

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (n) Retirement benefit obligations (continued)

#### *Other Post-Retirement Benefit Obligations (continued)*

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income
- Remeasurement

The Group and the Company presents the first two components of defined benefit costs in profit or loss in the line item administrative expenses as part of staff costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit recognised in the statements of financial position represents the actual deficit or surplus in the defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

#### *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

### (o) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

### (p) Revenue recognition

#### **Revenue from contract with customers**

The main revenue stream of the Group and the Company are the sale of beverages which consists of alcoholic and non-alcoholic drinks sold locally and overseas. Deposit on containers is estimated based on the redemption rate over a five years period and the portion that is expected to be recovered is accounted as revenue on sale of products.

#### *Performance obligations and timing of revenue recognition*

The majority of the revenue of the Group and the Company is derived from selling of goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to

the customers. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group and the Company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

#### *Determining the transaction price*

Most of the revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices, with the exception that some contracts provide customers with a limited right of return. Historical experience enables the Group to estimate reliably the value of goods that will be returned and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when goods are returned.

#### *Allocating amounts to performance obligations*

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all products are capable of being, and are, sold separately).

#### *Deposit on containers*

Deposit on containers is released to profit or loss based on average percentage growth of the deposit over a five year period. An assessment is made every year.

#### *Volume rebates*

The Group applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e., the amount not included in the transaction price).

Other revenues earned by the Group and the Company are recognised as follows:

- Interest income - on a time proportion basis using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.
- Dividend income - when the shareholder's right to receive payment is established.

### (q) Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash in bank accounts and cash in a bank overdraft. Cash equivalents are short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

### (r) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

### (s) Related parties

Related parties are individuals and companies where the individual or Company has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operating decisions.