



VALUE HKFRS Limited

Interim financial reporting

June 2024



This publication presents the sample interim financial report of a fictional listed company, VALUE HKFRS Limited. It illustrates the financial reporting requirements (including disclosures) that would apply to such a company under Hong Kong Financial Reporting Standards as issued at 30 April 2024. Supporting commentary is also provided. For the purposes of this publication, VALUE HKFRS Limited is incorporated outside Hong Kong and listed on the Hong Kong Stock Exchange. It is the parent entity in a consolidated group.

VALUE HKFRS Limited – Interim financial reporting June 2024 is for illustrative purposes only and should be used in conjunction with the relevant financial reporting standards and any other reporting pronouncements and legislation applicable in specific jurisdictions.

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

Introduction

This publication presents illustrative condensed consolidated interim financial statements for a fictional listed company, VALUE HKFRS Limited, for the six months ended 30 June 2024. VALUE HKFRS Limited is incorporated outside Hong Kong and listed on the Hong Kong Stock Exchange. The interim financial statements were prepared in accordance with HKAS 34 *Interim Financial Reporting*.

This illustrative set of interim financial statements is also prepared in accordance with the requirements of Appendix D2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Chapter 18 of the Rules Governing the Listing of Securities on GEM (the “Listing Rules”) which are published up to April 2024. The minimum disclosures required under the Listing Rules have been highlighted in red for easy reference.

This illustrative interim report do not include additional disclosure requirements under the Code of Real Estate Investment Trust (REIT Code) for REITs listed in Hong Kong. Please refer to Appendix C of the REIT Code or Part C of “Interim reporting checklist for half-year report and preliminary announcement” for the additional disclosure requirements.

If the client entity is incorporated in Hong Kong, the interim financial statements should include a statement as required under section 436 of the Hong Kong Companies Ordinance (Cap. 622). Refer to Link: AB6 issued by the HKICPA for detailed guidance.

Using this publication

The purpose of this publication is to provide a broad selection of illustrative disclosures which cover most common scenarios encountered in practice by reporters under Hong Kong Financial Reporting Standards (HKFRS). The industry and business environment of the fictional company provide the framework for these disclosures, and the amounts disclosed are for illustration purposes only. Some of the disclosures in this publication would likely be immaterial if VALUE HKFRS Limited was a ‘real life’ company. Disclosures should not be included where they are not relevant or not material in specific circumstances.

The source for each disclosure requirement is set out in the reference column on the left hand side of each page. Revised requirements that become applicable for the first time this year and improvements are identified as ‘New illustration’ or ‘Revised illustration’ in the reference column. In addition, some key reminders or considerations applicable for this year are also identified as ‘New requirements for consideration of impact’ or ‘Reminders for consideration of impact’ in the reference column. There is also commentary that (i) explains some of the more challenging areas and (ii) lists disclosures that have not been included because they are not relevant to VALUE HKFRS Limited.

These example disclosures are not the only acceptable form of presenting interim financial statements. Alternative presentations might be acceptable, if they comply with the specific disclosure requirements prescribed in HKFRS.

Since VALUE HKFRS Limited is an existing preparer of consolidated financial statements under HKFRS, HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards* does not apply.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards;
- Hong Kong Accounting Standards; and
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

Format of the publication

The references in the left-hand margin refer to the paragraph of the standard and the Listing Rules in which the disclosure appears, for example

- 'HKAS34(8)(b)' indicates HKAS 34 paragraph 8(b)
- 'HKFRS3(B67)' indicates HKFRS 3 paragraph B67
- 'AB6.13' indicates AB6 paragraph 13;
- 's436' indicates the new Hong Kong Companies Ordinance (Cap. 622), Section 436
- 'MB14.08' indicates paragraph 8 of Chapter 14 to the Main Board Listing Rules;
- 'GEM18.15' indicates paragraph 15 of Chapter 18 to the GEM Board Listing Rules;
- 'A4(1)(a)' indicates paragraph 4(1)(a) of Appendix D2 to the Main Board Listing Rules;

New requirements for consideration of impact:

New amendments to HKFRS applicable from 1 January 2024

New requirements for 2024	
There are several amendments to HKFRS that became applicable from 1 January 2024:	
Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to HKAS 1	<i>In brief INT2022-16</i>
Lease Liability in Sale and Leaseback – Amendments to HKFRS 16	<i>In depth INT2023-01</i>
Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7	<i>In depth INT2023-06</i>
Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – HK Int 5 (Revised)	
Refer to Appendix A for more details. Entities will need to consider the impacts of these amendments in the preparation of interim reports for periods commencing on or after 1 January 2024. For purposes of these illustrative disclosures, we have assumed that only the amendments to HKAS 1 impact VALUE HKFRS Limited's disclosures for its condensed consolidated interim financial statements. The new disclosures related to supplier finance arrangements are not required to be provided in the 2024 interim report.	
An entity might also choose to early adopt Amendments to HKAS 21 <i>Lack of Exchangeability</i> , applicable from 1 January 2025 (see Appendix A). We have assumed that VALUE HKFRS Limited has not early adopted these amendments.	

Reminders for consideration of impact:

Impacts of the geopolitical, macroeconomic and regulatory environment

Impacts of the geopolitical, macroeconomic and regulatory environment	
Many entities might find that their operations are experiencing specific effects of the broader geopolitical, macroeconomic and/or regulatory environment. An entity should carefully consider how events such as geopolitical conflicts, high interest rates or inflation (including hyperinflation) impacted their business during the reporting period, and it should make any resulting updates to the interim financial statements.	
<i>Geopolitical considerations</i>	
Geopolitical conflict has continued not only to create significant shifts in the global risk landscape but also to have a pervasive economic impact both within those regions and globally where businesses engage in cross-border economic activities. Entities should carefully consider their direct and indirect exposures to geopolitical conflicts and provide required HKFRS disclosures in a manner that is appropriately tailored to their individual circumstances. We have not updated the illustrative disclosures to reflect potential implications, because every entity will be impacted differently.	
Publications such as the statement issued by the European Securities and Markets Authority (ESMA), <i>Implications of Russia/Ukraine conflicts on half-yearly financial reports</i> , and our <i>In depth INT2202-05 Accounting implications of Russia/Ukraine conflicts</i> on Viewpoint include considerations that might continue to be relevant to geopolitical conflicts in general.	
<i>Macroeconomic considerations</i>	
Inflation and high interest rates can be a significant source of estimation uncertainty and can have a material impact on the carrying amount of assets and liabilities. Whilst, for a number of jurisdictions, recent spikes in inflation and interest rates might now be stabilising or even decreasing, entities might still be exposed to risks in this regard, and they might need to continue to update judgements and estimates, as well as related disclosures. Entities might also need to update sensitivity analyses to reflect a widening reasonable possible range for interest rate changes, and they might still need to consider the impact that inflation and high interest rates have had on their interim financial statements. HKAS 34 requires an entity to include in its interim report an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period.	
For additional guidance, please make reference to <i>In depth INT2022-12 Navigating IFRS Accounting Standards in periods of rising inflation and interest rates</i> .	
Based on the current global economic environment, countries might now be considered hyper-inflationary, or might now no longer be considered hyper-inflationary, when the interim report is prepared. <i>In brief INT2023-09 Hyper-inflationary economies at 31 December 2023 (updated October 2023)</i> provides guidance on hyper-inflationary economies, including a country tracker. For illustrative purposes, we have assumed that VALUE HKFRS Limited does not operate in any countries considered to be hyper-inflationary.	

Regulatory considerations

In addition to new standards and amendments issued by the HKICPA, an entity should consider recent pronouncements from local regulators, such as the Listing Rules. This might include findings from recent reviews or statements regarding areas of focus for the 2024 reporting periods. Regulators remain focused on topics such as impairment and liquidity/going concern, and they continue to push for increased transparency in related disclosures.

Global minimum tax

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published 'Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS', hereafter referred to as 'Pillar Two' or 'the rules'. Pillar Two seeks to apply a global minimum effective tax rate of 15%.

The rules need to be passed into national legislation, in accordance with each country's approach. Based on the OECD's recommendation, a number of territories have enacted local legislation, and we expect that further territories will follow during 2024. The impact of changes in corporate tax rates on the measurement of tax assets and liabilities depends on the nature and timing of the legislative changes in each country. The rules will impact current income tax when the legislation comes into effect.

Pillar Two has been in force for various jurisdictions. For further information, please refer to our [Pillar Two Country tracker](#) and [In depth INT2023-10 Global implementation of Pillar Two: Impact on deferred taxes and financial statement disclosures](#).

For illustrative purposes, we have assumed that:

- VALUE HKFRS Limited is within the scope of OECD Pillar Two model rules;
- Pillar Two legislation has been enacted in Oneland, VALUE HKFRS Limited's jurisdiction; but
- the legislation is not yet effective and will come into effect from 1 January 2025.

Reminders for consideration of impact:

Disclosing impact of climate change

Disclosing impact of climate change in interim reports

The current and potential future impacts of, and exposure to, climate-related risks is currently an area attracting intense investor attention as well as a key focus of the regulators. Users of the financial statements increasingly expect entities to disclose how climate-related risks impact their operations as a fundamental aspect of their business activities. An entity that does have direct exposure to items such as carbon credits or emissions taxes will nevertheless need to watch for ways in which the transition to a low-carbon economy could still impact their operations.

Because interim reports focus on significant events and changes in the financial position and performance of the entity since the end of the last annual financial reporting period, we would not normally expect to see extensive discussion of the impact of climate change in an interim report, to the extent that it has already been discussed in annual financial statements. However, examples of impacts on forecasts, estimates or critical accounting judgements requiring recognition and/or disclosures subsequent to the most recent annual period might include:

- revising the useful economic lives and residual values of certain assets that will be replaced earlier than expected by more energy-efficient alternatives;
- updating cash flow forecasts to incorporate the increased costs of carbon emissions;
- forecasting the impact of climate change on operating margins;
- making a public statement about an entity's new or revised plans to decarbonise its operations may warrant assets impairment review or trigger recognition of asset-retirement obligations;
- introducing new regulations to move to a low economy may shorten useful lives of certain assets and/or be a trigger event for impairment assessments; or
- changes to segment aggregation caused by climate impacts on the production processes and regulatory environments for the products offered in the operating segments.

An entity should consider consistency between climate-related risks and mitigation activities discussed in the management commentary (or in published press releases and sustainability reports), and the estimates, judgements and disclosures in the interim financial statements, where such consistency is required for compliance with HKFRS. Further guidance on determining the impact of climate-related matters on financial reports is included in our [In depth INT2021-11](#) and in our [In depth INT2023-02 IFRS Financial reporting considerations for entities participating in the voluntary carbon market](#). The IASB is currently undertaking a project on [Link: climate risk disclosures in financial statements](#) and entities should also monitor those discussions as they evolve.

In the Q1 2024, the Hong Kong Stock Exchange also published conclusions to *its consultation on the enhancement of climate-related disclosures under its environmental, social and governance (ESG) framework (Consultation Conclusions)* which will be effective on 1 Jan 2025. The newly released requirements urge issuers to account for climate-related matters in the financial statements in accordance with financial reporting standards, such as HKFRS and IFRS. An official *Implementation Guidance* has also been issued at the same time to assist issuers in complying with these new requirements. Our *ESG Financial Reporting landing page* on Viewpoint will be available for the latest publications and updates.

VALUE HKFRS Limited

Interim report – Six months ended 30 June 2024

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HKAS34(6)
A38
GEM18.55

This interim report does not include all of the disclosures normally included in annual consolidated financial statements. Accordingly, this interim report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2023 and any public announcements made by VALUE HKFRS Limited during the interim reporting period. ¹

HKAS34(8)(e)
HKAS1(138)(a)

General information

VALUE HKFRS Limited is a company limited by shares, incorporated and domiciled in Oneland. Its registered office and principal place of business is at 350 Harbour Street, 1234 Nice Town. Its shares are listed on the Hong Kong Stock Exchange.

These condensed interim financial statements were approved for issue on 29 August 2024.

The financial statements have been reviewed, not audited.

Commentary

Interim report to be read in conjunction with annual consolidated financial statements

1. See paragraph 36 of the commentary to the notes to the consolidated financial statements (page 43) for our thoughts on why this disclosure should be retained.

HKAS34(8)(b)
A40(1), A4(1)
GEM18.50B(1)
GEM18.55(8)

Condensed consolidated statement of profit or loss ^{1-10, 17}

		Six months ended 30 June	
		2024	2023
		CU'000	CU'000
		Notes	
Continuing operations			
HKAS1(82)(a)	Revenue	2	103,647
HKAS1(99), HKAS2(36)(d)	Cost of sales of goods		87,704
	Cost of providing services		(41,016)
			(35,814)
			(11,583)
			(12,100)
	Gross profit		51,048
			39,790
HKAS1(99)	Distribution costs		(23,729)
HKAS1(99)	Administrative expenses		(11,865)
HKAS1(82)(ba)	Net impairment losses on financial assets ¹³⁻¹⁴		(305)
	Other income		4,459
	Other gains/(losses) – net		50
	Operating profit	3	19,658
			26,192
	Finance income ¹³⁻¹⁴		855
HKAS1(82)(b)	Finance costs		(3,704)
	Finance costs – net		(2,849)
			(2,802)
	Share of net profits of investments accounted for using the equity method	12	205
			340
	Profit before income tax		17,014
			23,730
	Income tax expense	4	(4,555)
	Profit from continuing operations	3(a)	12,459
			15,852
HKFRS5(33)(d)	(Loss)/profit from discontinued operation	12(b)	(32)
	Profit for the interim period		12,427
			16,516
	Profit is attributable to:		
	Owners of VALUE HKFRS Limited		11,997
	Non-controlling interests		16,063
			430
			12,427
			16,516
	Profit/(loss) attributable to owners of VALUE HKFRS Limited arises from:		
	Continuing operations		12,029
	Discontinued operations		315,399
			(32)
			664
			11,997
			16,063

HKAS34(20)(b)	Notes	Six months ended	
		2024	2023
		CU'000	CU'000
		Cents	Cents
HKAS34(11)		Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company: ^{11,12}	
		Basic earnings per share	30.0
		Diluted earnings per share	28.6
HKAS34(11)		Earnings per share for profit attributable to the ordinary equity holders of the company: ^{11,12}	
		Basic earnings per share	31.2
		Diluted earnings per share	29.9
Not mandatory	<i>The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.</i>		

Condensed consolidated statement of comprehensive income ¹⁻¹⁰

HKAS34(8)(b)
A40(1), A4(1)
GEM18.50B(1),
GEM18.55(8)

		Six months ended	
		30 June	
		2024	2023
HKAS34(20)(b)	Notes	CU'000	CU'000
	Profit for the interim period	12,427	16,516
	Other comprehensive income		
HKAS1(82A)	<i>Items that may be reclassified to profit or loss</i>		
	Changes in the fair value of debt instruments at FVOCI	36	(49)
	Exchange differences on translation of foreign operations	(38)	69
	Exchange differences on translation of discontinued operations	12(b) -	170
	Gains and losses on cash flow hedges	161	(152)
	Costs of hedging	8	(20)
	Hedging gains reclassified to profit or loss	(41)	(240)
	Gains on net investment hedge	85	-
HKAS1(91)	Income tax impact	(47)	87
HKAS1(82A)	<i>Items that will not be reclassified to profit or loss</i>		
	Revaluation gains for land and buildings	6 1,495	1,460
	Changes in the fair value of equity investments at FVOCI	91	(79)
	Remeasurements of retirement benefit obligations	81	(143)
HKAS1(91)	Income tax impact	(500)	(371)
	Other comprehensive income for the interim period, net of tax	1,331	732
	Total comprehensive income for the interim period	13,758	17,248
	Total comprehensive income for the interim period is attributable to:		
	Owners of VALUE HKFRS Limited	13,259	16,740
	Non-controlling interests	499	508
		13,758	17,248
	Total comprehensive income for the interim period attributable to owners of VALUE HKFRS Limited arises from:		
	Continuing operations	13,291	15,906
HKFRS5(33)(d)	Discontinued operations	12 (32)	834
		13,259	16,740

Not mandatory

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position ¹⁻⁹

HKAS34(8)(a)
A40(1), A4(2)
GEM18.50B(2),
GEM18.55(8)

HKAS34(20)(a)	Notes	30 June 2024 CU'000	31 December 2023 CU'000
ASSETS			
Non-current assets			
	6	143,480	128,890
HKFRS16(47)(a)		10,108	9,756
		12,510	13,300
	7	27,265	24,550
		8,209	7,849
		247	312
	13	4,230	3,775
HKFRS7(8)(h)	17	6,637	6,782
	17	2,410	2,390
HKFRS7(8)(f)		3,750	3,496
	17	310	308
		<u>219,156</u>	<u>201,408</u>
Current assets			
		26,780	22,153
		144	491
HKFRS15(105)		2,381	1,519
A4(2)(a), GEM18.50B(2)(a)		16,731	15,662
HKFRS7(8)(f)		677	1,100
	17	11,150	11,300
	17	1,634	1,854
		35,369	55,083
		<u>94,866</u>	<u>109,162</u>
		-	250
		<u>94,866</u>	<u>109,412</u>
		<u>314,022</u>	<u>310,820</u>
LIABILITIES			
Non-current liabilities			
	9	94,193	89,115
HKFRS16(47)(b)		8,846	8,493
		9,963	12,456
		7,155	6,749
		1,668	1,573
		<u>121,825</u>	<u>118,386</u>

HKAS34(20)(a)		30 June	31 December
	Notes	2024	2023
		CU'000	CU'000
Current liabilities			
A4(2)(b), GEM18.50B(2)(b)	Trade and other payables	15,535	15,760
HKFRS15(105)	Contract liabilities	1,025	1,982
	Current tax liabilities	828	1,130
	Borrowings	9	8,400
HKFRS16(47)(b)	Lease liabilities ¹⁵	3,105	3,008
	Derivative financial instruments	17	1,376
	Employee benefit obligations	800	690
	Provisions	8	2,697
	Total current liabilities	34,006	35,043
	Total liabilities	155,831	153,429
EQUITY			
	Share capital and share premium# (note)	10	83,054
	Other equity	1,636	1,774
	Other reserves	18,907	17,993
	Retained earnings	44,760	45,108
	Capital and reserves attributable to the owners of VALUE HKFRS Limited	148,995	147,929
	Non-controlling interests	9,196	9,462
	Total equity	158,191	157,391
	Total equity and liabilities	314,022	310,820

The share premium account was abolished on 3 March 2014 brought about by the new Hong Kong Companies Ordinance (Cap.622). Therefore, the share premium account is not applicable for Hong Kong incorporated companies.

Not mandatory

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

Condensed consolidated statement of changes in equity ¹⁻⁹

HKAS34(20)(c)

	Attributable to owners of VALUE HKFRS Limited							
	Share capital and share premium #	Other equity	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity	
Notes	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	
Balance at 31 December 2022	63,976	(550)	12,381	34,503	110,310	5,689	115,999	
Profit for the interim period	-	-	-	16,063	16,063	453	16,516	
Other comprehensive income	-	-	690	(13)	677	55	732	
Total comprehensive income for the interim period	-	-	690	16,050	16,740	508	17,248	
Deferred hedging gains and losses and costs of hedging transferred to the carrying value of inventory purchased during the interim period	-	-	13	-	13	-	13	
Transfer of gain on disposal of equity investments at FVOCI to retained earnings	-	-	79	(79)	-	-	-	
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs	10	174	-	-	174	-	174	
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax		9,730	-	-	9,730	-	9,730	
Acquisition of treasury shares@	10	-	(1,217)	-	(1,217)	-	(1,217)	
Non-controlling interest on acquisition of subsidiary		-	-	-	-	5,051	5,051	
Dividends provided for or paid	5	-	-	(11,507)	(11,507)	(1,710)	(13,217)	
Equity-settled share-based payment transactions		-	995	-	995	-	995	
Issue of treasury shares to employees@	10	-	1,091	(1,091)	-	-	-	
		9,904	(126)	(96)	(11,507)	3,341	1,516	
Balance at 30 June 2023		73,880	(676)	13,067	38,967	125,238	9,538	134,776

The share premium account was abolished on 3 March 2014 brought about by the new Hong Kong Companies Ordinance (Cap. 622) (HKCO). Therefore, the share premium account is not applicable for Hong Kong incorporated companies.

@ The HKCO does not permit companies to hold treasury shares.

HKAS34(20)(c)

		Attributable to owners of VALUE HKFRS Limited						
		Share capital and share premium #	Other equity	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Notes		CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000
	Balance at 31 December 2023	83,054	1,774	17,993	45,108	147,929	9,462	157,391
	Profit for the interim period	-	-	-	11,997	11,997	430	12,427
	Other comprehensive income	-	-	1,093	169	1,262	69	1,331
	Total comprehensive income for the interim period	-	-	1,093	12,166	13,259	499	13,758
	Deferred hedging gains and losses and costs of hedging transferred to the carrying value of inventory purchased during the interim period	-	-	(5)	-	(5)	-	(5)
	Transfer of gain on disposal of equity investments at FVOCI to retained earnings	-	-	(238)	238	-	-	-
	Transactions with owners in their capacity as owners:							
	Contributions of equity, net of transaction costs	10	638	-	-	638	-	638
	Acquisition of treasury shares@	10	-	(1,270)	-	(1,270)	-	(1,270)
	Non-controlling interest on acquisition of subsidiary	11	-	-	-	-	1,720	1,720
	Step acquisition of associate	13	-	-	(30)	30	-	-
	Dividends provided for or paid	5	-	-	(12,782)	(12,782)	(2,485)	(15,267)
	Employee share schemes – value of employee services	-	-	1,226	-	1,226	-	1,226
	Issue of treasury shares to employees@	10	-	1,132	(1,132)	-	-	-
		638	(138)	64	(12,752)	(12,188)	(765)	(12,953)
	Balance at 30 June 2024	83,692	1,636	18,907	44,760	148,995	9,196	158,191

Not mandatory

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

The share premium account was abolished on 3 March 2014 brought about by the new Hong Kong Companies Ordinance (Cap. 622) (HKCO). Therefore, the share premium account is not applicable for Hong Kong incorporated companies.

@ The HKCO does not permit companies to hold treasury shares.

Condensed consolidated statement of cash flows ^{1-9,17}

		Six months ended 30 June	
		2024	2023
		CU'000	CU'000
	Notes		
Cash flows from operating activities			
Cash generated from operations		22,247	42,743
Interest received		855	572
Interest paid		(3,910)	(3,869)
Income taxes paid		(8,124)	(14,748)
Net cash inflow from operating activities		11,068	24,698
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	11	(10,175)	(2,600)
Payments for property, plant and equipment	6	(9,060)	(2,411)
Payments for investment property		-	(1,150)
Payment for acquisition of associate	13	(405)	-
Payments for financial assets at FVOCI		(563)	(227)
Payments for financial assets at amortised cost		(90)	-
Payments for patents and trademarks	7	(320)	(9)
Payments for software development costs	7	(725)	(58)
Loans to related parties		(641)	(330)
Proceeds from sale of engineering division **	12	-	3,110
Proceeds from sale of property, plant and equipment		3,700	7,495
Proceeds from sale of financial assets at FVOCI		694	185
Repayment of loans by related parties		658	300
Distributions received from joint ventures and associates		300	170
Dividends received		160	150
Interest received on financial assets held as investments		119	108
Net cash (outflow)/inflow from investing activities		(16,348)	4,733
Cash flows from financing activities			
HKAS34(16A)(e) Proceeds from issues of shares and other equity securities	10	241	-
HKAS34(16A)(e) Proceeds from borrowings	9	12,208	18,293
Proceeds received under a supplier finance arrangement		1,520	1,430
Acquisition of treasury shares	10	(1,270)	(1,217)
Share issue cost		-	(50)
HKAS34(16A)(e) Repayment of borrowings		(8,450)	(25,300)
Repayments under a supplier finance arrangement		(2,040)	(1,860)
HKAS34(16A)(e), HKAS7(17)(e) Payment of lease liabilities (principal)		(946)	(922)
HKAS34(16A)(f) Dividends paid to company's shareholders	5	(12,384)	(11,333)
Dividends paid to non-controlling interests in subsidiaries		(2,485)	(1,710)
Net cash outflow from financing activities		(13,606)	(22,669)
Net (decrease)/increase in cash and cash equivalents *		(18,886)	6,762
Cash and cash equivalents at the beginning of the interim period *		52,432	28,049
Effects of exchange rate changes on cash and cash equivalents		(217)	(384)
Cash and cash equivalents at end of the interim period *		33,329	34,427

* Cash and cash equivalents are net of bank overdrafts (CU2,040,000 at 30 June 2023 and CU2,250,000 at 30 June 2022)

Not mandatory

** For cash flows of discontinued operations see [note 12](#) ¹⁶

Not mandatory

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

Consolidated interim financial statements

Condensed financial statements

1. An interim financial report contains either a complete set of financial statements as described in HKAS 1 *Presentation of Financial Statements* or a set of condensed financial statements as described in HKAS 34 *Interim Financial Reporting*.
2. If an entity publishes condensed financial statements in its interim financial report, these condensed financial statements should include, at a minimum, each of the headings and subtotals that were included in its most recent annual financial report and the selected explanatory notes as required by HKAS 34 *Interim Financial Reporting*.
3. The interim report for VALUE HKFRS Limited contains condensed consolidated interim financial statements, in that it does not include all of the notes that would be required in a complete set of financial statements. However, the primary financial statements are presented in a format consistent with the consolidated financial statements that are required to be presented in an annual financial report under HKAS 1 *Presentation of Financial Statements*. This is common and considered best practice.
4. In some countries, the extent to which line items may be aggregated in condensed interim financial statements might also be governed by local regulators or market requirements.
5. Additional line items or notes should be included if their omission would make the condensed interim financial report misleading. Certain transactions might not be significant in the context of the annual financial statements, but might need to be separately disclosed in the interim report. An example could be costs that are incurred unevenly during the year and that require separate presentation in the interim statement of profit or loss, but not in the annual financial statements.

Periods covered

6. The following tables summarise which statements need to be presented by entities that prepare interim or quarterly reports.

Six months ended 30 June 2024

Statement	Current	Comparative
Statement of financial position at	30 June 2024	31 December 2023
Statement of comprehensive income (and separate statement of profit or loss, where applicable) :		
- 6 months ended	30 June 2024	30 June 2023
Statement of changes in equity:		
- 6 months ended	30 June 2024	30 June 2023
Statement of cash flows:		
- 6 months ended	30 June 2024	30 June 2023

Quarterly reporting – second quarter interim report for period ended 30 June 2024

Statement	Current	Comparative
Statement of financial position at	30 June 2024	31 December 2023
Statement of comprehensive income (and separate statement of profit or loss, where applicable) :		
- 6 months ended	30 June 2024	30 June 2023
- 3 months ended	30 June 2024	30 June 2023
Statement of changes in equity:		
- 6 months ended	30 June 2024	30 June 2023
Statement of cash flows:		
- 6 months ended	30 June 2024	30 June 2023

Consolidated interim financial statements

HKAS34(20)(b)

7. For an interim report, the current interim period and the annual reporting period to date are the same. However, where an entity prepares quarterly interim reports, the statement of comprehensive income in the interim reports for the second and third quarters will need to include additional columns showing the annual reporting period to date and the comparative annual reporting period to date for the corresponding interim period (see table in paragraph 6 above).
8. This interim report is for a half-year period. If an interim financial report is presented for a different interim reporting period, the heading of the financial statements should specify the interim reporting period covered (e.g. 'For the quarter ended 31 March 2024' or 'For the third quarter ended 30 September 2024') and the heading for the figures should indicate whether they are presented for a quarter, six months/a half-year or the annual reporting period to date, as appropriate.

Third statement of financial position

HKAS1(BC33)

9. HKAS 34 has a year-to-date approach to interim reporting and does not replicate the requirements of HKAS 1 in terms of comparative information. As a consequence, it is not necessary to provide an additional statement of financial position as at the beginning of the earliest comparative period presented where an entity has made a retrospective change in accounting policies and/or a retrospective reclassification.

Separate statement of profit or loss

HKAS1(10A)
HKAS34(8A)

10. HKAS 1 permits entities to present the components of profit or loss either as part of a single statement of comprehensive income or in a separate statement of profit or loss. If an entity has decided to retain a separate statement of profit or loss in its annual financial statements, it shall also use this format for its interim report.

Earnings per share

HKAS34(11),(11A)

11. Entities that are within the scope of HKAS 33 *Earnings per Share* shall present basic and dilutive earnings per share (EPS) for the interim period as follows:
 - in the statement of comprehensive income – if the entity presents a single statement, or
 - in the statement of profit or loss – if the entity presents a separate statement of profit or loss and statement of comprehensive income.

HKAS33(68)

12. HKAS 34 does not specifically require disclosure of EPS for profit from continuing and discontinued operations, but where there are significant discontinued operations, we recommend that they be disclosed separately as required in the annual consolidated financial statements by HKAS 33. The EPS from discontinued operations could be disclosed as part of the discontinued operations note, as done in this illustrative interim report (see [note 12](#)).

Disclosure of specified separate line items in the financial statements

HKAS1(82)(a)

interest revenue calculated using the effective interest rate method, separately from other revenue*;

HKAS1(82)(aa)

gains and losses from the derecognition of financial assets measured at amortised cost*;

HKAS1(82)(ba)

impairment losses on financial assets, including reversals of impairment losses or impairment gains;

HKAS1(82)(ca)

gains and losses recognised as a result of a reclassification of financial assets from measurement at amortised cost to fair value through profit or loss*;

HKAS1(82)(cb)

gains and losses reclassified from OCI as a result of a reclassification of financial assets from the fair value through OCI measurement category to fair value through profit or loss*.

HKAS1(29),(30),(30A)
HKFRS PS2(40)-(55)

* not illustrated, as immaterial or not applicable to VALUE HKFRS Limited.

HKFRS16(47)

14. Depending on materiality, it might not always be necessary to present these items separately in the primary financial statements. However, items that are of a dissimilar nature or function can only be aggregated if they are immaterial. Guidance on assessing materiality is provided in the non-mandatory HKFRS Practice Statement 2 *Making Materiality Judgements*.
15. Right-of-use assets and lease liabilities do not need to be presented as a separate line item in the statement of financial position, as done by VALUE HKFRS Limited, provided that they are disclosed separately in the notes.

Consolidated interim financial statements

Cash flows relating to discontinued operations

16. The net cash flows relating to the operating, investing and financing activities of discontinued operations can be presented either on the face of the statement of cash flows or in the notes. VALUE HKFRS Limited has chosen to disclose this information in the notes. While it is not mandatory to include a reference to this note on the face of the cash flow statement, we consider it best practice to do so.

Alternative formats for financial statements

17. Appendix B to our [Link: Illustrative HKFRS consolidated financial statements for 2023 year-ends](#) publication shows the following alternative formats for the financial statements:
- (a) Statement of profit or loss: classification of expenses by nature
 - (b) Statement of cash flows prepared using the direct method.

Guidance relating to Listing Rules disclosures

18. Where the accounting information given in an interim report has not been audited that fact must be stated. If the accounting information contained in an interim report has been audited by the listed issuer's auditor, this report thereon including any qualifications shall be reproduced in full in the interim report.

HKFRS5(33)(c)

HKAS34(8)(e)

Notes to the condensed consolidated financial statements 40,41

HKAS34(6),(15)

1 Significant changes in the current reporting period 1,2

Although global market conditions have affected market confidence and consumer spending patterns, the group remains well placed to grow revenues through ongoing product innovation and the recent acquisition of Complete Office Furniture Limited. The group has sufficient working capital and committed financing facilities to service its operating activities and investment commitments as at 30 June 2024. In addition, the group has sufficient headroom to enable it to conform to covenants on its existing borrowings at 30 June 2024.

Not mandatory

The financial position and performance of the group was particularly affected by the following events and transactions during the six months to 30 June 2024:

- a significant increase in revenue from the furniture retail and electronic equipment divisions as a result of business combinations that occurred in the current and previous financial year (see [note 11](#)). This more than offset a reduction in revenue in the furniture manufacturing and wholesale segments (see [note 2](#) below).
- an impairment loss of CU1,390,000 for the European IT consulting division as a result of an increase in costs due to the projected impact of emissions targets and carbon taxes on travel expenses (see [note 7](#)).
- an increase in the provision for legal claims against the Oneland furniture manufacturing and wholesale division (see [note 8](#)).
- an increase in warranty claims following problems with certain parts used in the manufacture of electronic equipment (see [note 8](#)).
- The acquisition of a block of vacant land to expand the production facilities of VALUE HKFRS Electronics Group (see [note 6](#)).
- a new credit facility entered into with a new lender to secure funding for the construction of the new production plant for the electronic equipment division (see [note 9](#)). Additionally, the group renegotiated one of its existing loans.
- an increase of the contingent consideration payable in relation to the acquisition of Better Office Furnishings Limited (see [note 10](#)).
- the increase of the investment in Cedar Limited from 10% to 30% (see [note 13](#)).

Since the end of the interim reporting period, the group has acquired 100% of the issued capital of Complete Office Furniture Limited (see [note 18](#)).

[Entities should also consider whether there have been significant developments in relation to the macroeconomic, geopolitical or regulatory environment that could be discussed in this note.]⁸⁻¹³

2 Segment and revenue information 5,40

HKAS34(8)(e),
(16A)(g)(v)

2(a) Description of segments

VALUE HKFRS Limited is a diversified group which derives its revenues and profits from a variety of sources. The group's strategic steering committee, consisting of the chief executive officer, the chief financial officer and the manager for corporate planning, assesses the performance of the group's business operations from both a product and a geographic perspective and it has identified six reportable segments:

- 1, 2 Furniture – manufacturing and wholesale, in Oneland and China: the manufacture and sale of commercial office furniture, hardwood side boards, chairs and tables in Oneland and in China. The committee monitors the performance in those two regions separately.
- 3 Furniture – retail: chain and retail stores located in Oneland which supplement the manufacturing and wholesale business in that region.
- 4, 5 IT consulting: business IT management, design, implementation and support services are provided in the US and Europe. Performance is monitored separately for those two regions.
- 6 Electronic equipment: Although this segment is not large enough to be required to be reported separately under the accounting standards, it has been included here because it is seen to be a potential growth segment which is expected to materially contribute to group revenue in the future. This segment was established following the acquisition of VALUE HKFRS Electronics Group in April 2023.

HKAS34(16A)(g)(v)

All other segments – The development of residential land, currently in the Someland Canal Estate in Nicetown and the Mountain Top Estate in Alpvilve, the purchase and resale of commercial properties, principally in Nicetown and Harbourcity and the management of investment properties are not reportable operating segments, because they are not separately included in the reports provided to the strategic steering committee. The results of these operations are included in 'all other segments'.

HKAS34(16A)(g)(v)

The engineering division was sold effective from 1 March 2023. Information about this discontinued segment is provided in [note 12](#).

2(b) Segment information provided to the strategic steering committee ⁵

HKFRS8(23)

The table below shows the segment information provided to the strategic steering committee for the reportable segments for the six months ended 30 June 2024 and also the basis on which revenue is recognised:

Six months ended 30 June 2024	Furniture – manufacturing and wholesale		Furniture - retail	IT consulting		Electronic equipment	All other segments	Total
	Oneland	China	Oneland	US	Europe	Oneland		
	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000		
HKAS34(16A)(g)(i)	Total segment revenue							
	31,700	20,165	17,277	13,905	9,370	9,800	3,330	105,547
HKAS34(16A)(g)(ii)	Inter-segment revenue							
	(250)	(150)	(650)	(250)	(200)	(200)	(200)	(1,900)
	Revenue from external customers ¹⁴⁻¹⁶							
	31,450	20,015	16,627	13,655	9,170	9,600	3,130	103,647
HKAS34(16A)(l)	Timing of revenue recognition							
	At a point in time							
	31,450	20,015	16,627	1,000	600	9,600	3,130	82,422
	Over time							
	-	-	-	12,655	8,570	-	-	21,225
	31,450	20,015	16,627	13,655	9,170	9,600	3,130	103,647
HKAS34(16A)(g)(iii)	Adjusted EBITDA							
	8,184	5,534	8,603	4,702	(1,520)	2,896	1,929	30,328
	Six months ended 30 June 2023 ⁵							
HKAS34(16A)(g)(i)	Total segment revenue							
	32,434	21,200	6,402	12,049	10,900	4,300	3,119	90,404
HKAS34(16A)(g)(ii)	Inter-segment revenue							
	(600)	(300)	(400)	(500)	(300)	(300)	(300)	(2,700)
	Revenue from external customers ¹⁴⁻¹⁶							
	31,834	20,900	6,002	11,549	10,600	4,000	2,819	87,704
HKAS34(16A)(l)	Timing of revenue recognition							
	At a point in time							
	31,834	20,900	6,002	800	950	4,000	2,819	67,305
	Over time							
	-	-	-	10,749	9,650	-	-	20,399
	31,834	20,900	6,002	11,549	10,600	4,000	2,819	87,704
HKAS34(16A)(g)(iii)	Adjusted EBITDA							
	8,503	6,403	5,710	8,301	3,450	2,620	2,164	36,791
	Furniture – manufacturing and wholesale		Furniture - retail	IT consulting		Electronic equipment	All other segments	Total
	Oneland	China	Oneland	US	Europe	Oneland		
	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000		
HKAS34(16A)(g)(iv)	Total segment assets							
	30 June 2024							
	67,480	50,700	63,110	26,970	19,825	31,940	23,699	283,724
	31 December 2023							
	63,286	45,500	54,950	31,640	23,510	32,815	28,632	280,333
HKAS34(16A)(g)(iv)	Total segment liabilities							
	30 June 2024							
	12,905	5,100	10,051	2,800	2,200	6,938	2,697	42,691
	31 December 2023							
	12,238	4,800	11,390	3,900	2,600	6,087	1,112	42,127

The strategic steering committee uses adjusted EBITDA as a measure to assess the performance of the segments. This excludes discontinued operations and the effects of significant items of income and expenses, which might have an impact on the quality of earnings, such as restructuring costs, legal expenses and impairments where the impairment is the result of an isolated, non-recurring event. It also excludes the effects of equity-settled share-based payments and unrealised gains/losses on financial instruments.

Finance income and costs are not allocated to segments, because financing and cash management activities are the responsibility of the group's central treasury function.

2(b) Segment information provided to the strategic steering committee

HKAS34(16A)(g)(vi)

A reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

	Notes	Six months ended 30 June	
		2024 CU'000	2023 CU'000
Adjusted EBITDA		30,328	36,791
Inter-segment eliminations		(270)	(160)
Finance costs – net		(2,849)	(2,802)
Depreciation and amortisation expense	6,7	(6,758)	(5,697)
Impairment of goodwill and other assets	7	(1,390)	(3,620)
Legal expenses		(1,375)	-
Fair value gains on financial assets at FVPL		245	105
Share-based payment transactions		(1,226)	(995)
Other		309	108
Profit before income tax from continuing operations		17,014	23,730

Sales between segments are carried out at arm's length and are eliminated on consolidation. The amounts reported to the strategic steering committee with respect to segment revenue and segment assets are measured consistently with the group's external reporting. Segment assets are allocated based on the operations of the segment and the physical location of the asset.

3 Material profit or loss items ^{8,19-20}

3(a) Significant items

		Six months ended 30 June	
		2024 CU'000	2023 CU'000
	Profit for the interim period includes the following items that are unusual because of their nature, size or incidence:		
	Gains		
HKAS34(16A)(c)	Gain on sale of freehold land (included in other gains/(losses))	-	1,270
	Expenses or losses		
HKAS34(16A)(c)	Impairment of goodwill (see note 7)	1,390	2,410
HKAS34(16A)(c)	Provision for legal claim (see note 8)	1,375	-
	Re-estimation of warranty provision (see note 8)	505	-
	Acquisition-related costs (note 11)	750	-
	Remeasurement of contingent consideration (see note 11)	540	-
A4(1)(a) GEM18.50B(1)(a)	Loss on disposal of properties	(XXX)	(XXX)
HKAS34(16A)(c)	Write off of assets destroyed by fire		
	Office and warehouse building	-	465
	Plant and equipment	-	210
	Inventories	-	535
		-	1,210
	Less: Insurance recovery	-	(300)
	Net loss incurred due to the fire	-	910

4 Income tax ^{22,23}

HKAS34(30)(c), (B12)

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 June 2024 is 35%, compared to 33% for the six months ended 30 June 2023. The tax rate was lower in 2023 due to the recognition of previously unrecognised carried forward tax losses.

New illustration

Refer to commentary paragraph 23 in the case where Pillar Two legislation had been effective for the interim period

The group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Oneland, the jurisdiction in which VALUE HKFRS Limited is incorporated, and will come into effect from 1 January 2025. Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure. The group applies the HKAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Under the legislation, the group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. The group has estimated weighted average effective tax rates that exceed 15% in all jurisdictions in which it operates, except for jurisdiction A where a subsidiary operates.

The group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. This assessment indicates for that the subsidiary that operates in jurisdiction A, the estimated weighted average effective tax rate based on accounting profit is 8.3% for the reporting period ended 30 June 2024. However, although the average effective tax rate is below 15%, the group's exposure to paying Pillar Two income taxes might not be for the full difference in tax rates in relation to jurisdiction A. This is due to the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with HKAS 12.

Based on the current assessment, the application of the Pillar Two legislation is expected to increase the group's annual effective tax rate by 0.5 to 1.0 percentage points once enacted in 2025. The group is currently engaged with tax specialists to assist it with applying the legislation and determining the related impact.

5 Dividends

Six months ended 30 June	
2024	2023
CU'000	CU'000

5(a) Ordinary shares

HKAS34(16A)(f)
A4(3)
GEM18.50B(3)

Dividends provided for or paid during the interim period of 22 cents (2023 – 21 cents) per fully paid ordinary share

12,782	11,507
--------	--------

5(b) 6% cumulative redeemable preference shares

Dividends on the preference shares classified as liabilities have been recognised in the statement of financial position as payables and have been charged to profit or loss as finance costs

330,000	330,000
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5(c) Dividends not recognised at the end of the half-year

Not mandatory

In addition to the above dividends, since the end of the interim period the directors have recommended the payment of an interim dividend of 22 cents per fully paid ordinary share (2023 - 20 cents). The aggregate amount of the proposed dividend expected to be paid on 10 October 2024 out of retained earnings at 30 June 2024, but not recognised as a liability at the end of the half-year, is

12,806	11,310
--------	--------

6 Property, plant and equipment ^{4,8,9}

HKAS34(15B)(d),(e),(15C) In June 2024, the group acquired a block of vacant land in Springfield at a cost of CU3,000,000. The land will be used for the construction of additional production facilities for the electronic equipment division, and the group has entered into new capital commitments of CU12,300,000 in relation to these facilities. Construction is expected to start in October 2024.

	Freehold land CU'000	Freehold buildings CU'000	Furniture, fittings and equipment CU'000	Machinery and vehicles CU'000	Assets under construction CU'000	Total CU'000
At 31 December 2023						
HKAS16(73)(d)	22,570	38,930	31,790	90,285	3,450	187,025
HKAS16(73)(d)	-	-	(11,970)	(46,165)	-	(58,135)
	<u>22,570</u>	<u>38,930</u>	<u>19,820</u>	<u>44,120</u>	<u>3,450</u>	<u>128,890</u>
Six months ended 30 June 2024						
HKAS16(73)(e)	22,570	38,930	19,820	44,120	3,450	128,890
HKAS16(73)(e)(viii)	-	-	(10)	(20)	-	(30)
HKAS16(73)(e)(iv)	920	575	-	-	-	1,495
HKAS16(73)(e)(iii)	-	1,000	1,300	9,795	-	12,095
HKAS16(73)(e)(i),(74)(b)	6,850	80	400	1,085	-	8,415
HKAS16(73)(e)(ii)	(1,070)	(660)	(900)	(940)	-	(3,570)
	-	3,450	-	-	(3,450)	-
HKAS16(73)(e)(vii)	-	(750)	(765)	(2,300)	-	(3,815)
HKAS16(73)(e)	<u>29,270</u>	<u>42,625</u>	<u>19,845</u>	<u>51,740</u>	<u>-</u>	<u>143,480</u>
At 30 June 2024						
HKAS16(73)(d)	29,270	42,625	32,580	100,205	-	204,680
HKAS16(73)(d)	-	-	(12,735)	(48,465)	-	(61,200)
	<u>29,270</u>	<u>42,625</u>	<u>19,845</u>	<u>51,740</u>	<u>-</u>	<u>143,480</u>

7 Intangible assets ^{4,8-12}

HKAS34(15B)(d),(15C) The intangible assets held by the group increased primarily as a result of the acquisition of Better Office Furnishings Limited. See [note 11](#) for further information.

	Goodwill ¹⁷ CU'000	Patents, trademarks and other rights CU'000	Internally generated software CU'000	Customer lists and contracts CU'000	Total CU'000
At 31 December 2023					
	10,715	12,430	3,855	3,180	30,180
	(2,410)	(1,300)	(710)	(1,210)	(5,630)
	<u>8,305</u>	<u>11,130</u>	<u>3,145</u>	<u>1,970</u>	<u>24,550</u>
Six months ended 30 June 2024					
	8,305	11,130	3,145	1,970	24,550
HKFRS3(B67)(d)(ii)	-	320	725	-	1,045
	1,360	-	-	3,465	4,825
	(1,390)	-	-	-	(1,390)
	-	(410)	(150)	(1,205)	(1,765)
	<u>8,275</u>	<u>11,040</u>	<u>3,720</u>	<u>4,230</u>	<u>27,265</u>
At 30 June 2024					
	12,075	12,750	4,580	6,645	36,050
	(3,800)	(1,710)	(860)	(2,415)	(8,785)
HKAS1(77)	<u>8,275</u>	<u>11,040</u>	<u>3,720</u>	<u>4,230</u>	<u>27,265</u>

7(a) Goodwill impairment ^{10,12}

Significant estimates

Revised illustration

Employees of the European and US IT consulting divisions regularly travel to client sites, often in compressed time frames which do not permit the most carbon-efficient method of travel. Newly adopted emissions targets and carbon taxes in the jurisdictions in which VALUE HKFRS Limited operates will increase costs for the modes of travel most frequently used by the IT consulting divisions. As a result, the group anticipates that there will be a significant increase in costs for IT consulting related travel. VALUE HKFRS Limited will not be able to raise prices and pass the increased costs on to customers due to local competition that does not have the same cost structure for travel. Management has therefore recalculated the recoverable amount of the two CGUs as at 30 June 2024. An impairment loss of CU1,390,000 was recognised for the European IT consulting CGU, reducing the carrying amount of the goodwill for this CGU to CU1,480,000. The recoverable amount of the entire European CGU at 30 June 2024 was CU19,963,000.

The recoverable amount of the IT consulting CGU in the US was estimated to be CU27,153,000 as at 30 June 2024 (31 December 2023 – CU36,275,000) which exceeded the carrying amount of the CGU by CU123,000 (31 December 2023 – CU4,560,000). No impairment was therefore required for this CGU.

HKAS36(134)(d)(i)

The recoverable amount of the two CGUs was determined based on value-in-use calculations, consistent with the methods used as at 31 December 2023. For details see note 8(c) of our annual consolidated financial statements. The following table sets out the key assumptions for the two CGUs where the impairment calculations were updated as at 30 June 2024:

HKAS36(130)(g),
(134)(d)(i),(iv),(v)

	30 June 2024		31 December 2023	
	US	Europe	US	Europe
Sales volume (% annual growth rate)	2.1	1.5	3.2	4.1
Sales price (% annual growth rate)	1.5	0.9	1.7	1.8
Budgeted gross margin (%)	45.0	40.0	60.0	55.5
Other operating costs (CU'000)	9,300	7,200	8,400	5,600
Annual capital expenditure (CU'000)	500	280	500	230
Long term growth rate (%)	2.4	2.1	2.2	2.0
Pre-tax discount rate (%)	14.5	15.3	14.0	14.8

Revised illustration

The significant decrease in the budgeted gross margin assumption in the current period was primarily due to an increase in costs as a result of the projected impact of emissions targets and carbon taxes on travel expenses, which cannot be passed on to customers.

HKAS36(134)(f)(ii),
(iii)

The recoverable amount of the IT consulting CGU in the US would equal its carrying amount if the key assumptions were to change as follows:

	30 June 2024		31 December 2023	
	From	To	From	To
Sales volume (% annual growth rate)	2.1	1.8	3.2	2.0
Budgeted gross margin (%)	45.0	42.0	60.0	43.0
Long-term growth rate (%)	2.4	2.1	2.2	1.3
Pre-tax discount rate (%)	14.5	14.9	14.0	15.3

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any other instances that could cause the carrying amount of the US IT consulting CGU to exceed its recoverable amount.

Since there were no indicators for impairment of any of the other CGUs, management has not updated any of the other impairment calculations.

8 Current provisions ^{8-9,19-20}

	30 June 2024 CU'000	31 December 2023 CU'000
Legal claims	1,835	460
Service warranties	1,064	635
Restructuring costs	320	900
Provisions for restoration costs	248	225
Contingent liability recognised on acquisition of VALUE HKFRS Electronics Group	-	477
	3,467	2,697

HKAS34(16A)(c),(d)

The group has received new legal advice in relation to the claim which alleges that VALUE HKFRS Manufacturing Limited had breached certain registered patents of a competitor. The advice now states that it is probable that the entity will be required to pay some compensation in relation to this matter. While VALUE HKFRS Limited is still vigorously defending the claim, it has recognised a provision of CU1,075,000 for this claim as at 30 June 2024.

In January 2024, VALUE HKFRS Manufacturing Limited also became party to a new claim which alleges that the mishandling of certain chemicals used in the production of its products resulted in their discharge into and contamination of a nearby pond. The group has received initial legal advice that it is probable that the entity will be required to pay for the clean-up in relation to this matter. While the entity is still vigorously defending the claim, it has recognised a provision of CU300,000 for this claim as of 30 June 2024.

HKAS34(15B)(f),
(16A)(d)

The lawsuit against VALUE HKFRS Electronics Group alleging defects on products supplied to certain customers was settled in April 2024 with a payment of CU460,000. The unused amount of CU17,000 was reversed to profit or loss.

HKAS34(16A)(d)

In May 2024, the group discovered problems with certain parts used in the manufacture of electronic equipment which resulted in an increase of warranty claims. As a consequence, the estimated rate of claims has been increased in calculating the warranty provision as at 30 June 2024. This resulted in an increase of CU505,000 in addition to the CU147,000 increase related to normal movements in the provision for the period.

	Contingent liability CU'000	Restructuring obligations CU'000	Service warranties CU'000	Legal claims CU'000	Provisions for restoration costs CU'000	Total CU'000
Current						
Carrying amount at 1 January 2024	477	900	635	460	225	2,697
Charged/(credited) to profit or loss						
additional provisions recognised	-	-	652	1,375	13	2,040
unused amounts reversed	(17)	-	-	-	-	(17)
unwinding of discount	-	-	-	-	10	10
Amounts used during the interim period	(460)	(580)	(223)	-	-	(1,263)
Carrying amount at 30 June 2024	-	320	1,064	1,835	248	3,467

9 Borrowings ^{8-9,13,40,44}

HKAS34(16A)(c),(e)

In June 2024, the group entered into a new loan facility to finance the construction of the new production plant for the electronic equipment division. The total available amount under the facility is CU20,000,000 of which CU7,000,000 were drawn down as at 30 June 2024. The amounts drawn down are repayable in three annual instalments, commencing 1 June 2027.

HKAS34(15C),(16A)(e)
HKFRS7(34)

The loan is a 8.2% fixed rate, Oneland-currency denominated loan which is carried at amortised cost. It therefore has not impacted the group's exposure to foreign exchange or cash flow interest rate risk.

HKFRS9(B5.4.2)

The group incurred fees of CU250,000 for the new credit facility which were recognised as transaction costs to the extent that VALUE HKFRS Limited had drawn under the credit facility as at 30 June 2024. An amount of CU162,500 is carried forward in other current assets and will be recognised as transaction costs when the remaining balance of the facility is drawn down. This is expected to occur within the next six months, as construction payments become payable.

HKFRS9(B5.4.6)

In addition, the group also renegotiated one of its existing loan which resulted in the recognition of a modification gain of CU80,000 which is included in other gains/(losses) in the statement of profit or loss.

The contractual maturities of the group's financial liabilities were as follows:

Contractual maturities of financial liabilities	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
At 30 June 2024	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000
Non-derivatives							
Trade payables	11,252	-	-	-	-	11,252	11,252
Contingent consideration (note 11)	-	600	650	700	-	1,950	1,820
Borrowings	4,245	4,540	9,500	31,490	55,725	105,500	102,303
Lease liabilities	1,240	1,280	3,020	5,440	2,290	13,270	11,951
Total non-derivatives	16,737	6,420	13,170	37,630	58,015	131,972	127,326

Contractual maturities of financial liabilities	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
At 31 December 2023 ^{3,4}	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000
Non-derivatives							
Trade payables	13,700	-	-	-	-	13,700	13,700
Borrowings	4,439	4,639	9,310	46,195	40,121	104,704	97,515
Lease liabilities	1,455	1,456	2,911	5,337	2,340	13,499	11,501
Total non-derivatives	19,594	6,095	12,221	51,532	42,461	131,903	122,716

Refer to commentary paragraph 40 and 44 for new disclosure requirement for covenant compliance after the end of the reporting period

Loan covenants^{9, 40, 44}

The group is required to comply with the following financial covenants:

- (a) the gearing ratio must now be below 45% (reduced from 50%); and
- (b) the ratio of net finance cost to EBITDA must not exceed 10% (reduced from 12%).

The group complied with these ratios throughout the reporting period. As at 30 June 2024, the gearing ratio was 36% (31 December 2023: 21%) and the ratio of net finance cost to EBITDA was 9% (31 December 2023: 7%).

Financing arrangements⁹

The group's undrawn borrowing facilities were as follows:

	30 June 2024	31 December 2023
	CU'000	CU'000
Fixed rate – expiring beyond one year	13,000	-
Floating rate		
Expiring within one year (bank overdraft)	12,400	12,400
Expiring beyond one year (bank loans)	6,160	9,470
	31,560	21,870

10 Equity securities issued

	2024 Shares (thousands)	2023 Shares (thousands)	2024 CU'000	2023 CU'000
Issues of ordinary shares during the interim period				
Exercise of options issued under the VALUE HKFRS Employee Option Plan	46	-	241	-
Acquisition of subsidiary, net of transaction costs and tax	-	1,698	-	9,730
Issued for no consideration:				
Shares issued in lieu of cash dividends	64	59	397	174
	110	1,757	638	9,904

	2024 Shares (thousands)	2023 Shares (thousands)	2024 CU'000	2023 CU'000
Movements in treasury shares during the interim period				
HKAS34(16A)(e)				
Acquisition of shares by the VALUE HKFRS Employee Share Trust	(201)	(207)	(1,270)	(1,217)
HKAS34(16A)(e)				
Employee share scheme issue	183	186	1,132	1,091
Net movement	(18)	(21)	(138)	(126)

HKAS34(16A)(i) 11 Business combination ^{3,19,21,40}

11(a) Current period

HKFRS3(B64)(a)-(d) On 15 February 2024, VALUE HKFRS Limited acquired 87.5% of the issued shares in Better Office Furnishings Limited, a retailer of office furniture and equipment, for consideration of CU12,030,000. The acquisition is expected to increase the group's market share and reduce cost through economies of scale.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	CU'000
HKFRS3(B64)(f)	
Purchase consideration	
Cash paid	10,750
Contingent consideration (see (ii) below)	1,280
Total purchase consideration	12,030

HKFRS3(B64)(i) The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value CU'000
Cash and cash equivalents	575
Property, plant and equipment (note 6)	12,095
Customer list (note 7)	2,285
Customer contracts (note 7)	1,180
Inventories	1,010
Receivables	685
Payables	(2,380)
Employee benefit obligations	(230)
Borrowings	(3,250)
Net deferred tax assets	420
Net identifiable assets acquired	12,390
Less: non-controlling interest	(1,720)
Add: goodwill	1,360
	12,030

HKFRS3(B64)(e),(k) Goodwill is attributable to Better Office Furnishings Limited's strong position and profitability in trading in the office furniture and equipment market and cost synergies expected to arise as the result of the acquisition. Goodwill has been allocated to the furniture-retail segment. Goodwill is not tax deductible. See note 7 for changes in goodwill.

HKFRS3(B67)(a) The fair value of the acquired customer list and customer contracts of CU3,465,000 is provisional pending receipt of the final valuations. The group recognised a related deferred tax liability amounting to CU1,040,000.

11(a) Current period

(i) Acquisition-related costs

HKFRS3(B64)(m) Direct transaction costs of CU750,000 are included in administrative expenses in profit or loss.

(ii) Contingent consideration

HKFRS3(B64)(g) The contingent consideration arrangement requires the group to pay the former owners of Better Office Furnishings Limited 20% of the average profit of Better Office Furnishing Limited in excess of CU2,000,000 for three years from 2024 to 2026, up to a maximum undiscounted amount of CU2,000,000. There is no minimum amount payable.

The fair value of the contingent consideration arrangement of CU1,280,000 was estimated calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 8% and assumed probability-adjusted profit in Better Office Furnishing Limited of CU4,200,000 to CU4,400,000.

HKFRS3(B67)(b),(58) As at 30 June 2024, there was an increase of CU540,000 recognised in other gains/losses in profit or loss for the contingent consideration arrangement, because the assumed probability-adjusted profit in Better Office Furnishings Limited was recalculated to be in the region of CU5,000,000 to CU5,300,000. The liability is presented within trade and other payables in the statement of financial position.

(iii) Acquired receivables

HKFRS3(B64)(h) The fair value of trade and other receivables is CU685,000 and includes trade receivables with a fair value of CU623,000. The gross contractual amount for trade receivables due is CU705,000, of which CU82,000 is expected to be uncollectible.

(iv) Non-controlling interest

HKFRS3(B64)(o) The group has chosen to recognise the non-controlling interest (NCI) at its fair value. The fair value of the NCI in Better Office Furnishings Limited, an unlisted company, was estimated by applying a market approach and an income approach. The fair value estimates are based on:

- (a) an assumed discount rate of 8%;
- (b) an assumed terminal value based on a range of terminal EBITDA multiples between three and five times;
- (c) long-term sustainable growth rate of 2%;
- (d) assumed financial multiples of companies deemed to be similar to Better Office Furnishings Limited; and
- (e) assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interest in Better Office Furnishing Limited.

(v) Revenue and profit contribution

HKFRS3(B64)(q) The acquired business contributed revenues of CU16,230,000 and net profit of CU2,675,000 to the group for the period from 15 February 2024 to 30 June 2024. If the acquisition had occurred on 1 January 2024, consolidated revenue and consolidated profit after tax for the interim period would have been CU109,070,000 and CU12,676,000 respectively.

11(b) Prior period ³

On 1 April 2023, the parent entity acquired 70% of the issued share capital of VALUE HKFRS Electronics Group. Details of this business combination were disclosed in note 14 of the group's annual financial statements for the year ended 31 December 2023.

12 Discontinued operations ^{3,19,21}

12(a) Description

HKAS34(16A)(c),(i) On 30 October 2022, the group announced its intention to exit the engineering business and initiated an active program to locate a buyer for its German subsidiary, VALUE HKFRS Engineering GmbH. The subsidiary was sold on 28 February 2023 and was reported in the financial statements for the six months ended 30 June 2023 as a discontinued operation.

Financial information relating to the discontinued operations for the period to the date of disposal and for subsequent adjustments to contingent consideration is set out below.

12(b) Financial performance and cash flow information

The financial performance and cash flow information presented reflects the operations for the two months ended 28 February 2023 and subsequent adjustments to the contingent consideration receivable.

		Six months ended 30 June	
		2024	2023
		CU'000	CU'000
	Revenue	-	4,200
	Expenses		(3,939)
HKFRS5(35)	Other gains/(losses) (revaluation of contingent consideration receivable)	(45)	-
	(Loss)/profit before income tax	(45)	261
	Income tax benefit/(expense)	13	(78)
	(Loss)/profit after income tax of discontinued operation	(32)	183
	Gain on sale of subsidiary after income tax (see (c) below)	-	481
	(Loss)/profit from discontinued operations	(32)	664
	Exchange differences on translation of discontinued operations	-	170
	Other comprehensive income from discontinued operations	-	170
	Net cash inflow from ordinary activities	-	1,166
	Net cash inflow from sale of the division reported as investing activities	-	3,110
	Net increase in cash generated by the discontinued operations	-	4,276
		Cents	Cents
HKAS33(68)	Basic earnings per share from discontinued operations	0.1	1.2
	Diluted earnings per share from discontinued operations	0.1	1.2

12(c) Details of the sale of the subsidiary

		Six months ended 30 June	
		2024	2023
		CU'000	CU'000
	Consideration received or receivable:		
	Cash	-	3,110
	Fair value of contingent consideration	-	1,200
	Total disposal consideration	-	4,310
	Carrying amount of net assets sold	-	(3,380)
	Gain on sale before income tax and reclassification of foreign currency translation reserve	-	930
	Reclassification of foreign currency translation reserve		(170)
	Income tax expense on gain	-	(279)
	Gain on sale after income tax	-	481

In the event that the operations of the subsidiary achieve certain performance criteria during the period 1 March 2023 to 28 February 2025 as specified in the earn out clause in the sale and purchase agreement, the group will be entitled to an additional cash consideration of up to CU2,400,000. The fair value of the consideration was determined initially to be CU1,200,000 and was recognised as a financial asset at fair value through profit or loss. The fair value of the consideration had increased to CU1,290,000 as at 31 December 2023.

As at 30 June 2024, the fair value was estimated to be CU1,245,000 (note 16). The change in fair value of CU45,000 relates to the remeasurement of the expected cash flows and is presented in the statement of profit and loss within result from discontinued operations, net of tax of CU13,000.

HKAS34(16A)(i)

13 Interests in associates and joint ventures ²⁴

On 15 February 2024, VALUE HKFRS Limited increased its investment in Cedar Limited from 10% to 30% for cash consideration of CU400,000 plus CU5,000 transaction costs. As a consequence, VALUE HKFRS Limited gained significant influence over this investment and the investment was reclassified from a financial asset at FVOCI to an associate.

The carrying amount of the investment was CU150,000, including fair value gains of CU30,000 that had been recognised in other reserves. The group's accounting policy for step acquisitions of associates is to measure the cost as the sum of the fair value of the interest previously held plus the fair value of the additional consideration transferred (totalling CU550,000). Consequently, the transaction costs of CU5,000 were expensed as incurred and recognised in administrative expenses. Consistent with the group's policy to transfer any amounts recognised in the FVOCI reserve to retained earnings upon disposal of an investment, CU30,000 were transferred to retained earnings.

The carrying amount of equity-accounted investments has changed as follows in the six months to June 2024:

	Six months ended 30 June 2024 CU'000
Beginning of the period	3,775
Additions	550
Profit for the period	205
Dividends paid	(300)
End of the period	4,230

14 Contingencies ^{8,9}

14(a) Contingent liabilities

HKAS34(15B)(m)
A32(12)
GEM18.41(12)

A claim for unspecified damages was lodged during the period against the furniture division. The company has disclaimed liability and is defending the action. No provision in relation to the claim has been recognised in the financial statements, as legal advice indicates that it is not probable that a significant liability will arise.

HKAS34(16A)(c),(15B)(f)

The claim lodged against VALUE HKFRS Retail Limited in December 2022 and disclosed in note 17 of the annual financial statements was settled during the interim period. A payment of CU25,000 was made to the claimant.

15 Related party transactions ^{8-9,19-20}

HKAS34(15),(15B)(j)

During the interim period ended 30 June 2024, VALUE HKFRS Limited entered into a contract with Combined Construction Company Proprietary Limited in connection with the construction of the new production facilities for the electronic equipment division. A director of VALUE HKFRS Limited, Mr A L Cunningham, is also a director and shareholder of Combined Construction Company Proprietary Limited. The contract is a fixed price contract for the sum of CU1,300,000. It is based on normal commercial terms and conditions.

16 Fair value measurement and other information of financial instruments ^{2,9,26,40}

See the commentary (paras 27 to 29) at the end of this section for the impact of rising inflation and interest rates on fair value

This note provides an update on the judgements and estimates made by the group in determining the fair values of the financial instruments since the last annual financial report.

16(a) Fair value hierarchy

HKAS34(15B)(h),(15C)

To provide an indication about the reliability of the inputs used in determining fair value, the group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2024 and 31 December 2023⁴ on a recurring basis:

HKFRS13(93)(a),(b)

At 30 June 2024	Level 1 CU'000	Level 2 CU'000	Level 3 CU'000	Total CU'000
Financial assets				
Financial assets at fair value through profit or loss (FVPL)				
US unlisted equity securities	-	-	2,350	2,350
US listed equity securities	2,825	-	-	2,825
Oneland listed equity securities	5,975	-	-	5,975
Preference shares – property sector	-	1,165	-	1,165
Other (contingent consideration; note 12)	-	-	1,245	1,245
Hedging derivatives – interest rate swaps	-	310	-	310
Hedging derivatives – foreign currency options	-	1,634	-	1,634
Financial assets at fair value through other comprehensive income (FVOCI)				
Equity securities – property sector	1,412	-	-	1,412
Equity securities – retail sector	2,628	-	-	2,628
Equity securities – biotech sector	-	-	1,180	1,180
Debentures – property sector	340	-	-	340
Debentures – retail sector	372	705	-	1,077
Total financial assets	13,552	3,814	4,775	22,141
Financial liabilities				
Contingent consideration payable (note 11)	-	-	1,820	1,820
Hedging derivatives – foreign currency forwards	-	566	-	566
Trading derivatives	-	355	215	570
Total financial liabilities	-	921	2,035	2,956
At 31 December 2023 ⁴	Level 1 CU'000	Level 2 CU'000	Level 3 CU'000	Total CU'000
Financial assets				
Financial assets at FVPL				
US listed equity securities	5,190	-	-	5,190
Oneland listed equity securities	6,110	-	-	6,110
Preference shares – property sector	-	1,100	-	1,100
Contingent consideration – note 12	-	-	1,290	1,290
Hedging derivatives – interest rate swaps	-	453	-	453
Trading derivatives – foreign currency options	-	1,709	-	1,709
Financial assets at FVOCI				
Equity securities – property sector	1,286	-	-	1,286
Equity securities – retail sector	2,828	-	-	2,828
Equity securities – forestry sector	-	-	1,150	1,150
Debentures – property sector	378	-	-	378
Debentures – retail sector	350	790	-	1,140
Total financial assets	16,142	4,052	2,440	22,634
Financial liabilities				
Hedging derivatives – foreign currency forwards	-	766	-	766
Trading derivatives	-	275	335	610
Total financial liabilities	-	1,041	335	1,376

16(a) Fair value hierarchy

HKAS34(15B)(h),
(k),(15C),(16A)(j)
HKFRS13(93)(c),(e)(iv)

In March 2024, a major investment of VALUE HKFRS Limited was delisted. As it is no longer possible to determine the fair value of this investment using quoted prices or observable market data, it has been reclassified from level 1 into level 3.

HKFRS13(95)

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

HKFRS13(93)(a),(b),(d)

The group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2024.

HKFRS13(76),(91)(a)

Level 1: The fair value of financial instruments traded in active markets (e.g. publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Revised illustration

HKFRS13(81),(91)(a),
(93)(d)

Level 2: The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

HKFRS13(86),(91)(a),
(93)(d)

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where climate risk gives rise to a significant unobservable adjustment.

16(b) Valuation techniques used to determine fair values

HKFRS13(93)(d)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- for interest rate swaps – the present value of the estimated future cash flows based on observable yield curves;
- for foreign currency forwards – the present value of future cash flows based on the forward exchange rates at the reporting date;
- for foreign currency options – option pricing models (e.g. Black-Scholes model); and
- for other financial instruments – discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2, except for unlisted equity securities, a contingent consideration receivable and certain foreign currency forwards explained in (c) below.

16(c) Fair value measurements using significant unobservable inputs (level 3)

HKAS34(15B)(k),(15C)

The following table presents the changes in level 3 instruments for the interim period ended 30 June 2024: ⁴

HKFRS13(93)(e)

	Unlisted equity securities CU'000	Trading derivatives at FVPL CU'000	Contingent consideration receivable CU'000	Contingent consideration payable CU'000	Total CU'000
Opening balance 31 December 2023	1,150	(335)	1,290	-	2,105
Transfer from level 1	2,350	-	-	-	2,350
Disposals	(100)	-	-	-	(100)
Acquisitions	-	3	-	(1,280)	(1,277)
Gains recognised in other income *	-	117	-	(540)	(423)
Losses recognised in discontinued operations *	-	-	(45)	-	(45)
Gains recognised in other comprehensive income	130	-	-	-	130
Closing balance 30 June 2024	3,530	(215)	1,245	(1,820)	2,740

HKFRS13(93)(f)

* includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period

- 93 (45) (540) (492)

16(c) Fair value measurements using significant unobservable inputs (level 3)

(i) Transfers between levels 2 and 3 and changes in valuation techniques

HKFRS13(93)(d),(h)(ii)

The group further assessed the need for transfers between the levels given the changes in economic conditions and considering whether a lack of observable information existed for factors relevant to the value of certain instruments.

HKFRS13(93)(d),(h)(ii)

However, other than the transfer of equity securities from level 1 to level 3 explained under (a) above, there were no transfers required between the levels of the fair value hierarchy in the six months to 30 June 2024. The group also did not change any valuation techniques in determining the level 2 and level 3 fair values.

(ii) Valuation inputs and relationships to fair value

HKFRS13(93)(d),(99)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements and how a reasonable possible change in the input would affect the fair values:

HKFRS13(93)(d),(h)(i)

Description	Fair value at 30 June 2024 CU'000	Unobservable inputs *	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Unlisted equity securities	3,530	Earnings growth factor Risk-adjusted discount rate	2.5 % - 3.5% (3%) 9% - 11% (10%)	Increased earnings growth factor (+50 basis points (bps)) and lower discount rate (-100 bps) would increase FV by CU190,000; lower growth factor (-50 bps) and higher discount rate (+100 bps) would decrease FV by CU220,000.
Trading derivatives	(215)	Credit default rate	25%	A shift of the credit default rate by +/- 5% results in a change in FV of CU60,000
Contingent consideration receivable	1,245	Risk-adjusted discount rate Expected cash inflows	14% CU1,950,000 - CU2,170,000 (CU2,020,000)	A change in the discount rate by 100 bps would increase/decrease the FV by CU200,000 If expected cash flows were 10% higher or lower, the FV would increase/decrease by CU55,000
Contingent consideration payable	(1,820)	Risk adjusted discount rate Expected revenues	8% CU5,200,000 - CU5,500,000	A change in the discount rate by 100 bps would increase/decrease the fair value by CU52,000 If expected revenues were 10% higher or lower, the fair value would increase/decrease by CU400,000

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

HKFRS13(93)(g)

(iii) Valuation processes

The finance department of the group includes a team that performs the valuations of financial instruments required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every six months, in line with the group's half-yearly reporting periods.

16(c) Fair value measurements using significant unobservable inputs (level 3)

The main level 3 inputs used by the group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Discount rates: these are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

16(c) Fair value measurements using significant unobservable inputs (level 3) (Continued)

See commentary para 30 at the end of this section for guidance on determining the discount rate in times of high economic uncertainty.

- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk gradings determined by VALUE HKFRS Limited's internal credit risk management group.
- Earnings growth factor for unlisted equity securities: these are estimated based on market information for similar types of companies.
- Contingent consideration receivable and payable – expected cash inflows: these are estimated based on the terms of the sale contract, the entity's knowledge of the business and how the current economic environment is likely to impact it.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the valuation discussion between the CFO, AC and the valuation team. As part of this discussion, the team presents a report that explains the reason for the fair value movements.

16(d) Fair values of other financial instruments (unrecognised)

HKAS34(16A)(j)
HKFRS7(25)
HKFRS7(29)(a)

The group also has a number of financial instruments which are not measured at fair value in the statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since their floating interest rate is either close to current market level or the instruments are short-term in nature. Significant differences were identified for the following instruments at 30 June 2024:

	Carrying amount CU'000	Fair value CU'000
Non-current receivables		
Loans to key management personnel	520	455
Financial assets at amortised cost		
Debentures	750	885
Zero coupon bonds	550	773
Non-current borrowings		
Bank loans	42,852	40,100
Convertible notes	16,830	17,505
Redeemable preference shares	11,000	9,240

16(e) Ageing analysis of trade receivables and trade and other payables

Trade receivables

A4(2)(a)
GEM18.50B(2)(a)

The majority of the Group's sales are on letter of credit or documents against payment. The remaining amounts are with credit terms of 60 days and which are mostly covered by customers' standby letters of credit or bank guarantees. At 30 June 2024 and 31 December 2023, the ageing analysis⁵⁰ of the trade receivables based on invoice date were as follows:

	30 June 2024 CU'000	31 December 2023 CU'000
Trade receivables		
[Insert ageing, e.g.		
0-30 days	xxx	xxx
31-60 days]	xxx	xxx
	xxx	xxx

Trade and other payables

A4(2)(a)
GEM18.50B(2)(a)

At 30 June 2024, the ageing analysis⁵⁰ of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

	30 June 2024 CU'000	31 December 2023 CU'000
Trade payables		
[Insert ageing, e.g.		
0-30 days	xxx	xxx
31-60 days	xxx	xxx
61-90 days]	xxx	xxx
	xxx	xxx

17 Basis of preparation of the interim report^{1-2,8,35-37}

HKAS34(19)
A38
GEM18.55(Note
1)

These condensed consolidated interim financial statements for the six-month reporting period ended 30 June 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*.

HKAS34(6)
Not mandatory

The interim report does not include all of the notes normally included in annual consolidated financial statements. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023.³⁶

s436(3)

[Below guidance is applicable for companies incorporated in Hong Kong:]

The financial information relating to the year ended 31 December 2023 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2024 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622)*.

PwC Commentary – Statement required by Section 436(3) of the Hong Kong Companies Ordinance (Cap. 622) in relation to the publication of the non-statutory accounts for the comparative financial year included in this condensed consolidated interim financial information - Applicable to Hong Kong incorporated companies only (listed/unlisted)

The above paragraphs (or similar wording that covers all the matters that are required to be stated by section 436(3)) must be included in (or accompany) the non-statutory accounts to fulfil the requirements of Section 436(3) of the Hong Kong Companies Ordinance (Cap. 622) regarding the publication of non-statutory accounts.

* If the auditor's report on the comparative full year financial statements was qualified or modified or the auditor had drawn attention to a matter by way of emphasis or it contained any of the statements under section 406(2) (information in the directors' report is inconsistent with the financial statements), 407(2) (accounting records inadequate or financial statements not agreeing with accounting records) or 407(3) (failure to obtain necessary information and explanations), it will be necessary to adapt the illustrated wording to give information required by section 436(3)(d), as appropriate. It would be informative if a brief description is provided of the matter or matters addressed in the auditor's report. Section 436(4) expressly prohibits the full auditor's report accompanying the non-statutory accounts.

PwC commentary – Going concern basis

Although it is not an explicit requirement under HKAS 34 to disclose the interim financial statements are prepared on a going concern basis, going concern is one of the underlying assumptions of financial reporting and is also applicable to interim reporting. If there is a going concern issue, merely disclosing a statement in the interim report that the same accounting policies and presentation as adopted in the most recent annual financial statements is not adequate. The interim report should disclose the material uncertainties and an explanation on why the directors believe preparing the interim report on a going concern basis is appropriate.

HKAS34(16A)(a)
A37.2
GEM18.55(Note
5)

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.³³

17(a) New and amended standards adopted by the group ⁴²⁻⁴⁹

HKAS8(28)(a)

The group has applied the following amendments for the first time from 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to HKAS 1;
- Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – HK Int 5 (Revised); and
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7.

As a result of the adoption of the amendments to HKAS 1, the group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.”

This new policy did not result in a change in the classification of VALUE HKFRS Limited’s borrowings. The group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.^{40,43}

[Note: If an entity has issued convertible instruments (e.g. convertible bond) and the adoption of the amendments to HKAS 1 would result in retrospective adjustments, the entity can tailor the relevant disclosure by reference to the following illustrative disclosure:

As a result of the adoption of the amendments to HKAS 1, the group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.”

The amendments to HKAS 1 has also clarified what HKAS 1 aims to mean when it refers to ‘settlement’ of a liability. Under the amendments to HKAS 1, terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an ‘equity instrument’. However, conversion options that are classified as a ‘liability’ must be considered when determining the current/non-current classification of a convertible instrument. In the past, such conversion options, whether classified as an equity instrument or liability, did not affect the current/non-current classification of its host liability. The adoption of the amendments to HKAS 1 has resulted in a change in the group’s accounting policy on current/non-current classification of convertible instruments and the impact of which is summarised below.

In 2023, VALUE HKFRS Limited issued a five-year Renminbi-denominated convertible bond maturing on 31 July 2028 and the carrying amount of which CU3,500,000 was classified as a non-current liability as at 31 December 2023. The conversion option does not meet the definition of an equity instrument and can be exercised at holder’s discretion at any time. Due to the abovementioned change in the group’s accounting policy on convertible instruments, the convertible bond has been reclassified as a current liability retrospectively by restating the balances as at 31 December 2023 as follows:

	As previously reported CU'000	Effect of change in accounting policy CU'000	As restated CU'000
<u>As at 31 December 2023</u>			
Borrowings – current	8,400	3,500	11,900
Borrowings – non-current	89,115	(3,500)	85,615

This change in accounting policy does not have any impact to group’s profit or earnings per share for the six months ended 30 June 2023.

(Please note that when a restatement on the comparative figures of the condensed consolidated statement of financial position is required, the comparative figures of the relevant disclosure notes should also be restated. This has not been illustrated in these illustrative condensed consolidated interim financial statements.)]

As disclosed in the 2023 annual consolidated financial statements, VALUE HKFRS Limited has supplier financial arrangements. The adoption of the amendments to HKAS 7 and HKFRS 7 will result in VALUE HKFRS Limited providing more disclosures about these arrangements in the consolidated financial statements for the year ending 31 December 2024. The new disclosures are not required to be provided in the 2024 interim report.

Except for those as mentioned above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or revised interpretation.

17(b) Impact of standards issued but not yet applied by the entity ^{38,39}

HKAS8(30)

In September 2023, HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. VALUE HKFRS Limited does not expect these amendments to have a material impact on its operations or financial statements.³⁸

18 Events occurring after the reporting period ²⁵

HKAS34(16A)(h)

On 31 July 2024, VALUE HKFRS Limited acquired all of the issued shares in Complete Office Furniture Limited, a manufacturer and retailer of premium office furniture and equipment, for cash consideration of CU4,500,000.

The provisionally determined fair value of the net identifiable assets of the company at the date of acquisition was CU4,090,000 and the purchased goodwill amounted to CU410,000.

The acquisition has not impacted the financial effects for the interim period ended 30 June 2024. The operating results and assets and liabilities of the acquiree will be consolidated from 31 July 2024.

Refer to [note 5](#) for dividends proposed to be declared since the end of the reporting period.

Commentary on the notes to the condensed consolidated financial statements

Structure of notes

1. We have structured our interim report using the same principles as applied in the annual financial statements. Like the annual financial statements, the interim report has a summary of significant events and transactions upfront, to help readers get a better picture of the entity's performance and of any changes to the entity's financial position during the interim period.
2. Focusing on the relevance of information, we have moved information to the back of the notes that we do not consider immediately relevant for an understanding of the major changes to the financial position and performance of the group during the interim period. For example, the information about the valuation of financial instruments must be disclosed in all interim reports, regardless of whether there have been significant changes during the period. For entities with only a limited amount of financial instruments and no major changes, this information will generally be of little interest and so has been moved to the back end of the report. However, this will not be the same for all, and each entity should consider what structure would be most useful in their own circumstances.

Comparative information

Narrative disclosures

3. HKAS 34 does not comment on whether narrative information that was disclosed in the interim report for the comparative period must be repeated in the current interim report. However, in accordance with paragraph 6 of HKAS 34, the interim report is intended to provide an update on the last complete set of annual financial statements. It should therefore focus on new activities, events and circumstances and it does not need to duplicate information previously reported. On this basis, we do not believe it is necessary to repeat business combination disclosures that were also included in the latest annual financial statements. However, we have chosen to retain the comparative disclosures for the discontinued operations, since this disclosure explains amounts separately presented in the statement of profit or loss for the comparative period. These amounts might not necessarily be the same as the amounts reported in relation to the discontinued operation in the latest annual financial statements.

Roll-forward information

4. There is also a question as to whether comparative information is required for roll-forward information, such as the table showing movements in property, plant and equipment or in relation to the financial instrument disclosures. For the same reasons as set out in the previous paragraph, we do not believe that comparative roll-forward information is required under HKAS 34. However, it might be necessary in certain circumstances to provide context for a particular transaction or event that is significant to an understanding of the changes in the entity's financial position and performance.

Segment information

5. Under HKAS 34, segment information must be included in interim reports for the year to date, but the standard does not specifically require the disclosure of segment information for additional periods for which a statement of profit or loss is presented in an interim report. We believe such disclosure would be helpful to the users of the interim report and it is likely to be consistent with the management commentary. Management should, therefore, consider providing segmental information for each period for which the statement of profit or loss is presented, including comparative figures.

Materiality

6. Paragraph 23 of HKAS 34 requires management to assess materiality in relation to the interim period financial data when deciding how to recognise, measure, classify or disclose an item for interim reporting purposes. In making assessments of materiality, interim measurements might rely on estimates to a greater extent than measurements of annual financial data.
7. While materiality judgements are always subjective, the overriding concern is to ensure that an interim report includes all the information that is relevant to an understanding of the financial position and performance of the entity during the interim period. It is therefore generally inappropriate to base quantitative estimates of materiality on projected annual figures. Guidance on assessing materiality is provided in the non-mandatory HKFRS Practice Statement 2 *Making Materiality Judgements*.

HKAS34(16A)(j)

HKAS34(16A)(g)

HKAS34(23)
HKAS1(7)
HKFRS PS2

Commentary on the notes to the condensed consolidated financial statements

Significant events and transactions

HKAS34(15),(15B)

8. Interim reports must include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. HKAS 34 provides examples of events or transactions that might need to be disclosed, but please note that the list is not exhaustive.

HKAS34(15C)

9. The information disclosed in relation to these events and transactions should update the relevant information presented in the most recent annual financial statements and that is required under other accounting standards (e.g. HKFRS 7). For example, VALUE HKFRS Limited has acquired a significant land area during the six-month period ended 30 June 2024, entered into a new credit facility and re-negotiated an existing loan, among other significant events discussed in Note 1. To show the impact of the acquisition on total property, plant and equipment, we have updated the reconciliation of property, plant and equipment from the last financial statements. We have also updated the liquidity risk disclosures to reflect the revised payment terms resulting from the new and re-negotiated loans.

10. If climate change matters create uncertainties that affect the assumptions used by the entity to develop estimates (such as exposure to credit losses for financial assets, impairment calculations, useful lives of depreciable assets or long-term non-financial obligations), and there have been changes to those assumptions since the last annual financial report, the entity should explain how this has affected these estimates. Changes to assumptions might be necessary, for example, as follows:

- revision of economic useful lives and residual values of certain assets that will be replaced earlier than expected by more energy-efficient alternatives;
- updating cash flow forecasts to incorporate the increased costs of carbon emissions;
- forecasting the impact of climate change on operating margins;
- a public statement about an entity's new or revised plans to decarbonise its operations;
- to address commentary or metrics provided in a published sustainability report; or
- changes to segment aggregation caused by climate impacts on the production processes and regulatory environments for the products offered in the operating segments.

Further guidance on determining the impact of climate-related matters on financial reports is included in our In Depth INT2021-11 *Impact of ESG matters on IFRS financial statements* which can be accessed from Viewpoint. Insurers can also refer to the following publication, *Climate related risks – what do insurers need to know?*

11. Similarly, if the entity has recognised an impairment loss during the interim reporting period, it should consider which of the disclosures made in the annual consolidated financial statements would need to be updated in the interim report, to give users sufficient context and information about the uncertainties associated with the impairment calculations. We have illustrated what we would consider appropriate in the context of VALUE HKFRS Limited's fictional scenario. Depending on the individual circumstances, more or fewer disclosures might be required.

12. High inflation and interest rates might also cause significant estimation uncertainty for both short- and long-duration assets and liabilities, and possibly require significant changes to estimates made in the most recent annual financial statements. Where this is the case, an entity would need to provide appropriate explanations in the interim report. An entity further needs to disclose any changes in the business or economic circumstances that affect the fair value of its financial assets and financial liabilities, whether those assets or liabilities are recognised at fair value or at amortised cost. In the context of high inflation and interest rates, such disclosures might be more relevant than previously for many entities. For guidance, see our In depth INT2022-12 *Navigating IFRS Accounting Standards in periods of rising inflation and interest rates*.

HKAS34(15C)

13. Another example of disclosures that might require updating in the interim report would be the offsetting disclosures that are required under HKFRS 7. The disclosures provided in the annual financial statements (see note 23) should be updated if there have been any changes to the offsetting arrangements in the interim period. Entities should remember that the disclosures also cover master netting and similar arrangements that are not currently enforceable, see the commentary to note 3.4 in our *Illustrative HKFRS consolidated financial statements for 2023 year-ends* publication for further information.

Commentary on the notes to the condensed consolidated financial statements

Disaggregation of revenue

HKFRS15(114),
(B87)-(B89)

14. Entities must disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will depend on the specific circumstances of each entity as to how much detail is disclosed. VALUE HKFRS Limited has determined that a disaggregation of revenue using existing segments and the timing of the transfer of goods or services (at a point in time vs over time) is adequate for its circumstances. However, this is a judgement and will not necessarily be appropriate for other entities.

HKFRS15(115)

15. Other categories that could be used as basis for disaggregation include:

- (a) type of good or service (such as major product lines);
- (b) geographical regions;
- (c) market or type of customer;
- (d) type of contract (such as fixed price vs time-and-materials contracts);
- (e) contract duration (short-term vs long-term contracts); or
- (f) sales channels (directly to customers vs wholesale).

16. When selecting categories for the disaggregation of revenue, entities should also consider how their revenue is presented for other purposes, e.g. in earnings releases, annual consolidated financial statements or investors presentations), and what information is regularly reviewed by the chief operating decision-makers. Where revenue is disaggregated on a basis other than reportable segments, the entity must disclose sufficient information so that users of its financial statements can understand the relationship between the disaggregated revenue and the revenue information that is disclosed for each reportable segment.

Impact of inflation and increased economic uncertainty on impairment testing

17. The long-term growth rate should be reasonable in comparison to long-term inflation expectations, where a cash flow is prepared on a nominal basis. Nominal long-term growth rates in excess of long-term nominal GDP growth imply that the business will eventually grow at a rate faster than the economy itself. This is unlikely to be appropriate. The long-term growth rate should be corroborated using external evidence. For guidance, see our In depth INT2022-12 [Navigating IFRS Accounting Standards in periods of rising inflation and interest rates](#).

18. In times of greater uncertainty in the economic environment, an entity should incorporate these uncertainties in impairment testing by applying probability weightings to multiple cash-flow scenarios. Where uncertainty in the economic environment has increased, the established methods for calculating the WACC should continue to be used. However, a reassessment of each input into the calculation and assessment of the overall result is needed. Whilst inflation and interest rates might be stabilising or decreasing in some jurisdictions, entities might still be exposed to additional risks in this regard. Entities will need to continue to update their judgements, estimates and disclosures. See In depth INT2022-12 [Navigating IFRS Accounting Standards in periods of rising inflation and interest rates](#) for further guidance on accounting implications for rising inflation and interest rates.

Other disclosures

HKAS34(16A)

19. In addition to disclosing significant events and transactions as explained in paragraphs 8 to 13 above, an entity shall include the information set out in paragraph 16A of HKAS 34 in the notes to the interim financial statements, unless the information is not material or disclosed elsewhere in the interim financial report. The information should normally be reported on an annual reporting period to date basis. Where the information is disclosed elsewhere, the entity must provide a cross reference from the interim financial statements to the location of that information, and make the information available to users on the same terms and at the same time as the interim financial statements.

Unusual items

HKAS34(16A)(c)

20. Disclosure is required of the nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence.

Changes in the composition of the entity

HKAS34(16A)(i)

21. HKAS 34 requires interim financial reports to disclose the effect of changes in the composition of the entity during the interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinued operations. In the case of business combinations, the entity should disclose the information required under paragraphs 59 – 62 and B64 – B67 of HKFRS 3 *Business Combinations*. If the goodwill relating to the acquisition is material, the disclosure should also include a reconciliation of goodwill in accordance with paragraph B67(d) of HKFRS 3. See also commentary paragraph 40 below for disclosures that are not applicable to VALUE HKFRS Limited and therefore are not illustrated in [note 11](#).

Commentary on the notes to the condensed consolidated financial statements

HKAS12(88C)
HKAS34(15),(15A)
New requirement for
consideration of impact:
OECD Pillar Two model
rules

Income tax – OECD Pillar Two model rules

22. This publication illustrates the disclosures of the estimated impact of the Pillar Two legislation on the group. It is assumed that the legislation has been enacted in Oneland, the jurisdiction in which VALUE HKFRS Limited is incorporated, and will come into effect from 1 January 2025. Accordingly, the group discloses known or reasonably estimable information on its exposure to Pillar Two income taxes. The group also discloses any significant information about changes to events or transactions that would impact its exposure to Pillar Two top-up taxes.
23. If the Pillar Two legislation had become effective in Oneland on 1 January 2024, VALUE HKFRS Limited would be required to separately disclose its current tax expense related to Pillar Two top-up taxes. An example of this disclosure in the income tax note is illustrated below:

HKAS12(88B)

The group is within the scope of the OECD Pillar Two model rules, and it applies the HKAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The group expects to incur top-up taxes due to the Pillar Two legislation that was effective from 1 January 2024. Under the legislation, the group is liable to pay a top-up tax for the difference between its GloBE effective tax rate in each jurisdiction and the 15% minimum rate. The group has estimated that the weighted average effective tax rates exceed 15% in all jurisdictions in which it operates, except for jurisdiction A where a subsidiary operates. The group's assessment indicates for jurisdiction A that the estimated weighted average effective tax rate based on accounting profit is 8.3% for the reporting period ended 30 June 2024. Considering the impact of specific adjustments in the Pillar Two legislation, the group recognised an estimated current income tax expense of CU38 for the reporting period. This is included in income tax expense in the statement of profit or loss.

IFRS IC Agenda decision
January 2019

Step acquisition of associates

24. There are two approaches that could be adopted when an investor increases their stake in another entity and an existing equity investment measured at fair value becomes an associate for the first time. Those two methods are:
- (a) 'Cost of each purchase' method: the cost of an associate acquired in stages is measured as the sum of the cost of the most recent purchase, plus transaction costs, plus the starting cost. The starting cost is the original consideration paid for each purchase, plus a share of the investee's subsequent profits and other equity movements (e.g. revaluations) for each purchase up to the date it becomes an associate. The difference between the fair value of the initial investment and its starting cost is recognised through profit or loss, even if the original change in the fair value was recognised in OCI.
- (b) 'Fair value as deemed cost' method (by analogy with HKFRS 3): The cost of an associate acquired in stages is measured as the sum of the fair value of the interest previously held, plus the fair value of any additional consideration transferred as of the date when the investment became an associate. Previously held interests would have been measured at fair value under HKFRS 9 with changes in fair value recognised in either profit or loss or OCI. The reclassification of fair value changes recognised in OCI to profit or loss is not allowed and remain in OCI or might be transferred to retained earnings (HKFRS 9.4.1.4, 5.7.5, B5.7.1). Because this method is based on analogy with the HKFRS 3, any acquisition-related costs are expensed in the period in which the costs are incurred. This is different from acquisition-related costs on initial recognition of an associate at cost, as they form part of the carrying amount of the associate. This is the method used by VALUE HKFRS Limited and illustrated in [note 13](#) of this interim report.

IFRS IC Agenda decision
January 2009

The accounting method chosen by the entity should be applied consistently for all such transactions whereby an entity increases its investment from a portfolio investment to an associate undertaking.

Commentary on the notes to the condensed consolidated financial statements

Events occurring after the reporting period

25. The interim financial report should disclose events after the interim period that have not been reflected in the interim financial statements. Such disclosure would normally also include an indication of the financial effect of each event, where possible.

Fair value measurement

26. Entities must also provide detailed information about the fair value measurements of their financial instruments, regardless of whether there have been significant changes or transactions during the interim period. This includes information about:

- (a) the recognised fair value measurements at the end of the interim period;
 - for financial assets and financial liabilities that are not measured at fair value – the fair value such that it can be compared with the carrying amount;
 - for non-recurring fair value measurements, the reason for the measurement;
 - the level of the fair value hierarchy within which the measurements are categorised;
 - the amount of transfers between level 1 and level 2 of the hierarchy, the reasons for those transfers and the entity's policy for determining when transfers have occurred;
 - for level 2 and level 3 measurements, a description of the valuation techniques and inputs used, changes in the valuation techniques used and reasons for changes; for level 3 measurements, also quantitative information about significant unobservable inputs used;
 - for level 3 measurements, a reconciliation from opening to closing balances, showing separately a number of specifically identified items;
 - for recurring level 3 measurements, the amount of unrealised gains or losses for the period that is attributable assets and liabilities held at the end of the reporting period;
 - for level 3 measurements, a description of the valuation processes used by the entity;
 - for recurring level 3 measurements, a narrative description of the sensitivity of the fair value to changes in unobservable inputs and the effect of changes to unobservable inputs if such changes have a significant effect on the fair value; and
 - the existence of inseparable third-party credit enhancements.

Note that HKAS 34 requires this information for financial instruments only, and not for non-financial assets and liabilities. However, where an entity has revalued non-financial assets or liabilities to fair value during the interim reporting period, or measured non-financial assets or liabilities at fair value for the first time, it should consider providing similar disclosures if the amounts involved are material. For further commentary around the fair value disclosures required under HKFRS 13, see commentary 12-13 to note 7 in our *Illustrative HKFRS consolidated financial statements for 2023 year-ends* publication.

Impact of high inflation and interest rates on fair value measurements

27. Entities might need to consider the impact of changes in economic conditions on the fair value measurement, having regard to both direct and indirect impacts.
28. Valuation best practices support the use of multiple valuation techniques when estimating the fair values. In some circumstances, it might be appropriate to change the methodology (for example, from a market multiple approach to a discounted cash flow approach) or change the weighting where multiple valuation techniques are used, where the change results in a measurement that is equally or more representative of the fair value. This change would be considered a change in accounting estimate.
29. A change in the fair value measurement affects the disclosures required by HKFRS 13 about the valuation techniques and the inputs used in the fair value measurement, as well as the sensitivity of the valuation to changes in assumptions. For example, for the inputs disclosed in [note 16\(c\)](#), there might be additional indirect impacts from high inflation and interest rates, such as changes to the credit risk of counterparties as a result of economic uncertainties. These impacts might need to be reflected in the sensitivity analysis that is required for recurring fair value measurements categorised within level 3 of the fair value hierarchy.

HKAS34(16A)(h)

HKAS34(16A)(j)
HKFRS13(91)-(93)(h),
(94)-(96),(98),(99)
HKFRS7(25),(26),
(28)-(30)

Commentary on the notes to the condensed consolidated financial statements

Determining discount rates in times of high economic uncertainty

30. When determining discount rates in times of high economic uncertainty, entities might also need to consider the systematic and unsystematic risks to ensure that the discount rate and cash flows appropriately reflect the risks inherent to the asset. In this context:
- (a) (a)The systematic risk is measured in relation to the market as a whole. It represents the risk that cannot be reduced through diversification, and it is rewarded with a risk premium or higher level of expected return. This risk is derived from external macroeconomic factors that affect all companies in some way, although in different magnitudes.
 - (b) The unsystematic risk reflects the diversifiable risk, which is the risk specific to the particular asset. Factors considered include customer concentration risk, key person risk and regulatory risk. Where relevant, unsystematic risk should be reflected in the asset's cash flows, by using different scenarios with appropriate weightings.

Impact of high inflation and interest rates on risk management disclosures

31. As noted in paragraph 8, interim financial reports must include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. In this context, entities might also need to provide updates on risk management disclosures, such as the impact of changes in economic conditions on liquidity risk and interest rate risk.
32. For example, sensitivity disclosures would need to be updated if the magnitude of a reasonably possible change in interest rates is materially different from that disclosed in the previous annual financial statements. Where there are changes in expected volatility, prior year disclosures should not be restated. An entity could choose, however, to present additional sensitivity information for the comparative period in addition to the required comparative figures from the prior year.
33. HKFRS 7 further does not limit disclosure of risks to only credit risk, liquidity risk and market risk. Hence, an entity might need to provide specific disclosures relating to inflation risk, if this information is not already captured in other market risk disclosures. For example, if an entity has an inflation-linked financial instrument, the sensitivity of such an instrument to changes in inflation rates should be disclosed.
34. In a difficult economic climate, it is further likely that entities will encounter increasing margin calls on derivatives requiring the posting of collateral, which can pose a significant liquidity risk. Entities might also be impacted where contractual terms include inflation-linked interest rates (for example in leasing contracts). If such contractual terms give rise to significant liquidity risk, entities should provide quantitative disclosures of their collateral and contractual arrangements to explain how this liquidity risk is managed.

Accounting policies

35. The interim report shall include a statement that the same accounting policies are followed in the interim financial report as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change (see para 40 below for details of amended standards that apply to annual reporting periods commencing on or after 1 January 2024).
36. While there is no longer a requirement to prominently display an explicit statement that the interim financial report is to be read in conjunction with the most recent annual financial statements, we recommend retaining it, because it is a useful explanation and reminder of the nature of an interim report. Entities might also want to place this statement on the front cover of the interim financial report as illustrated on the example contents page, to make this clear to readers of the interim financial report.
37. Where an entity prepares its first set of interim financial statements and there are no previous annual financial statements, we believe that a complete disclosure of material accounting policies should be provided. For guidance on assessing whether accounting policy information is material, please refer to our *Practice Aid on the Accounting Policies Disclosures (Amendments to IAS 1)*.

Impact of standards issued but not yet applied

38. While not explicitly required under HKAS 34, entities should also consider explaining the impact of the future adoption of an accounting standard that has been issued, or amendments to existing standards that have been issued, but do not yet need to be applied by the entity. This would be the case in particular where adoption of the standard or the amendments will have a significant impact on the amounts recognised in the financial statements and this had not been disclosed in the previous annual financial report, or where the entity's assessment has significantly changed.
39. A list of amendments to standards that have been issued but that are not yet mandatory for annual reporting periods beginning on or before 1 January 2024 is in [Appendix A\(c\)](#).

HKAS34(15)

HKAS34(16A)(j),(15C)
A37.2
GEM18.55(Note 5)

Commentary on the notes to the condensed consolidated financial statements

Disclosures not illustrated: not applicable to VALUE HKFRS Limited

40. The following requirements are not illustrated in this publication because they are not applicable to VALUE HKFRS Limited:

	Issue not illustrated	Relevant disclosure or reference
HKAS1(82)(aa),(ca),(cb)	Separate line items in the statement of profit or loss	Where applicable and material also disclose: <ul style="list-style-type: none"> - gains and losses arising from the derecognition of financial assets measured at amortised cost - gains and losses recognised as a result of a reclassification of financial assets from measurement at amortised cost to FVPL, and - gains and losses reclassified from OCI as a result of a reclassification of financial assets from the FVOCI measurement category to FVPL.
HKAS34(16A)(b),(21)	Seasonal or cyclical operations	Explain how the seasonality or cyclicity affects the results and financial position for the interim report (see paragraph 39 below). Consider including financial information for the twelve months up to the end of the interim period and comparative information for the previous 12 months.
HKAS34(16A)(g)(v)	Segment disclosures: changes in basis of segmentation or measurement of segment profit or loss	Describe differences.
HKAS34(16A)(k) HKFRS12(9B)	The entity became an investment entity or ceased to be an investment entity during the interim period	Provide the disclosures required by paragraph 9B of HKFRS 12.
HKAS12(88B)	Current tax expense related to Pillar Two top-up taxes	Refer to commentary note 23 for an example.
HKAS1(76ZA)	Covenant compliance after the end of the reporting period	Refer to commentary note 44 for an example.

Business combinations

	Issue not illustrated	Relevant disclosure or reference
HKAS34(16A)(i) HKFRS3(B64)(j)	Contingent liabilities assumed in the business combination	Provide the disclosures required by paragraphs 85 and 86 of HKAS 37.
HKFRS3(B64)(l),(m)	Transactions recognised separately from the business combination	Disclose the details required by paragraph B64(l) and (m) of HKFRS 3.
HKFRS3(B64)(n)	Bargain purchase	Disclose the amount of any gain recognised and where it is presented, and explain why the transaction resulted in a gain.
HKFRS3(B64)(p)	Business combination achieved in stages	Disclose the acquisition-date fair value of the equity interest held immediately before the acquisition date, the gain/loss recognised and where it is presented.
HKFRS3(B67)(a)(iii)	Measurement period adjustments recognised to the provisional amounts	Provide the details required by paragraph B67(a)(iii) of HKFRS 3.
HKFRS3(B67)(e)	Gains and losses recognised during the period relating to assets or liabilities acquired in a business combination in the current or previous reporting period	Disclose the amount and an explanation of any gain or loss recognised, if this information is relevant to an understanding of the entity's interim report.

Commentary on the notes to the condensed consolidated financial statements

Financial instruments – fair value measurements

HKAS34(16A)(j)

HKFRS13(93)(a)

HKFRS13(93)(c)

HKFRS13(98)

HKFRS7(28)

Issue not illustrated	Relevant disclosure or reference
Non-recurring fair value measurements	Disclose the reason for the measurement.
Transfers between level 1 and level 2 of the fair value hierarchy	Disclose the amount of any transfers, the reasons and the entity's policy for determining when transfers are deemed to have occurred.
Liabilities measured at fair value with inseparable third-party credit enhancements	Disclose their existence and whether they are reflected in the fair value measurement of the liability.
Financial assets or liabilities recognised where the transaction price is not the best evidence of fair value	Provide the information required by paragraph 28 of HKFRS 7.

Seasonal or cyclical operations

41. Where an entity's operations are seasonal or cyclical, comments along the following lines should be included in the notes:

Seasonality of operations

Due to the seasonal nature of the US and UK retail segment, higher revenues and operating profits are usually expected in the second half of the year than the first six months. Wholesale revenues and operating profits are more evenly spread between the two half years. In the financial year ended 31 December 2023, 39% of revenues accumulated in the first half of the year, with 61% accumulating in the second half.

Changes in accounting policies

HKAS34(16A)(a)

42. New and amended standards and interpretations must be adopted in the first interim financial statements issued after their effective date or date of early adoption. There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after 1 January 2024 and entities will need to consider whether any of these amendments could affect their existing accounting policies for their 2024 interim reports:
- (a) Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to HKAS 1
 - (b) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – HK Int 5 (Revised)
 - (c) Lease Liability in Sale and Leaseback – Amendments to HKFRS 16
 - (d) Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7
- The above amendments and their impact are summarised in Appendix A

Commentary on the notes to the condensed consolidated financial statements

HKAS34(16A)(a)

43. HKAS 34 does not specify how much detail entities must provide to explain a change in policy. Where the change has a significant impact, we recommend following the requirements in HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Depending on the individual circumstances (in particular the impact of the change on individual line items in the financial statements), less detailed disclosures might also be sufficient.
44. If the disclosures related to compliance with covenants after the reporting period were applicable to VALUE HKFRS Limited, it would be required to disclose facts and circumstances indicating that it might have difficulty complying with its covenants. An example of a disclosure an entity might make is illustrated below:

The group expects rising costs for some of its businesses in the coming months due to recent unexpected supply chain disruptions in some jurisdictions in which it operates. The group does not consider it realistic or have the practical ability to pass these additional costs to its customers through price increases in the short term. As a result, the entity expects to experience a temporary decrease in EBITDA and there is a risk that the group will not comply with applicable debt covenants for its major bank loan at the next compliance date (that is, 31 December 2024), in which case the term loans will become immediately repayable. The group is currently in negotiations with the lender to revise the covenants related to EBITDA of this bank loan, which has a carrying amount of CU35,000,000 (2023: CU37,000,000).

45. For the purpose of this publication, we have assumed that VALUE HKFRS Limited did not have to make changes to its accounting policies for the HKFRS 16 sale and leaseback amendment, because it is not affected by this amendment. However, this assumption will not necessarily apply to all entities. Where there has been a change in policy, this will need to be explained.

Changes in accounting policy following IFRS IC agenda decisions

46. While IFRS IC agenda decisions do not form part of HKFRS, they often provide explanatory material that provides new information 'that was not otherwise available and could not otherwise reasonably have been expected to be obtained' relating to the application of accounting standards. Therefore, an entity might be required to change its previous accounting treatment following the issue of an IFRS IC agenda decision. Often, but not always, changes resulting from an agenda decision would be a voluntary accounting policy change in accordance with HKAS 8, as it arises from 'new information'.
47. Paragraph 43 of HKAS 34 requires a voluntary change in accounting policy to be accounted for by restating the financial statements of prior interim periods of the current financial year, and the comparable interim periods of any prior financial years that will be restated in the annual financial statements in accordance with HKAS 8.
48. In this case, entities will need to identify which of the primary financial statements have been restated (usually by adding the word 'restated' to the relevant column headers), together with a reference to the note where information about the restatement can be found. In the statement of changes in equity, entities should show the effects of the retrospective restatement for each component of equity, usually by presenting three rows for the beginning balances of the comparative period: 'as originally presented', 'change in accounting policy, net of tax' with the note reference, and 'as restated'. Entities also need to include a third statement of financial position as at the beginning of the comparative period where the restatement had a material effect on the information at the beginning of the comparative period.
49. As noted in paragraph 42, entities should consider whether the requirements of HKAS 8 could be used to explain the nature and effect of the change in accounting policy. Entities should apply judgement to determine the extent of the disclosure, taking into consideration the requirements or expectations of local regulators and the significance of the changes. IFRS IC agenda decisions issued in the last 12 months to 29 February 2024 that might be relevant for the preparation of interim reports in 2024 are listed in Appendix A.

Guidance relating to Listing Rules disclosures

50. The disclosure requirement of the Listing Rule for ageing analysis of trade debtors should include the amounts due by related companies which are trading in nature. Moreover, the ageing analysis should be presented on the basis of the date of the relevant invoice or demand note and categorized into time-bands based on analysis used by an issuer's management to monitor the issuer's financial position. The basis on which the ageing analysis is presented should be disclosed. If the issuer is in industry that does not issue invoice to their customers, the issuer should present the ageing analysis based on the payment schedule set out in the sales and purchase contracts. (A4(2)(4.2), GEM18.50B(2)(Note))

Appendix A: New standards and amendments

This appendix provides a summary of (a) new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2024 (that is, years ending 31 December 2024), (b) a list of IFRS IC agenda decisions for consideration and (c) forthcoming requirements, being standards and amendments that will become effective on or after 1 January 2025.

(a) New standards and amendments – applicable 1 January 2024

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2024:

Title	Key requirements	Effective date *
<p><i>Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to HKAS 1</i></p>	<p>Amendments made to HKAS 1 <i>Presentation of Financial Statements</i> in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.</p> <p>Classification is unaffected by the entity's expectations or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).</p> <p>Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.</p> <p>The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants with which the entity must comply within 12 months of the reporting date. The disclosures include:</p> <ul style="list-style-type: none"> • the carrying amount of the liability; • information about the covenants; and • facts and circumstances, if any, that indicate that the entity might have difficulty complying with the covenants. <p>The amendments also clarify what HKAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.</p> <p>The amendments must be applied retrospectively in accordance with the normal requirements in HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p>Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.</p>	<p>1 January 2024</p> <p>In brief INT2022-16</p>
<p><i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (Revised)</i></p>	<p>HK Int 5 (Revised) has incorporated the references to Amendments to HKAS 1 <i>Classification of Liabilities as Current or Non-current</i> and Amendments to HKAS 1 <i>Noncurrent Liabilities with Covenants</i>. This Interpretation has been updated to incorporate the references to these amendments, but its conclusions are not impacted by these amendments.</p>	<p>1 January 2024</p>
<p><i>Lease Liability in Sale and Leaseback – Amendments to</i></p>	<p>The HKICPA finalised narrow-scope amendments to the requirements for sale and leaseback transactions in HKFRS 16 <i>Leases</i> which explain how an entity accounts for a sale and leaseback after the date of the transaction.</p> <p>The amendments specify that, in measuring the lease liability subsequent to</p>	<p>1 January 2024</p> <p>In depth INT2023-01</p>

Appendix A: New standards and amendments

<p><i>HKFRS 16</i></p>	<p>the sale and leaseback, the seller-lessee determines ‘lease payments’ and ‘revised lease payments’ in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.</p>	
<p><i>Supplier Finance Arrangements - Amendments to HKAS 7 and HKFRS 7</i></p>	<p>The HKICPA issued amendments to HKAS 7 and HKFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). The amendments respond to investors that said that they urgently needed more information about SFAs to be able to assess how these arrangements affect an entity’s liabilities, cash flows and liquidity risk.</p> <p>To meet investors’ needs, the new disclosures will provide information about:</p> <ul style="list-style-type: none"> (1) The terms and conditions of SFAs. (2) The carrying amount of financial liabilities that are part of SFAs, and the line items in which those liabilities are presented. (3) The carrying amount of the financial liabilities in (2), for which the suppliers have already received payment from the finance providers. (4) The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements. (5) Non-cash changes in the carrying amounts of financial liabilities in (2). (6) Access to SFA facilities and concentration of liquidity risk with the finance providers. <p>Entities will be required to aggregate the information that they provide about SFAs. However, entities should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information where the range of payment due dates is wide, and disclose the type and effect of non-cash changes that are needed for comparability between periods.</p>	<p>1 January 2024</p> <p>In depth INT2023-06</p>

* Applicable to reporting periods commencing on or after the given date.

(b) IFRS IC agenda decisions issued in the last 12 months

As at 30 April 2024, the following agenda decisions were issued that might be relevant for the preparation of annual and interim reports in 2024. The date issued refers to the month of approval by the IASB, in accordance with [IASB's website](#).

Date issued	Topic
April 2023	Definition of a Lease–Substitution Rights (IFRS 16 Leases)
October 2023	Homes and Home Loans Provided to Employees
October 2023	Guarantee over a Derivative Contract–IFRS 9
October 2023	Premiums Receivable from an Intermediary–IFRS 17 and IFRS 9
January 2024	Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27)
April 2024	Payments Contingent on Continued Employment during Handover Periods (IFRS 3)
April 2024	Climate-related Commitments (IAS 37)

(c) Forthcoming requirements

As at 30 April 2024, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2024. For more recent information, refer to our website at [Link: www.viewpoint.pwc.com](http://www.viewpoint.pwc.com).

Title	Key requirements	Effective date *
<i>Amendments to HKAS 21 - Lack of Exchangeability</i>	<p>In September 2023, the HKICPA amended HKAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, HKAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.</p> <p>These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. Early application is permitted (subject to any endorsement process). Refer to <i>Filling the gap in currency accounting: new HKFRS requirements for lack of exchangeability</i> for further details.</p>	<p>1 January 2025 (early adoption is available)</p> <p><i>In brief INT2023-19</i></p>

* Applicable to reporting periods commencing on or after the given date.

Appendix B: Abbreviations

Abbreviations used in this publication are set out below:

AGM	Annual General Meeting
bps	basis points
CGU	Cash-generating Unit
CODM	Chief operating decision maker
DP	Discussion Papers
ED	Accounting Exposure Drafts
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
FRS	Financial Reporting Standard (UK)
FV	Fair value
FVLCOD	Fair value less cost of disposal
FVOCI	(Financial assets/liabilities at) fair value through other comprehensive income
FVPL	(Financial assets/liabilities at) fair value through profit or loss
GAAP	Generally Accepted Accounting Principles
HKAS	Hong Kong Accounting Standards
HKFRS	Hong Kong Financial Reporting Standards
HKICPA	The Hong Kong Institute of Certified Public Accountants
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBORs	Interbank offered rates
IFRIC	IFRIC Interpretations issued by the IFRS IC
IFRS	International Financial Reporting Standards
IFRS IC	IFRS Interpretations Committee of the IASB
ISA	International Standard on Auditing issued by the IAASB
ISRE	International Standard on Review Engagements issued by the the IAASB
NCI	Non-controlling interest
OCI	Other comprehensive income
PS	Practice Statement issued by the HKICPA
TSR	Total shareholder return

PwC's Accounting Technical Publications



In depth – New IFRSs for 2023

This publication outlines the new IFRS standards and amendments plus those standards, amendments and IFRICs that are effective from 1 January 2023.

Language: English and Simplified Chinese



Illustrative HKFRS consolidated interim financial statements

This publication presents the sample interim financial report of a fictional listed company, VALUE HKFRS Limited. It illustrates the financial reporting requirements (including disclosures) that would apply to such a company under Hong Kong Financial Reporting Standards as issued at 31 May 2023.

Language: English



Illustrative HKFRS consolidated year-end financial statements

This publication presents the sample annual financial report of a fictional listed company, VALUE HKFRS Limited. It illustrates the financial reporting requirements that would apply to such a company under Hong Kong Financial Reporting Standards as issued at 31 October 2023.

Language: English

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