

Sample Notes to Financial Statements

1. General Information

XYZ Company Ltd. ("the Company") is incorporated in Country and operates in the [industry] sector. The registered office is located at [address].

2. Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention unless otherwise stated.

3. Summary of Significant Accounting Policies

- Revenue Recognition:** Revenue is measured at the fair value of the consideration received and recognized when performance obligations are satisfied.
- Property, Plant, and Equipment:** Stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.
- Inventories:** Inventories are valued at the lower of cost and net realizable value.
- Foreign Currency Translation:** Transactions in foreign currencies are translated at exchange rates prevailing at the dates of the transactions.

4. Key Judgments and Estimates

Management makes estimates and assumptions concerning the future, which may differ from actual results. Significant estimates include useful lives of assets, provisions for losses, and valuation of receivables.

5. Property, Plant, and Equipment

Category	Cost	Accumulated Depreciation	Net Book Value
Buildings	\$1,500,000	\$450,000	\$1,050,000
Machinery	\$850,000	\$255,000	\$595,000

6. Related Party Transactions

During the year, the Company had the following transactions with related parties:

- Purchase of goods from ABC Co.: \$120,000
- Management fees paid to XYZ Holdings: \$45,000

7. Events After the Reporting Period

No significant events have occurred after the reporting period that require disclosure.

8. Commitments and Contingencies

The Company has no material commitments or contingent liabilities as at reporting date.

Important notes about Notes to Financial Statements

- Provide supplementary information not detailed in the primary financial statements.
- Help users understand significant accounting policies and estimates.
- Essential for transparency and completeness in reporting.
- Disclosure requirements may vary by jurisdiction and accounting standards.
- Should be reviewed in conjunction with the main financial statements for accurate interpretation.