



## *Product Disclosure Statement*

IFRS® is a registered trademark of the IFRS Foundation and is used by IFRS SYSTEM Pty Limited under licence from the IFRS Foundation. Neither the IASB nor the IFRS Foundation endorse or undertake liability for any product or service of IFRS SYSTEM Pty Limited.

## Introduction

The Product Disclosure Statement ('PDS') is intended to provide the prospective Licensees of the IFRS SYSTEM Financial Reporting Software (referred to hereafter as the 'Software' or as 'IFRS SYSTEM'), with sufficient information to enable them to determine whether the IFRS SYSTEM is suitable for them.

The adoption of any new technology can inspire, or require, a change in 'the way things get done' and the IFRS SYSTEM is no different. We are very confident that the IFRS SYSTEM will deliver substantial benefits, but in order to get the most out of the Software, some users should be prepared to review and change some existing processes and preferences.

If you are reading a printed version of this document, please visit [www.ifrssystem.com/resources](http://www.ifrssystem.com/resources) to make certain that it is the most up-to-date version.

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## Our guarantee

IFRS SYSTEM is used by many entities (some of which are shown later in this document) and it has been used to prepare thousands of statutory reports/accounts in a wide range of jurisdictions.

We work extremely hard to ensure that the Software is easy to use and it exceeds the needs of our most discerning users. As a measure of our confidence in the Software and our ability to support it, we offer a 120 day 'no strings attached' refund as follows:

- If the Licensee is dissatisfied, in any way, with the IFRS SYSTEM they may cancel the licence. If the cancellation occurs within 120 days of the Commencement Date (i.e. the first 120 days) the full amount of all licence fees paid will be refunded within 14 days into a nominated bank account.

The Licensee is not required to provide a reason for cancellation (although for development purposes we like to know) they just have to advise us via email that they wish to cancel and provide details of the bank account into which they wish the refund to be paid.

## Licensing and pricing summary

IFRS SYSTEM employs a Named User approach to licensing. Where a Named User means an employee, consultant or contractor of the Licensee.

There are three categories of Named Users as follows:

- Administrator, who can access all functions and features of the Software and if they choose can determine which functions and features are available to individual users.
- User, who can access all of the functions and features of the Software or only those determined by an Administrator to be appropriate.
- Reviewer, whose access to the Software is 'Read Only Access'.

Annual licence fees are only charged for Administrator and User licences, Reviewer licences are available at no cost. All pricing information can be found at: [www.ifrssystem.com/software](http://www.ifrssystem.com/software) then 'click for details'.

The Licensee's Administrators and Users may prepare as many reports or sets of accounts, for as many entities, as they can manage. There are no additional entity or report based charges.

The annual licence fees include all necessary product support and all standard 'new user' training required throughout the licence period. The IFRS SYSTEM is cloud based Software that

does not require 'system set-up' nor 'implementation' as such there are no set-up or implementation costs.

Please note that all IFRS SYSTEM licence fees are shown exclusive of any government taxes and charges that may be applicable.

## Jurisdictions

The IFRS SYSTEM is suitable for use in all English language jurisdictions in which International Financial Reporting Standards (IFRS) are permitted or required.

The IFRS SYSTEM Platinum (for public entities) and Gold (for private entities) licences deliver complying statements and notes plus all relevant companies law and securities exchange disclosures (if required).

The Silver licence can be used to produce IFRS compliant financial statements and notes.

The Bronze licence allows for consolidations and IFRS compliant management reporting.

There are no geographical restrictions on licences. A licence acquired by a United Kingdom parent can be used to produce accounts for its operations in Ireland and Australian users can prepare their New Zealand subsidiaries and so on.

### IFRS SYSTEM Jurisdictional/Geographical coverage

#### Platinum and Gold

- Australia
- Ireland
- New Zealand
- United Kingdom
- Hong Kong\*
- Singapore\*

#### Silver and Bronze

- Anguilla
- Antigua and Barbuda
- Australia
- Bahamas
- Bangladesh
- Barbados
- Belize
- Bermuda
- Bhutan
- Botswana
- Brunei
- Canada

- Cayman Islands
- Dominica
- Fiji
- Ghana
- Grenada
- Guyana
- Hong Kong
- India
- Ireland
- Jamaica
- Kenya
- Lesotho
- Maldives
- Mauritius
- Montserrat
- New Zealand
- Nigeria
- Pakistan
- Philippines
- Rwanda
- Sierra Leone
- Singapore
- South Africa
- St Kitts and Nevis
- St Vincent and the Grenadines
- Swaziland
- Tanzania
- Trinidad and Tobago
- Uganda
- United Kingdom
- United States
- Zambia
- Zimbabwe

\* in development

## Report purposes

The licence type determines which report purposes are available. The following lists show the available purposes by licence type.

The jurisdictions in which a particular purpose is, or may be, required are shown as bracketed suffixes as follows:

- (ALL) = All jurisdictions
- (AU) = Australia
- (IE) = Ireland
- (NZ) = New Zealand
- (UK) = United Kingdom

### Bronze licence

The Bronze licence includes the following purposes:

- Management Reporting IFRS (ALL)
- Cash Flows Annual IFRS (ALL)
- Cash Flows Interim IFRS (ALL)

### Silver licence

The Silver licence includes all of the purposes available under Bronze, plus:

- International Financial Reporting Standards IFRS (ALL)
- International Financial Reporting Standards IFRS SME (ALL)

### Gold licence

The Gold licence includes all of the purposes available under Silver and Bronze, plus:

- Company Limited By Guarantee General Purpose (AU)
- Company Limited By Guarantee RDR General Purpose (AU)
- Company Limited By Guarantee Special Purpose (AU)
- Proprietary Annual General Purpose (AU)
- Proprietary Annual RDR General Purpose (AU)
- Proprietary Annual Special Purpose (AU)
- Incorporated Association General Purpose (AU)
- Incorporated Association RDR General Purpose (AU)
- Incorporated Association Special Purpose (AU)
- Private Limited Company Annual IFRS (IE)
- Private Limited Company Annual FRS 101 (IE)
- Private Limited Company Annual FRS 102 (IE)
- Private Company Annual General Purpose (NZ)
- Private Company Annual RDR General Purpose (NZ)
- Private Company Annual Differential Reporting (NZ)
- Private Branch Annual Differential Reporting (NZ)
- Private Limited Company Annual IFRS (UK)
- Private Limited Company Annual FRS 101 (UK)
- Private Limited Company Annual FRS 102 (UK)



### Platinum licence

The Platinum licence includes all of the purposes available under Gold, Silver and Bronze, plus:

- Listed Public Annual (AU)
- Listed Public Interim (AU)
- Unlisted Public Annual General Purpose (AU)
- Unlisted Public Annual RDR General Purpose (AU)
- Unlisted Public Annual Special Purpose (AU)
- Unlisted Public Interim (AU)
- Government Agency (AU)
- Government Department (AU)
- Listed Public Limited Company Annual IFRS (IE)
- Listed Public Limited Company Interim IFRS (IE)
- Unlisted Public Limited Company Annual IFRS (IE)
- Unlisted Public Limited Company Interim IFRS (IE)
- Unlisted Public Limited Company Annual FRS 102 (IE)
- Unlisted Public Limited Company Interim FRS 104 (IE)
- Listed Public Limited Company Annual IFRS (UK)
- Listed Public Limited Company Interim IFRS (UK)
- Unlisted Public Limited Company Annual IFRS (UK)
- Unlisted Public Limited Company Interim IFRS (UK)
- Unlisted Public Limited Company Annual FRS 102 (UK)
- Unlisted Public Limited Company Interim FRS 104 (UK)

## Report sections

The IFRS SYSTEM has default settings for i) the sections required in the report/accounts and ii) the order in which those sections appear.

The IFRS SYSTEM settings are recommendations which users can easily change. Sections can be:

- Edited
- Replaced (by importing a Word document)
- Added (by importing a Word document)
- Re-sorted (via 'drag and drop')
- Suppressed (using simple 'drop down' selections)

### Section availability and order

The sections currently available, and the default order in which they appear, are:

- Appendix 4<sup>(i)</sup>
- Cover
- Corporate directory
- Strategic report<sup>(ii)</sup>
- Directors' report
- Directors' remuneration report<sup>(ii), (iii)</sup>
- Directors' responsibilities statement<sup>(ii)</sup>
- Auditor's independence declaration
- Contents
- Statement of profit or loss and other comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements
- Directors' declaration
- Independent auditor's report
- Shareholder information

<sup>(i)</sup> The Appendix 4 is only available where the purpose is Listed Public Annual (AU) or Listed Public Interim (AU).

<sup>(ii)</sup> The Strategic report and Directors' remuneration report are only available where the purpose is for Ireland (where these reports are optional) or the United Kingdom (where they are required).

<sup>(iii)</sup> Included in the Directors' report where the purpose is Listed Public Annual (AU).

Additional sections can be created in Word and imported into the IFRS SYSTEM. Such sections might typically include (but are not limited to) the:

- Chairman's report
- Chief Executive Officer's report
- Operating and Financial Review
- Corporate Governance Statement

### Section presentation options

In addition to being able to suppress, edit, replace, add and re-sort sections, some sections have presentation format options.

The presentation options allow the user to specify naming and format preferences from 'drop down' lists for the following sections.

Naming options for the Statement of profit or loss and other comprehensive income include:

- Statement of profit or loss and other comprehensive income
- Statement of comprehensive income
- Statement of financial performance
- Statement of profit or loss
- Profit and loss account
- Income statement

It may be presented as either:

- A joint statement
- Two separate statements

Naming options for the Statement of financial position include:

- Statement of financial position
- Balance sheet

It may be presented as:

- Current/Non-current
- Non-current/Current
- Liquidity
- Format 1 adopting IFRS terminology
- Format 1 adopting GAAP terminology

The Statement of cash flows may be presented as:

- Direct Method
- Indirect Method



## Directors' report - subsections

The IFRS SYSTEM Directors' report is made up of many subsections.

The three variables that determine which subsections appear are i) Jurisdiction, ii) Purpose and iii) User inputs.

Subsections can be:

- Edited
- Re-sorted (via 'drag and drop')
- Suppressed (switched 'off' via a simple tick box)

There also five 'spare' subsections which can be used for any unique requirements or specific preferences.

The following is a complete list of the Directors' report subsections.

- Accounting records
- Additional disclosures relating to key management personnel
- Additional information
- Audit committee
- Auditor
- Auditor's independence declaration
- Charitable and political donations
- Committee members
- Company secretary
- Contracts of significance
- Contributions on winding up
- Controlling shareholder
- Corporate Governance Statement
- Details of remuneration
- Directors
- Directors' and company secretary's interests
- Directors' interests
- Disabled employees
- Disclosure of information to the auditors
- Dividends
- Employee involvement
- Environmental regulation
- Financial instruments
- Foreign branches
- Going concern
- Greenhouse gas emissions
- Indemnity and insurance of auditor
- Indemnity and insurance of officers
- Indemnity of directors
- Information on directors
- Introduction
- Likely future developments
- Loans to directors and executives
- Matters subsequent to the end of the financial year
- Meetings of directors
- Non-audit services
- Notice of annual general meeting
- Objectives
- Officers of the company who are former partners of [audit firm name]
- Performance measures
- Principal activities
- Principles used to determine the nature and amount of remuneration
- Proceedings on behalf of the company
- Purchase of own shares
- Remuneration report
- Research and development
- Retirement, election and continuation in office of directors
- Review of operations
- Rounding of amounts
- Service agreements
- Share-based compensation
- Shares issued on the exercise of options
- Shares issued on the exercise of performance rights
- Shares issued on the exercise of retention rights
- Shares under option
- Shares under performance rights
- Shares under retention rights
- Significant changes in the state of affairs
- Signing
- Social contribution
- Spare section A
- Spare section B
- Spare section C
- Spare section D
- Spare section E
- Strategy for achieving the objectives
- Substantial shareholdings
- Takeover Directive requirements



## Notes to the financial statements

The IFRS SYSTEM has a comprehensive range of notes and each one has passed what we call the 'real auditor, real audit' test.

As with Sections and Directors' report subsections, the three variables that determine which notes appear are i) Jurisdiction, ii) Purpose and iii) User inputs.

Notes can be:

- Placed (e.g. Include accounting policies in relevant note, Include income tax in one note and so on)
- Edited
- Re-sorted (via 'drag and drop')
- Suppressed (switched 'off' via a simple tick box)

There also 'spare' notes which can be used for any unique requirements or specific preferences.

The following is a complete list of the notes to the financial statements:

- Administered transactions and balances
- Arrangements for the provision of public infrastructure by other entities
- Average number of employees and employee benefits expense
- Budget vs actual comparison
- Business combinations
- Cash flow information
- Changes in liabilities arising from financing activities
- Collocation arrangements
- Commitments
- Contingent assets
- Contingent liabilities
- Critical accounting judgements, estimates and assumptions
- Deed of cross guarantee
- Derivative financial instruments
- Directors' remuneration
- Discontinued operations
- Earnings per share
- Economic dependency
- Events after the reporting period
- Expenses
- Fair value measurement
- Financial instruments
- General information
- Imputation credit account
- Income tax expense
- Interests in associates
- Interests in joint operations
- Interests in joint ventures
- Interests in subsidiaries
- Investments held
- Key management personnel disclosures
- Non-cash investing and financing activities
- Operating segments
- Other income

- Parent entity information
- Reconciliation of profit after income tax to net cash from operating activities
- Related party transactions
- Remuneration of auditors
- Restatement of comparatives
- Revenue
- Share of profits of associates accounted for using the equity method
- Share-based payments
- Significant accounting policies
- Spare introductory note A
- Spare introductory note B
- Spare revenue A
- Spare revenue B
- Spare revenue C
- Spare revenue D
- Spare revenue E
- Spare revenue F
- Spare revenue G
- Spare revenue H
- Spare revenue I
- Spare revenue J
- Spare expenses A
- Spare expenses B
- Spare expenses C
- Spare expenses D
- Spare expenses E
- Spare expenses F
- Spare expenses G
- Spare expenses H
- Spare expenses I
- Spare expenses J
- Spare revenue/expenses note A
- Spare revenue/expenses note B
- Spare revenue/expenses note C
- Spare revenue/expenses note D
- Spare revenue after operating profit A
- Spare revenue after operating profit B
- Spare revenue after operating profit C
- Spare revenue after operating profit D
- Spare revenue after operating profit E
- Spare expenses after operating profit A
- Spare expenses after operating profit B
- Spare expenses after operating profit C
- Spare expenses after operating profit D
- Spare expenses after operating profit E
- Spare note A
- Spare note B
- Spare note C
- Spare note D
- Spare note E
- Spare note F
- Spare note G
- Spare note H
- Spare note I
- Spare note J
- Trust transactions and balances

continued on the next page

## Notes to the financial statements continued

### Current assets:

- Assets of disposal groups classified as held for sale
- Available-for-sale financial assets
- Biological
- Cash and cash equivalents
- Derivative financial instruments
- Financial assets at fair value through profit or loss
- Held-to-maturity investments
- Income tax refund due
- Inventories
- Non-current assets classified as held for sale
- Other
- Spare note Y
- Spare note Z
- Trade and other receivables

### Non-current assets:

- Available-for-sale financial assets
- Biological
- Deferred tax
- Derivative financial instruments
- Exploration and evaluation
- Held-to-maturity investments
- Intangibles
- Inventories
- Investment properties
- Investments accounted for using the equity method
- Mining
- Other
- Other financial assets
- Property, plant and equipment
- Receivables
- Retirement benefit obligations
- Spare note Y
- Spare note Z

### Current liabilities:

- Borrowings
- Derivative financial instruments
- Employee benefits
- Financial guarantee contracts
- Income tax
- Liabilities directly associated with assets classified as held for sale
- Other
- Provisions
- Spare note Y
- Spare note Z
- Trade and other payables

### Non-current liabilities:

- Borrowings
- Deferred tax
- Derivative financial instruments
- Employee benefits
- Financial guarantee contracts
- Other
- Payables
- Provisions
- Retirement benefit obligations
- Spare note Y
- Spare note Z

### Equity:

- Dividends
- Issued capital
- Non-controlling interest
- Reserves
- Retained profits
- Spare note Y
- Spare note Z

**Pinnacle Listed Practical Limited**  
Notes to the financial statements  
31 December 2017

**Note 20. Non-current assets - intangibles**

	Consolidated	
	2017 \$'000	2016 \$'000
Goodwill	9,908	9,500
Less: Impairment	(500)	-
	<u>9,408</u>	<u>9,500</u>
Development - at cost	3,208	3,208
Less: Accumulated amortisation	(1,605)	(1,284)
	<u>1,603</u>	<u>1,924</u>
Patents and trademarks - at cost	320	320
Less: Accumulated amortisation	(224)	(192)
	<u>96</u>	<u>128</u>
Customer contracts - at cost	1,250	-
Less: Accumulated amortisation	(229)	-
	<u>1,021</u>	<u>-</u>
Software - at cost	108	108
Less: Accumulated amortisation	(66)	(44)
	<u>42</u>	<u>64</u>
	<u>12,170</u>	<u>11,616</u>

**Reconciliations**  
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$'000	Development \$'000	Patents and trademarks \$'000	Customer contracts \$'000	Software \$'000	Total \$'000
Balance at 1 January 2016	9,500	2,245	160	-	86	11,991
Amortisation expense	-	(321)	(32)	-	(22)	(375)
Balance at 31 December 2016	9,500	1,924	128	-	64	11,616
Additions through business combinations (note 49)	408	-	-	1,250	-	1,658
Impairment of assets	(500)	-	-	-	-	(500)
Amortisation expense	-	(321)	(32)	(229)	(22)	(604)
Balance at 31 December 2017	<u>9,408</u>	<u>1,603</u>	<u>96</u>	<u>1,021</u>	<u>42</u>	<u>12,170</u>

**Impairment testing**  
Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	Consolidated	
	2017 \$'000	2016 \$'000
Computer retailing	8,700	9,200
Computer distribution	708	300
	<u>9,408</u>	<u>9,500</u>

Please note that the IFRS SYSTEM does not provide the option of combining current and non-current notes, as it is one note per statement of financial position item.



## Layout and style

### Standard page settings

The IFRS SYSTEM standard page settings are:

- Size, 210 x 297 mm (A4)
- Orientation, Portrait\* (fixed)
- Font type, Arial (changeable)
- Font colour, Black (changeable)
- Font size, 10 pt (throughout the body)
- Top margin, 15 mm
- Bottom margin 10 mm
- Left margin (adjustable)
- Right margin (adjustable)

\* Page orientation is fixed as 'portrait', 'landscape' page settings are not available.

### Styles

Users are able to change many of the default settings as indicated in the diagram below.

The fonts that are available within the IFRS SYSTEM are shown below. Fonts that may be licensed by a client ('a corporate font') cannot be added to, or imported into, the IFRS SYSTEM.

'Corporate fonts' can be applied to the IFRS SYSTEM outputs once they have been exported.

A summary of default settings together with font, style, alignment, size and colour, options are shown below.

**Style options:**

- Normal
- Bold
- Bold-Italic
- Bold-Italic-Underline
- Bold-Underline
- Italic
- Italic-Underline
- Underline

**Alignment options:**

- Left
- Centred
- Right
- Justified

**Font size options**  
from 8 pt to 12 pt

**Font options:**

- Arial
- Calibri
- Cambria
- Century
- Courier New
- Helvetica LT Std
- Lucida Sans
- Tahoma
- Times New Roman
- Trebuchet MS
- Verdana

**Underline options**

- Double
- Single
- Thick Single

**Choose colours from a colour picker**

	Font	Style	Alignment	Size	Colour
<b>Cover page</b>					
Report title	Arial	Bold	Left		000000
Business number	Arial	Bold	Left		000000
<b>Header</b>					
Page header	Arial	Bold	Left	10	000000
<b>Paragraph</b>					
Main header	Arial	Bold	Left	10	000000
Main sub header	Arial	Bold-Italic	Left	10	000000
Sub header	Arial	Italic	Left	10	000000
Content	Arial	Normal	Justified	10	000000
<b>Table</b>					
Header in main table	Arial	Bold	Centred	10	000000
Header in sub table	Arial	Normal	Centred	10	000000
Main title	Arial	Bold	Left	10	000000
Main subtitle	Arial	Bold-Italic	Left	10	000000
Subtitle	Arial	Italic	Left	10	000000
Text values	Arial	Normal		10	000000
Numerical values	Arial	Normal		10	000000
Table of contents	Arial	Normal		10	000000
<b>Footer</b>					
Statement footer	Arial	Italic	Centred	10	000000
Page numbers	Arial	Bold			000000
<b>Underline</b>					
Subtotal underline	Single				000000
Total underline	Double				000000

## The IFRS SYSTEM approach

### Refund policy

The Licence Fee is non-refundable except where the Licensee elects to cancel the agreement within 120 days of the Commencement Date.

Where cancellation occurs within the 120 days of the Commencement Date the full amount of all Licence fees paid will be refunded.

### Online User Guide

The Online User Guide is a detailed resource for those who need (or want) to know what the IFRS SYSTEM can do and most importantly how to do things.

The Online User Guide is available via the context sensitive links within the Software or via the IFRS SYSTEM website.

Areas of particular interest for new users and 'old hands' are the [Frequently Asked Questions](#) and [Recent changes](#).

### IFRS SYSTEM Standard

IFRS SYSTEM develops and maintains proprietary interpretations of relevant source literature; being the International Financial Reporting Standards ('IFRS') and the following regional adaptations:

- **Australia** - Corporations Act 2001 and its regulations, ASX, ASIC and AASB
- **Ireland** - Companies Act 2014 and its regulations, FRS 101, FRS 102 and FRS 104
- **New Zealand** - Companies Act 1993 and its regulations, NZ-IFRS, NZASB and XRB
- **United Kingdom** - Companies Act 2006 and its regulations, FRS 101, FRS 102 and FRS 104

IFRS SYSTEM develops its interpretations through its in-house technical expertise, an external expert panel, consultation with regulators and relevant bodies and discussion with IFRS SYSTEM clients and their auditors.

Not all auditors are the same. While IFRS SYSTEM's interpretations are compliant, individual auditors may have a 'preference' for format and wording that is different to that of IFRS SYSTEM. Should it be required, IFRS SYSTEM sections and notes can be edited to meet auditor preferences.

### Customisation

IFRS SYSTEM does not offer customisation. The Software is developed to ensure that it can be used by wide range of clients in as many scenarios as practical.

We do however listen to our clients and where a particular circumstance or request warrants it, we will add developments (features and/or content). Once released, all such developments will be available to all users within the relevant licence type.



### Confidentiality

All client data (regardless of form) held by IFRS SYSTEM shall be treated as confidential and will not be disclosed to anyone, except where:

- Such disclosure is required by law
- The client gives specific written permission authorising the disclosure
- IFRS SYSTEM may, in accordance with the IFRS SYSTEM End User Licence Agreement (EULA), include the client company's name and logo (and no other information) in its promotional material

From time to time IFRS SYSTEM support team members may need to log into a report to investigate or understand a scenario. Any such access will be bound by the confidentiality statement above.

## The IFRS SYSTEM approach continued

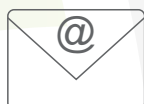
### Product support

Product support is included in the licence fee and accordingly there are no additional product support charges.

User support is available to Named Users of the Software (refer to the EULA for further information) throughout the term of the licence.

Standard support hours are 8:00 am to 6:00 pm Monday to Friday, 'out of hours' support may be available by prior arrangement and mutual agreement.

In order to ensure that support requests are dealt with as effectively and efficiently as possible, we strongly suggest that support requests are submitted by email to [support@ifrssystem.com](mailto:support@ifrssystem.com).



When emailing a request for support please provide us with as much information as practical. This would include the name of the entity and the description of the report in question. The nature of the issue i.e. what is happening that shouldn't or what isn't happening that should. It might also include adding a screen shot highlighting the area of challenge or concern or attaching the Trial Balance that is not importing correctly.

Support telephone numbers are:

- 1300 728 438 for Southern hemisphere callers from within Australia
- +61 (0) 2 4576 4190 for Southern hemisphere callers from outside Australia
- +44 (0) 20 3287 0102 for Northern hemisphere callers

We understand that all requests are urgent, which is why we 'triage' all support requests and endeavour to respond to each one as quickly as we can. However, the speed and relevance of the support team's response will be directly correlated to the quality and quantity of information in the request.

While there is no limit on product support requests, IFRS SYSTEM reserves the right to limit support to individual Named Users who have excessive and unreasonable support requirements.

### Technical support

IFRS SYSTEM will provide limited technical accounting support on matters relating to statutory financial reports or accounts.

Examples of such matters would include: complex reverse acquisitions, discontinued operations, which entities are subject to particular disclosures and why IFRS SYSTEM discloses in the way it does.

Technical accounting support is limited to a maximum of one hour per issue.

### Training

Training is included in the licence fee and accordingly there are no additional training charges.

Training is available to all Named Users, and this includes individuals (new or replacement staff) added throughout the term of the licence.

The IFRS SYSTEM has been developed to be intuitive and user-friendly Software and this together with the in-built contextual help function means training requirements are minimal.

Despite the training requirements being minimal they must be completed if the user intends to maximise the benefits offered by the IFRS SYSTEM.

Standard training requirements are:

- **Self-paced component.** All new users should complete the self-paced training activities that are outlined in the IFRS SYSTEM 'getting started' instructions issued to all new users (and also available in the IFRS SYSTEM Online User Guide). The self-paced component will usually require between 3 and 4 hours depending on the individual.
- **Online interactive component.** Once a new user has completed the self-paced component they should contact the IFRS SYSTEM support team to schedule the online interactive component. This session will usually take between 1.5 and 2 hours and one of the IFRS SYSTEM experts will answer user specific questions, address entity specific challenges and issues as well as covering many of the IFRS SYSTEM 'tips and tricks'.



## The IFRS SYSTEM approach continued

### Product updates

Release cycles for new features, enhancements and content updates (collectively described as latest developments) are scheduled at six monthly intervals. Where circumstances require it, releases may be brought forward and/or additional releases may be added.

Users will be notified of all latest developments via email. Latest developments will also be documented in the Online User Guide and they may be addressed during 'User Online Sessions' delivered from time to time.

All latest developments for a particular licence type (i.e. Platinum, Gold etc.) will be available to all users of that licence type.

Users will be able to access all relevant latest developments on their first log in after the release has been completed. No 'special' action is required.

### Pay fair

IFRS SYSTEM licencing is underpinned by simplicity and value. We want you to be able to access from anywhere, on multiple devices, upgrade or change users quickly and easily and above all we want you to feel that IFRS SYSTEM is a sound and positive investment.

We won't charge by the entity or by the report. We won't add on installation, implementation, set-up, support, training or any other charges.

We only charge for the number of licences needed for the users who 'do the work' (reviewer licences are complimentary) and because IFRS SYSTEM is such a good system that is always less than clients think.

To continue to deliver the simplicity and value that we promise, we need the support of the licensees. All we ask is that licensees have the correct number of licenses and that they are used in accordance with the EULA.

## System requirements

### Software required

A web browser is the only software required to access and operate the IFRS SYSTEM. The recommended browser is Google Chrome.



To open IFRS SYSTEM generated outputs users will require:

- Microsoft Excel
- Microsoft Word
- Adobe Acrobat Reader (or equivalent)

### Product provider not services provider

IFRS SYSTEM Pty Limited is a provider of products and not a provider of services. Accordingly, there are things that we do not do, examples of which are:

- Scope, for the purpose of comparison, reports or accounts prepared outside of the IFRS SYSTEM
- 'Number crunching' such as balancing opening retained earnings and inter-company eliminations on consolidation
- Preparation of reports/accounts or data imports on behalf of users
- Technical reviews of completed reports or accounts



## Security overview

### Latest status

There are no known breaches of any level of security to date.

### Data structure

It is important to note that only summarised financial data is stored in the IFRS SYSTEM. For instance, 'Total sales', 'Total salaries and wages' and 'Closing Cash Position' from the Trial Balance.

The IFRS SYSTEM Software does not store compiled reports or readable user files. All data held within the Software is encrypted and scrambled and can only be re-assembled by correct use of the Software.

Users may choose to store compiled reports and source data in a designated and secure document storage area, or in their own environment.

### Testing methodologies

Various security testing methodologies are employed by IFRS SYSTEM and include, but are not limited to:

- Direct access by guesstimating username and/or password credentials
- Firewall penetration
- Cross-site scripting
- Cross-site request forgery
- Injections: SQL, command, remote code, frame and expression language
- File inclusion vulnerability: local and remote
- Tracing
- Source leakage

### User risk mitigation

Exposure to user related security risks is mitigated by a range of measures, including but not limited to:

- Having Administrator, User and Reviewer levels
- Providing Administrators with the ability to assign or manage user rights at an individual level
- Forcing strong passwords which require a combination of upper and lower-case characters, numbers and a minimum of one special character
- Locking accounts after five failed login attempts
- Timed logout after 30 minutes of inactivity
- Major events logs
- Multiple backups of all data

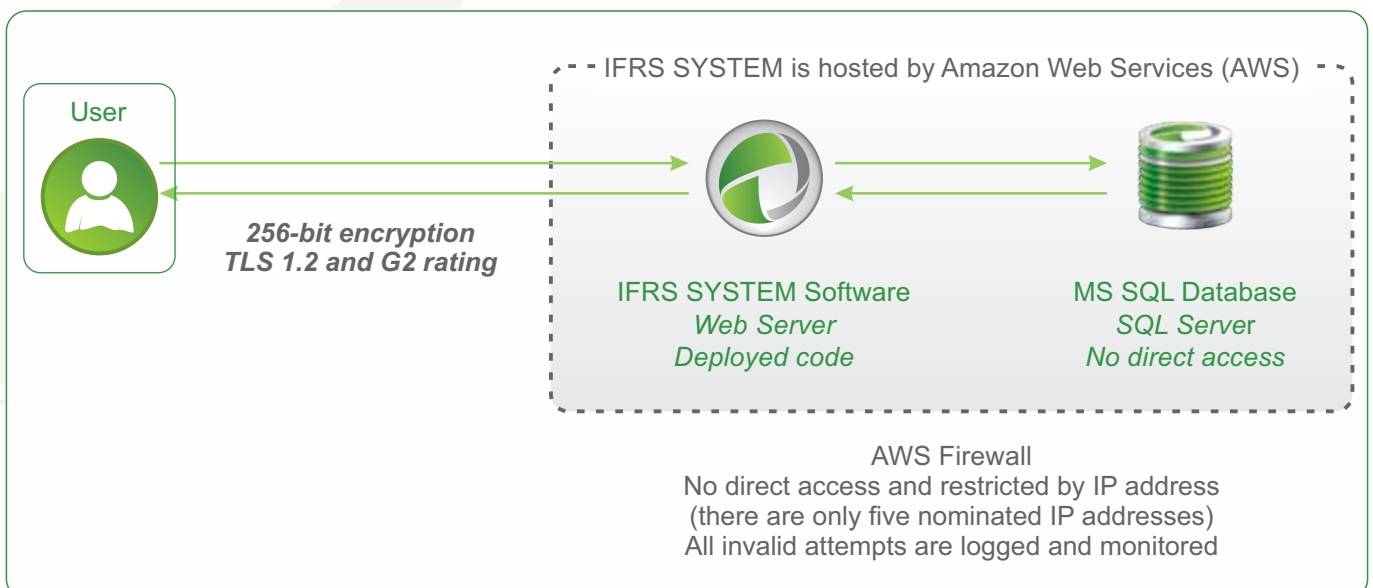
### Additional information

The latest security rating (by Qualys. SSL Labs) for [au.ifrssystem.com](http://au.ifrssystem.com), [sg.ifrssystem.com](http://sg.ifrssystem.com) and [uk.ifrssystem.com](http://uk.ifrssystem.com), is A, and a detailed analysis can be viewed at [www.ssllabs.com/sslltest/](http://www.ssllabs.com/sslltest/)

IFRS SYSTEM User Guide Frequently Asked Questions for Information Technology Professionals: <http://files.ifrssystem.com/userguide/faqit.html>

Amazon Web Services (AWS) Security Overview: <http://aws.amazon.com/security/>

Input and interaction via the web browser is secured through Hypertext Transfer Protocol Secure (HTTPS) with 256-bit encryption, TLS 1.2 security protocol and Google Internet Authority G2 rating as shown in the diagram below.



## Frequently asked questions

**Q Can more than one user access a report at the same time?**

A Yes, IFRS SYSTEM allows multiple users to work on a single report or set of accounts simultaneously.

**Q Can the IFRS SYSTEM handle complex reporting scenarios?**

A IFRS SYSTEM is used by many large (and very large companies) private and public companies, many of which have challenging consolidations, complicated business combinations and specific disclosure requirements and after more than a decade we are yet to find a scenario that it doesn't cope with.

**Q Is there an 'install' version of the software?**

A No, IFRS SYSTEM is only available as a 'cloud based' Software.

**Q Because of the complexity of our organisation I need to produce accounts under different standards, how will that work in the IFRS SYSTEM?**

A IFRS SYSTEM will allow you to produce reports or accounts under many standards. Simply select the required jurisdiction and then the required standard from drop down lists. If you (or your auditor) want to change the standard mid process you just re-select from the drop down list and the IFRS SYSTEM will apply all of the appropriate changes saving you many hours of re-work.

**Q What technology does the IFRS SYSTEM utilise?**

A IFRS SYSTEM is developed in the ASP.Net Framework and uses MS SQL database. It is hosted by Amazon Web Services (AWS).

**Q I have many Trial Balances to consolidate, can the IFRS SYSTEM help?**

A IFRS SYSTEM has many features that will help take care of consolidations quickly and easily, even if there isn't a master chart of accounts. The system has been tested with more than 150 Trial Balances in a single consolidation and it passed with flying colours.

**Q Can the IFRS SYSTEM use our company's master chart of accounts?**

A If you have a master chart of accounts or third party codes that you wish to use, simply import them and instruct the system to use those codes.

**Q How can the IFRS SYSTEM automatically populate the notes and what if I, or the auditors, want different notes or wording?**

A The short answer to part 1 of this question is that reporting standards are a set of codified rules that apply when given conditions exist. The IFRS SYSTEM analyses your Trial Balance(s) and your Disclosures and determines what conditions apply and based on that analysis, notes are turned on or off. The answer to part 2 is that you can edit the notes, replace wording within a note and you can choose to turn notes on or off.

**Q How often do you update the standards?**

A The IFRS SYSTEM is updated at least twice a year to ensure that it is applying the latest standards as at 30 June or 31 December each year.

**Q My Trial Balances are in US GAAP, will that be a problem?**

A No. Many IFRS SYSTEM clients have US GAAP Trial Balances and it is simply a matter of importing the 'US GAAP' Trial Balances and then entering the IFRS adjustments or journals via the adjustments screen.

**Q I am preparing reports for a number of companies, can I create a master report and then copy other reports from it?**

A Yes. There are a number of ways to create a master or to copy part, or all, of the content from one report to another.

**Q Can I change the appearance of reports?**

A Yes. The IFRS SYSTEM allows you to add a logo, change colours, fonts and underline styles within reports.



## Frequently asked questions continued

### Q Can I apply the new 'disclosure initiative'?

A Yes. The 'disclosure initiative' being driven by the IFRS Foundation primarily consists of three core parts i) Re-sorting, ii) Moving some accounting policies inside the relevant note and iii) Removing disclosures that are not required. The IFRS SYSTEM allows you to do all of these things quickly and easily.

### Q Can I take a back-up of the database?

A Yes. We encourage all users to make and save copies of their reports or accounts and all related outputs and store them in their own environment. We also advise users to save 'milestone' versions of their work in progress as this provides a quick and easy method of reverting to an earlier point (if ever needed).

### Q Can I control individual user access?

A Yes, the IFRS SYSTEM allows Administrators to set individual user rights. This allows Administrators to manage (at a user level) which data can be accessed and which tasks can be performed.

### Q What happens to my data if I do not renew my subscription?

A There is a courtesy period of 14 days after the expiry date. If you have not done so prior to expiry, you should ensure you have taken copies of all required outputs. Data is retained for six months to cover to possibility of accidental non-renewal. After 6 months, all data will be deleted.

### Q Can I have a trial?

A No, we do not offer trials. In our experience trials don't provide any real benefit for either the client or us. We think it is important that clients are committed to the adoption of IFRS SYSTEM and a trial infers a lack of commitment. We do however understand that businesses want to manage risk and not commit to technology that may not suit them. For this reason, we offer a 120 day 'no strings attached' money back guarantee. If within 120 days of purchasing the IFRS SYSTEM you are in any way dissatisfied with it, let us know and we will refund 100% of licence fees paid.

### Q How secure is the system?

A The IFRS SYSTEM is secure and uses a number layers of security and a number of security protocols in order to protect client data and they are summarised in this document in the Security overview section.

### Q Where is my data stored and how safe is it?

A Data is stored in an Amazon Web Services data warehouse and depending on your location that could be in Australia, Ireland or Singapore. Your data is very safe. IFRS SYSTEM uses the same security protocols as those used for internet banking and your data is both encrypted and scrambled to ensure that it cannot be read by unauthorised parties.

### Q Can I have customisation?

A No. We do not offer nor will we promise customisation. We do however encourage suggestions and requests. Consequently, the vast majority of enhancements and improvements introduced over the last five years are the result of a user request or suggestion.

### Q Does the licence include training and support?

A Yes. There are no additional costs.

### Q What training is required?

A Every new user is advised to complete a self-paced familiarisation program which generally requires about 4 hours of reading, video review and practical exercises. Upon completion of the familiarisation program users can request a further 1.5 hour online training session that can be used to address specific questions and assist the user to get the most out of the software.

### Q What is involved with implementation, how long does it take and is there an implementation cost?

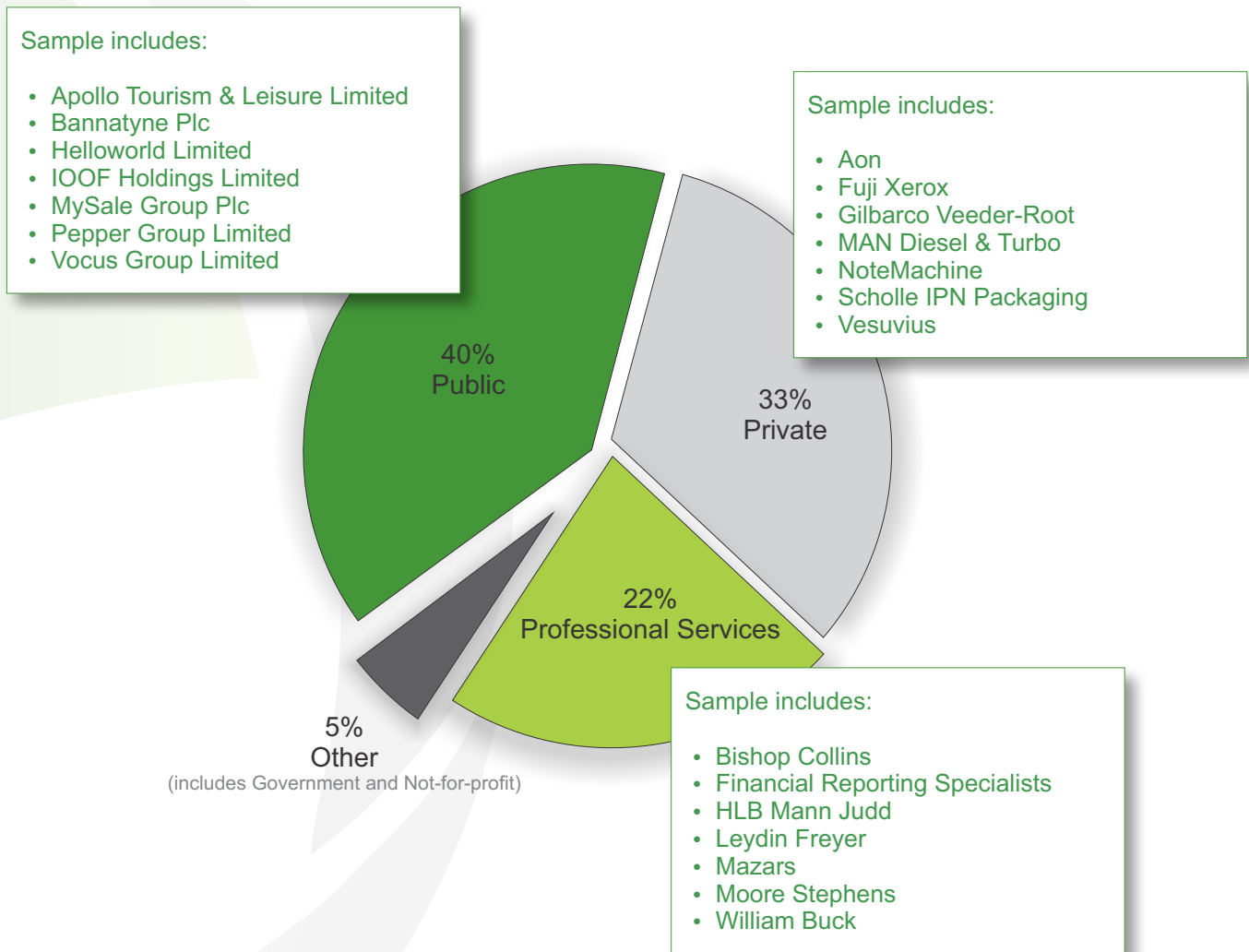
A As the IFRS SYSTEM is cloud based software there is no implementation required, all you need is an internet connection and a browser. As there is no implementation, there is no implementation cost.



## IFRS SYSTEM client profile

### Client sample

A random sample of 100 entities whose statutory reports or accounts are prepared with IFRS SYSTEM (summarised below) demonstrates that IFRS SYSTEM is capable of meeting the statutory financial reporting obligations of a broad range of entity types and their respective reporting purposes.



### Industry classification

The IFRS SYSTEM works regardless of industry classification. The sample of 100 referred to above, includes entities within the following Global Industry Classification Standard (GICS) industries:

- Oil, Gas & Consumable Fuels (101020)
- Chemicals (151010)
- Containers & Packaging (151030)
- Metals & Mining (151040)
- Paper & Forest Products (151050)
- Construction & Engineering (201030)
- Professional Services (202020)
- Auto components (251010)
- Automobiles (251020)
- Household Durables (252010)
- Leisure Products (252020)
- Textiles, Apparel & Luxury Goods (252030)
- Hotels, Restaurants & Leisure (253010)
- Media (254010)
- Specialty Retail (255040)
- Food Products (302020)
- Health Care Equipment & Supplies (351010)
- Biotechnology (352010)
- Pharmaceuticals (352020)
- Diversified Financial Services (402010)
- Insurance (403010)
- Software (451030)
- Water Utilities (551040)
- Real Estate Management & Development (601020)