,415)
Gross profit		4,736,421	4,216,098
Employee-related costs	3(c)	(3,293,420)	(3,564,197)
Administrative and distribution expenses	3(c)	(511,698)	(544,682)
Depreciation and amortisation expenses	3(c)	(146,153)	(165,361)
Other expenses	3(b)	(449,528)	(230,799)
Other income	3(a)	(228,427)	21,510
Operating profit / (loss)		107,195	(267,431)
Finance income		-	-
Finance cost	6(b)	(18,944)	(25,169)
Net Finance cost		(18,944)	(25,169)
Profit before income tax		88,251	(292,600)
Income tax expense	4	(24,710)	-
Profit / (loss) for the period		63,541	(292,600)
Profit / (loss) is attributable to:			
Owners of Black Box Network Services New Zealand Limited		63,541	(292,600)

These statements must be read in conjunction with the notes to the consolidated financial statements and the audit report.

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2025

	Notes	31 March 2025	31 March 2024
ASSETS			
Non-current assets			
Property, plant and equipment	6(a)	72,836	91,001
Right of use assets	6(b)	216,648	312,936
Intangible assets	6(c)	2,228,882	2,260,582
Deferred tax assets	6(d)	24,722	49,432
Investments accounted for using the equity method		2,827,733	2,827,733
Total non-current assets		5,370,821	5,541,684
Current assets			
Inventories	6(e)	39,525	34,856
Other current assets	6(h)	1,017,332	1,161,403
Trade receivables	5(a)	5,831,865	5,169,321
Cash and cash equivalents (excluding bank overdrafts)	5(c)	160,734	357,979
Total current assets		7,049,456	6,723,559
Total assets		12,420,277	12,265,243
LIABILITIES			
Non-current liabilities			
Lease liabilities	6(b)	136,056	236,910
Total non-current liabilities		136,056	236,910
Current liabilities			
Trade and other payables	5(d)	7,983,405	7,905,954
Contract liabilities	1(b)	1,527,657	1,794,442
Lease liabilities	6(b)	100,854	94,256
Employee benefit obligations	6(f)	112,813	83,929
Total current liabilities		9,724,729	9,878,581
Total liabilities		9,860,785	10,115,491
Net assets		2,559,492	2,149,752
EQUITY			
Share capital and share premium	7(a)	2,624,259	2,624,259
Other reserves	6(g)	(109,180)	(109,180)
Retained earnings	7(b)	44,413	(365,327)
Total equity		2,559,492	2,149,752

These statements must be read in conjunction with the notes to the consolidated financial statements and the audit report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2025

	Share capital	Foreign currency translation reserve	Accumulated surplus	Total equity
Balance at 1 April 2023	2,624,259	-	(246,787)	2,377,472
Profit / (loss) for the period	-	-	(292,600)	(292,600)
Currency translation differences	-	(109,180)	-	(109,180)
Correction of error	-	-	174,060	174,060
Balance at 31 March 2024	2,624,259	(109,180)	(365,327)	2,149,752
Correction of error	-	-	346,199	346,199
Profit / (loss) for the period	-	-	63,541	63,541
Currency translation differences	-	-	-	-
Balance at 31 March 2025	2,624,259	(109,180)	44,413	2,559,492

These statements must be read in conjunction with the notes to the consolidated financial statements and the audit report

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2025

	Notes	2025	2024
Cash flows from operating activities			
Cash generated from operations		(84,045)	(571,485)
Interest received		-	24,831
Interest paid		(18,944)	(25,169)
Net cash flows from operating activities	8(a)	(102,989)	(571,823)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(13,046)
Cash flows from other investing and financing activities		-	(304,000)
Net cash flows from investing activities		-	(317,046)
Cash flows from financing activities			
Principal repayment of Lease Liability		(94,256)	(88,031)
Net cash flows from financing activities		(94,256)	(88,031)
Net increase in cash and cash equivalents		(197,245)	(976,900)
Cash and cash equivalents at the beginning of the year		357,979	1,334,879
Cash and cash equivalents at the end of the year	5(c)	160,734	357,979

These statements must be read in conjunction with the notes to the consolidated financial statements and the audit report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

1 Revenue from contracts with customers

1(a) Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

2025	IT Consulting	Total
Timing of revenue recognition		
At a point of time	9,916,632	9,916,632
Over time	1,124,875	1,124,875
	11,041,507	11,041,507

2024	IT Consulting	Total
Timing of revenue recognition		
At a point of time	1,443,174	1,443,174
Over time	9,599,339	9,599,339
	11,042,513	11,042,513

1(b) Assets and liabilities related to contracts with customers

The group has recognised the following assets and liabilities related to contracts with customers:

	2025	2024
Current contract assets relating to IT consulting contracts	-	-
Loss allowance	-	-
Total contract assets	-	-

	2025	2024
Contract liabilities – IT consulting contracts	1,527,657	1,794,442
Loss allowance	-	-
Total current contract liabilities	1,527,657	1,794,442

1(c) Accounting policies and significant judgements

(i) IT consulting services

The IT consulting division provides business IT management, design, implementation and support services under fixed-price and variable-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Some contracts include multiple deliverables, such as the sale of hardware and related installation services. However, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If the contract includes an hourly fee, revenue is recognised in the amount to the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(ii) Critical judgements in allocating the transaction price

Management estimates the stand-alone selling price at contract inception based on observable prices of the type of hardware likely to be provided and the services rendered in similar circumstances to similar customers. If a discount is granted, it is allocated to both performance obligations based on their relative stand-alone selling prices.

2 Material profit or loss items

The group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the group.

	2025	2024
Revenue from contracts with customers		
Perpetual product revenue	631,925	1,469,219
Non-recurring services revenue	2,834,646	3,101,941
Recurring services revenue	5,667,803	4,320,426
Other domestic revenue	1,920,845	2,056,658
Other revenue	6,716	94,269
Subscription product revenue	(20,428)	-
Total revenue from contracts with customers	11,041,507	11,042,513
Cost of providing services		
Service contract cost of sales	(5,817,183)	(6,065,164)
Perpetual product cost of sales	(334,156)	(441,885)
Other costs	(153,747)	(319,366)
Total cost of providing services	(6,305,086)	(6,826,415)
Employee related costs	(3,293,420)	(3,564,197)
Total material items from continuing operations	1,443,001	651,901

3 Other income and expense items

This note provides a breakdown of the items included in other income, other gains/(losses), finance income and costs and an analysis of expenses by nature. Information about specific profit or loss items (such as gains and losses in relation to financial instruments) is disclosed in the related balance sheet notes.

3(a) Other income

	Notes	2025	2024
Interest income	(i)	1,317	1,254
Net foreign exchange gains / (losses)	(ii)	(229,744)	15,855
Other items		-	4,401
		(228,427)	21,510

(i) Interest income

Interest income from financial assets at fair value through profit or loss (FVPL) is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at fair value through other comprehensive income (FVOCI) calculated using the effective interest method is recognised in profit or loss as part of other income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

(ii) Net foreign exchange gains / (losses)

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

The net foreign exchange gains / (losses) primarily arise from:

- Translation of Foreign Currency Denominated Monetary Items: Monetary items such as trade receivables, trade payables, and cash balances denominated in foreign currencies are translated at the exchange rate at the reporting date.
- Settlement of Foreign Currency Transactions: Gains or losses arising on the settlement of transactions denominated in foreign currencies that were initially recorded at different exchange rates.

Key Estimates and Judgments

Management makes certain key assumptions in determining the exchange rates for translating foreign currency transactions and balances. Changes in these assumptions may affect the reported net foreign exchange gains / (losses).

3(b) Other expenses

	2025	2024
Professional fees	(72,023)	(212,505)
Other items	(377,505)	(18,294)
	(449,528)	(230,799)

3(c) Breakdown of expenses by nature

	2025	2024
Employee related costs		
Salaries	(3,293,420)	(3,539,829)
Other expenses	-	(24,368)
	(3,293,420)	(3,564,197)

	2025	2024
Administrative and distribution expenses		
Rent	(190,989)	(154,440)
Bad debt expenses	(100,000)	-
Telephone and internet	(70,417)	(51,256)
Travel and entertainment	(48,572)	(54,646)
Computer hardware and software maintenance	(36,108)	(46,877)
Other expenses	(28,054)	(35,459)

Advertising and marketing	(25,036)	(186,994)
Insurance	(12,522)	(15,010)
	(511,698)	(544,682)

	2025	2024
Depreciation and amortisation expenses		
Depreciation – ROU Assets	(96,288)	(96,288)
Depreciation	(18,165)	(37,373)
Amortisation	(31,700)	(31,700)
	(146,153)	(165,361)

4 Income tax expense

4(a) Income tax expense

	2025	2024
<i>Current tax</i>		
Current tax on profits for the year	24,710	-
Adjustment for current tax of prior periods	-	-
Total current tax expense	24,710	-
<i>Deferred income tax</i>		
Decrease / (increase) in deferred tax assets	-	-
(Decrease) / increase in deferred tax liabilities	-	-
Total deferred tax expense / (benefit)	-	-
Income tax expense	24,710	-
Income tax expense is attributable to:		
Profit from continuing operations	-	-
	24,710	-

4(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2025	2024
Profit from continuing operations before income tax expense	88,251	(292,600)
Tax as the company tax rate of 28%	24,710	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Goodwill impairment	-	-
Amortisation of intangibles	-	-
Sundry items	-	-
Adjustments for current tax of prior periods	-	-
Income tax expense	24,710	-

4(c) Unused tax losses carried forward

As at 31 March 2025, the Group has tax losses of \$707,145 available to carry forward (2024: \$795,396). These losses are available to offset future taxable income, subject to shareholder continuity requirements under New Zealand tax legislation.

No deferred tax asset has been recognised in relation to these losses as the benefit is not considered probable due to the Group's recent performance history. The unrecognised deferred tax asset amounts to approximately \$198,000 (2024: \$222,711).

See note 16(f) for information about recognised tax losses and significant judgements made in relation to them.

5 Financial assets and financial liabilities

5(a) Trade receivables

	2025	2024
Current assets		
Trade receivables from contracts with customers	5,931,865	5,169,321
Loss allowance	(100,000)	-
	5,831,865	5,169,321

(i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 16(j).

(ii) Other receivables

The amounts shown in Other Current Assets are predominantly prepayments on backline service contracts for customers. Hence, they arise from normal operating activities. There are no Non-Current Other Receivables on the balance sheet, and no interest, collateral, or three-year payable term is applicable.

5(b) Financial assets at fair value through other comprehensive income

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets.

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

5(c) Cash and cash equivalents

	2025	2024
Current assets		
Cash at bank and in hand	160,734	357,979
	160,734	357,979

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2025	2024
Balances as above	160,734	357,979
Balances as per statement of cash flows	160,734	357,979

5(d) Trade and other payables

	2025	2024
Current liabilities		
Trade payables	7,067,819	7,394,282
Payroll tax and other statutory liabilities	915,586	511,672
	7,983,405	7,905,954

Trade payables are unsecured and are usually paid within 30 days of recognition.

6 Non-financial assets and liabilities

6(a) Property, plant and equipment

	Computers and servers	Furniture and fixtures	Office equipment	Total
At 1 April 2023				
Cost or fair value	586,893	55,847	57,573	700,313
Accumulated depreciation	(575,180)	(19,503)	(14,629)	(609,312)
Net book amount	11,713	36,344	42,944	91,001
Year ended 31 March 2024				
Opening net book amount	29,406	47,513	38,409	115,328
Exchange differences	-	-	-	-
Revaluation surplus	-	-	-	-
Additions	3,865	-	9,181	13,046
Depreciation charge	(21,558)	(11,169)	(4,646)	(37,373)
Closing net book amount	11,713	36,343	42,945	91,001
	Computers and servers	Furniture and fixtures	Office equipment	Total
Year ended 31 March 2025				
Opening net book amount	11,713	36,344	42,944	91,001
Exchange differences	-	-	-	-
Revaluation surplus	-	-	-	-
Additions	-	-	-	-
Depreciation charge	(6,239)	(11,169)	(757)	(18,165)
Closing net book amount	5,474	25,175	42,188	72,836
At 31 March 2025				
Cost or fair value	590,758	55,847	66,756	713,361
Accumulated depreciation	(585,284)	(30,672)	(24,568)	(640,524)
Net book amount	5,474	25,175	42,188	72,836

6(b) Leases

This note provides information for leases where the group is a lessee.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2025	2024
Right-of-use-assets		
Buildings	216,648	312,936
	216,648	312,936
Lease liabilities		
Current	100,854	94,256
Non-current	136,056	236,910
	236,910	331,166

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2025	2024
Depreciation charge of right-of-use assets		
Buildings	96,288	96,288
	96,288	96,288
Interest expense (included in finance cost)	18,944	25,169

(iii) The group's leasing activities and how these are accounted for

The group leases various offices, warehouses, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of six months to eight years but may have extension options. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate. The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture. See note 16(g) for the other accounting policies relevant to leases.

(iv) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

6(c) Intangible assets

	Goodwill	Non-Compete Fees	Customer Relationship	Total
At 1 April 2023				
Cost	1,845,815	90,000	137,000	2,072,815
Accumulated amortisation and impairment	-	(48,000)	(36,533)	(84,533)
Net book amount	1,845,815	42,000	100,467	1,988,282
Year ended 31 March 2024				
Opening net book amount	1,845,815	42,000	100,467	1,988,282
Acquisition of business	304,000	-	-	304,000
Exchange differences	-	-	-	-
Amortisation charge	-	(18,000)	(13,700)	(31,700)
Closing net book amount	2,149,815	24,000	86,767	2,260,582
	Goodwill	Non-Compete Fees	Customer Relationship	Total
At 31 March 2024				
Cost	2,149,815	90,000	137,000	2,376,815
Accumulated amortisation and impairment	-	(66,000)	(50,233)	(116,233)
Net book amount	2,149,815	24,000	86,767	2,260,582
Year ended 31 March 2025				
Opening net book amount	2,149,815	24,000	86,767	2,260,582
Additions – internal development	-	-	-	-
Acquisition of business	-	-	-	-
Exchange differences	-	-	-	-
Impairment charge	-	-	-	-
Amortisation charge	-	(18,000)	(13,700)	(31,700)
Closing net book amount	2,149,815	6,000	73,067	2,228,882
At 31 March 2025				
Cost	2,149,815	90,000	137,000	2,376,815
Accumulated amortisation and impairment	-	(84,000)	(63,933)	(147,933)
Net book amount	2,149,815	6,000	73,067	2,228,882

(i) Amortisation methods and useful lives

The group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Non-compete fee 10 years
- Customer Relationships 5 years
- Goodwill impairment testing is based on future forecasted cashflow. The Group believes that goodwill should be carried at its current value in line with anticipated growth in the next 5 years.

(ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

6(d) Deferred tax balances

Offsetting within tax consolidated group

Black Box Network Services New Zealand Limited and its wholly-owned New Zealand subsidiaries form a consolidated group for income tax purposes which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

6(e) Inventories

	2025	2024
Current assets		
Finished goods	39,525	34,856
	39,525	34,856

(i) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs. The exception is land held for development and resale where costs are assigned by specific identification and include the cost of acquisition, development and borrowing costs incurred during the development. Volume rebates or discounts are taken into account when estimating the cost of inventory if it is probable that they have been earned and will take effect. See note 16(k) for the group's other accounting policies for inventories.

6(f) Employee benefit obligations

	31 March 2025			31 March 2024		
	Current	Non Current	Total	Current	Non Current	Total
Annual leave obligations	112,813	-	112,813	83,929	-	83,929
Total employee benefit obligations	112,813	-	112,813	83,929	-	83,929

6(g) Other reserves

(i) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 16(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

6(h) Other assets and assets classified as held for sale

	2025	2024
Other current assets		
Prepayments	1,017,332	1,161,403
	1,017,332	1,161,403

7 Equity

7(a) Share capital and share premium

	Notes	31 March 2025	31 March 2024	31 March 2025	31 March 2024
		Shares	Shares	Amount	Amount
Ordinary shares fully paid	7(a)(ii)	2,624,259	2,624,259	2,624,259	2,624,259
Total		2,624,259	2,624,259	2,624,259	2,624,259

(i) Movements in ordinary shares

	Notes	Number of shares	Par value	Share premium	Total
Details					
Opening balance 1 April 2024	7(a)(ii)	2,624,259	1	-	2,624,259
Balance at 31 March 2025		2,624,259	1	-	2,624,259

(ii) Ordinary shares

Ordinary shares have a par value of NZ\$1.00. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

7(b) Retained earnings

Movements in retained earnings were as follows:

	2025	2024
Balance 1 April	(365,327)	(246,787)
Prior period adjustment	346,199	174,060
Net profit (loss) for the period	63,541	(292,600)
Balance 31 March	44,413	(365,327)

8 Cash flow information

8(a) Cash generated from operations

	2025	2024
Profit before income tax from:		
Continuing operations	88,251	(292,600)
Adjustments for:		
Depreciation and amortization	(146,153)	(165,361)
Other Adjustments	(45,087)	(113,862)
Cash generated from operations	(102,989)	(571,823)

9 Significant estimates and judgements

The areas involving significant estimates or judgements are:

- estimation of current tax payable and current tax expense in relation to an uncertain tax position
- estimation uncertainties and judgements made in relation to lease accounting
- recognition of deferred tax asset for carried-forward tax losses
- consolidation decisions and classification of joint arrangements.
- recognition of revenue and allocation of transaction price
- estimated fair value of certain financial assets
- estimated useful life of intangible asset
- impairment of financial assets, and
- estimated goodwill impairment.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

10 Financial risk management

10(a) Market risk

(i) Foreign exchange risk

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in New Zealand dollars, was as follows:

	31 March 2025			31 March 2024		
	USD	AUD	EUR	USD	AUD	EUR
Trade receivables	199,275	1,960,037	528	235,165	924,314	528
Trade payables	1,083,202	662,694	-	1,212,488	256,263	-

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

	2025	2024
Net foreign exchange gain/(loss) included in other gains/(losses)	(229,744)	15,855
Exchange losses on foreign currency borrowing included in finance costs	-	-
Total net foreign exchange (losses) recognised in profit before income tax for the period	(229,744)	15,855

Instruments used by the group

The group operates internationally and is exposed to foreign exchange risk, primarily the US dollar, Euro and Australian dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable US dollar expenditures.

11 Interests in other entities

11(a) Material subsidiaries

The group's principal subsidiaries at year end are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Principal activities
		2025	2024	
Black Box Technologies New Zealand Limited	New Zealand	100%	100%	Provision of IT products and network solutions

12 Contingent liabilities and contingent assets

12(a) Contingent liabilities

The group had no contingent liabilities at year end.

12(b) Contingent assets

The group had no contingent assets at year end.

13 Commitments

13(a) Capital commitments

The Group had no significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities.

14 Events occurring after the reporting period

No events occurred after the balance date that would have a material impact on the consolidated financial statements. (2024: \$Nil)

15 Related party transactions

15(a) Parent entities

The group is controlled by the following entities:

Name	Type	Place of incorporation	Ownership Interest 31 March 2025	31 March 2024
Black Box Network Services Australia Pty Limited	Immediate parent entity	Australia	100%	100%
Black Box Limited	Ultimate parent entity and controlling party	India	100%	100%

15(b) Subsidiaries

Interests in subsidiaries are set out in notes 11(a) and 16(b).

15(c) Transactions with other related parties

The following transactions occurred with related parties:

	2025	2024
Sales revenue for goods and services	432,475	461,727
Purchases / costs for goods and services	(34,983)	(38,213)
	397,492	423,514

15(d) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2025	2024
Balance Payable with related entities		
Black Box Corporation of Pennsylvania	1,169,327	1,134,727
Dragonfly Technologies Pty Ltd	755,516	106,039
Black Box Technologies Australia	3,499,356	4,070,545
Black Box Network Services Singapore	624,925	624,925
Black Box Limited	23,907	-
Global Speech Network Nz	114,753	-
	6,187,784	5,936,236
Balance Receivable from the related entities		
Black Box Corporation of Pennsylvania	39,583	36,222
Black Box Internal	499,646	344,292
Black Box Network Service Korea	1,644	1,644
Black Box Technologies Australia	2,542,742	2,709,568
Black Box Network Service UK	36,114	-
Black Box Sweden	191,867	54,109
	3,311,596	3,145,835

16 Summary of other accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Black Box Network Services New Zealand Limited and its subsidiaries.

16(a) Basis of preparation

Black Box Network Services New Zealand Limited is a company registered under the Companies Act 1993. The consolidated financial statements have been prepared in accordance with the Financial Reporting Act 2013 and the Companies Act 1993.

(i) Compliance with NZ IFRS

The consolidated financial statements of the Black Box Network Services New Zealand Limited group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (GAAP). Black Box Network Services New Zealand Limited is a for-profit entity for the purposes of complying with GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS RDR.

The group is eligible and has elected to report in accordance with Tier 2 For-profit Accounting Requirements (NZ IFRS RDR) on the basis that the group has no public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR, the group has applied a number of disclosure concessions.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities, certain classes of property, plant and equipment – measured at fair value or revalued amount.

16(b) Principles of consolidation and equity accounting

(i) Subsidiaries

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests (NCI) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment.

(iii) Changes in ownership interests

The group treats transactions with NCI that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to NCI and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Black Box Network Services New Zealand Limited.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

16(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(ii) Transactions and balances

the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate

16(d) Revenue recognition

The accounting policies for the group's revenue from contracts with customers are explained in note 1.

16(e) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Currently, the group does not have any grants from the government.

16(f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. 13 Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

16(g) Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- any lease payments made at or before the commencement date less any lease incentives received

- the amount of the initial measurement of lease liability
- any initial direct costs, and restoration costs.

16(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's FVLCD and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units (CGUs)). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

16(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

16(j) Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

16(k) Inventories

(i) Finished goods

Finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

16(l) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

16(m) Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(ii) Trademarks, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Research and development

Research expenditure and development expenditure that do not meet the criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(iv) Amortisation methods and periods

Refer to note 6(c) for details about amortisation methods and periods used by the group for intangible assets.

16(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

16(o) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

16(p) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

16(q) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

16(r) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.