RSM IFRS Private Company Limited

Company Number 01234567

Annual Report - 31 December 2022

General information

The financial statements cover RSM IFRS Private Company Limited as an individual entity. The financial statements are presented in Internationaland currency units, which is RSM IFRS Private Company Limited's functional and presentation currency.

RSM IFRS Private Company Limited is a company limited by shares, incorporated and domiciled in Internationaland. Its registered office and principal place of business are:

Registered office

10th Floor
Universal Administration Building
12 Highland Street
Cityville

Principal place of business

5th Floor
RSM Business Centre
247 Edward Street
Cityville

During the financial year the principal continuing activities of the company consisted of:

- Computer manufacturing
- Computer retailing
- Computer distribution

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2023. The directors have the power to amend and reissue the financial statements.

RSM IFRS Private Company Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	2022 CU'000	2021 CU'000
Revenue	3	466,748	435,341
Share of profits of associates accounted for using the equity method	4	3,211	2,661
Other income	5	692	1,692
Interest revenue calculated using the effective interest method		1,087	543
Net gain on derecognition of financial assets at amortised cost		50	-
Expenses			
Changes in inventories		(3,523)	(782)
Raw materials and consumables used		(127,025)	(121,050)
Employee benefits expense		(225,150)	(218,728)
Depreciation and amortisation expense	6	(52,047)	(52,411)
Impairment of receivables		(491)	(432)
Net fair value loss on investment properties	6	(600)	-
Other expenses		(4,513)	(4,252)
Finance costs	6	(18,930)	(21,092)
Profit before income tax expense		39,509	21,490
Income tax expense	7	(10,875)	(5,741)
Profit after income tax expense for the year attributable to the owners of RSM IFRS Private Company Limited	41	28,634	15,749
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax		-	1,400
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		35	-
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges transferred to profit or loss, net of tax		-	(2)
Cash flow hedges transferred to inventory in the statement of financial position, net of tax		(3)	(7)
Net change in the fair value of cash flow hedges taken to equity, net of tax		(7)	(18)
Other comprehensive income for the year, net of tax		25	1,373
Total comprehensive income for the year attributable to the owners of RSM IFRS Private Company Limited		28,659	17,122

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	2022 CU'000	2021 CU'000
Assets			
Current assets			
Cash and cash equivalents	8	28,563	6,036
Trade and other receivables	9	13,349	12,354
Contract assets	10	2,617	2,144
Inventories	11	39,525	43,048
Financial assets at fair value through profit or loss	12	360	-
Other	13	3,935	3,444
		88,349	67,026
Non-current assets classified as held for sale	14	6,000	-
Total current assets		94,349	67,026
Non-current assets			
Receivables	15	145	145
Investments accounted for using the equity method	16	34,192	30,981
Financial assets at fair value through other comprehensive income	17	170	-
Investment properties	18	46,900	47,500
Property, plant and equipment	19	117,139	128,883
Right-of-use assets	20	305,485	332,116
Intangibles	21	1,741	2,116
Deferred tax	22	15,574	12,561
Other	23	2,308	2,405
Total non-current assets		523,654	556,707
Total assets		618,003	623,733
Liabilities			
Current liabilities			
Trade and other payables	24	20,004	17,306
Contract liabilities	25	2,269	2,135
Borrowings	26	4,500	3,273
Lease liabilities	27	22,072	20,905
Derivative financial instruments	28	122	107
Income tax	29	6,701	2,351
Employee benefits	30	8,352	8,143
Provisions	31	3,494	2,837
Other	32	2,130	1,869
		69,644	58,926
Liabilities directly associated with assets classified as held for sale	33	4,000	-
Total current liabilities		73,644	58,926
Non-current liabilities			
Borrowings	34	19,000	19,000
Lease liabilities	35	301,714	322,745
Deferred tax	36	4,665	4,333
Employee benefits	37	11,149	10,854
Provisions	38	1,475	1,070
Total non-current liabilities		338,003	358,002
Total liabilities		411,647	416,928
Net assets		206,356	206,805

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

	Note	2022 CU'000	2021 CU'000
Equity			
Issued capital	39	182,953	182,678
Reserves	40	4,500	4,475
Retained profits	41	18,903	19,652
Total equity		206,356	206,805

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

	Issued capital CU'000	Reserves CU'000	Retained profits CU'000	Total equity CU'000
Balance at 1 January 2021	104,922	3,102	21,519	129,543
Profit after income tax expense for the year	-	-	15,749	15,749
Other comprehensive income for the year, net of tax	-	1,373	-	1,373
Total comprehensive income for the year	-	1,373	15,749	17,122
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 39)	77,756	-	-	77,756
Dividends paid (note 42)	-	-	(17,616)	(17,616)
Balance at 31 December 2021	182,678	4,475	19,652	206,805

	Issued capital CU'000	Reserves CU'000	Retained profits CU'000	Total equity CU'000
Balance at 1 January 2022	182,678	4,475	19,652	206,805
Profit after income tax expense for the year	-	-	28,634	28,634
Other comprehensive income for the year, net of tax	-	25	-	25
Total comprehensive income for the year	-	25	28,634	28,659
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 39)	275	-	-	275
Dividends paid (note 42)	-	-	(29,383)	(29,383)
Balance at 31 December 2022	182,953	4,500	18,903	206,356

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

	Note	2022 CU'000	2021 CU'000
Cash flows from operating activities			
Receipts from customers		507,218	474,832
Payments to suppliers and employees		(401,373)	(390,710)
		105,845	84,122
Interest received		1,084	540
Other revenue		3,964	3,358
Interest and other finance costs paid		(18,845)	(21,030)
Income taxes paid		(9,216)	(8,461)
Net cash from operating activities		82,832	58,529
Cash flows from investing activities			
Payments for investments		(510)	-
Payments for property, plant and equipment		(12,275)	(3,048)
Proceeds from disposal of investments		80	-
Proceeds from disposal of property, plant and equipment		1,511	250
Proceeds from release of security deposits		155	-
Net cash used in investing activities		(11,039)	(2,798)
Cash flows from financing activities			
Proceeds from issue of shares	39	275	78,750
Proceeds from borrowings		12,000	-
Share issue transaction costs		-	(1,420)
Dividends paid	42	(29,383)	(17,616)
Repayment of borrowings		(5,500)	(94,000)
Repayment of lease liabilities		(25,385)	(21,555)
Net cash used in financing activities		(47,993)	(55,841)
Net increase/(decrease) in cash and cash equivalents		23,800	(110)
Cash and cash equivalents at the beginning of the financial year		4,763	4,873
Cash and cash equivalents at the end of the financial year	8	28,563	4,763

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Foreign currency translation

The financial statements are presented in Internationaland currency units, which is RSM IFRS Private Company Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Internationaland currency units using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Note 1. Significant accounting policies (continued)

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent
Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

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

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Note 1. Significant accounting policies (continued)

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges

Cash flow hedges are used to cover the company's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Associates

Associates are entities over which the company has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the company's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the company's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Note 1. Significant accounting policies (continued)

The company discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments and other financial assets

Investments and other financial assets, other than investments in associates, are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the company. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Note 1. Significant accounting policies (continued)

Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Note 1. Significant accounting policies (continued)

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

Refund liabilities
Refund liabilities are recognised where the company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 1. Significant accounting policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

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

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Value-Added Tax ('VAT') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

Rounding of amounts
Amounts in this report have been rounded off to the nearest thousand currency units, or in certain cases, the nearest currency unit.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 December 2022. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Revenue from contracts with customers involving sale of goods
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Determination of variable consideration
Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the company where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Warranty provision
In determining the level of provision required for warranties the company has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Note 3. Revenue

	2022 CU'000	2021 CU'000
Revenue from contracts with customers		
Sale of goods	459,358	428,115
Rendering of services	3,696	3,868
	463,054	431,983
Other revenue		
Rent from investment properties	3,623	3,310
Other revenue	71	48
	3,694	3,358
Revenue	466,748	435,341

Note 3. Revenue (continued)

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	2022 CU'000	2021 CU'000
Major product lines		
Laptops	376,696	344,285
Desktops	51,844	58,921
Components	34,514	28,777
	463,054	431,983
Geographical regions		
Internationaland	409,946	389,460
Neighbourland	39,020	32,567
Rest of the World	14,088	9,956
	463,054	431,983
Timing of revenue recognition		
Goods transferred at a point in time	459,358	428,115
Services transferred over time	3,696	3,868
	463,054	431,983

Note 4. Share of profits of associates accounted for using the equity method

	2022 CU'000	2021 CU'000
Share of profit - associates	3,211	2,661

Note 5. Other income

	2022 CU'000	2021 CU'000
Net fair value gain on investment properties	-	1,500
Net gain on disposal of property, plant and equipment	422	192
Insurance recoveries	270	-
Other income	692	1,692

Note 6. Expenses

	2022 CU'000	2021 CU'000
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	284,451	277,984
Depreciation		
Leasehold improvements	5,281	5,721
Plant and equipment	12,199	13,414
Buildings right-of-use assets	13,582	13,582
Plant and equipment right-of-use assets	18,570	17,468
Total depreciation	49,632	50,185
Amortisation		
Development	321	321
Patents and trademarks	32	32
Software	22	22
Customer acquisition costs	1,288	1,164
Customer fulfilment costs	752	687
Total amortisation	2,415	2,226
Total depreciation and amortisation	52,047	52,411
Finance costs		
Interest and finance charges paid/payable on borrowings	1,799	3,021
Interest and finance charges paid/payable on lease liabilities	17,046	18,009
Unwinding of the discount on provisions	85	62
Finance costs expensed	18,930	21,092
Net foreign exchange loss		
Net foreign exchange loss	13	6
Net fair value loss		
Net fair value loss on investment properties	600	-
Cash flow hedge ineffectiveness		
Cash flow hedge ineffectiveness	4	2
Leases		
Variable lease payments	1,167	1,098
Short-term lease payments	102	127
Low-value assets lease payments	135	119
	1,404	1,344

Note 6. Expenses (continued)

	2022 CU'000	2021 CU'000
Superannuation expense		
Defined contribution superannuation expense	18,089	17,629
Research costs		
Research costs	124	107
Write off of assets		
Inventories	538	112
Expenses on investment properties		
Direct operating expenses from property that generated rental income	61	59
Direct operating expenses from property that did not generate rental income	8	3
Total expenses on investment properties	69	62

Note 7. Income tax expense

	2022 CU'000	2021 CU'000
Income tax expense		
Current tax	13,669	7,896
Deferred tax - origination and reversal of temporary differences	(2,691)	(2,155)
Adjustment recognised for prior periods	(103)	-
Aggregate income tax expense	10,875	5,741
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 22)	(3,008)	(3,745)
Increase in deferred tax liabilities (note 36)	317	1,590
Deferred tax - origination and reversal of temporary differences	(2,691)	(2,155)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	39,509	21,490
Tax at the statutory tax rate of 30%	11,853	6,447
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	32	41
Share of profits - associates	(963)	(798)
Sundry items	56	51
	10,978	5,741
Adjustment recognised for prior periods	(103)	-
Income tax expense	10,875	5,741

Note 7. Income tax expense (continued)

	2022 CU'000	2021 CU'000
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 22)	(5)	(437)
Deferred tax liabilities (note 36)	15	600
	10	163

Note 8. Current assets - cash and cash equivalents

	2022 CU'000	2021 CU'000
Cash on hand	123	107
Cash at bank	16,540	5,529
Cash on deposit	11,900	400
	28,563	6,036

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	28,563	6,036
Bank overdraft (note 26)	-	(1,273)
Balance as per statement of cash flows	28,563	4,763

Note 9. Current assets - trade and other receivables

	2022 CU'000	2021 CU'000
Trade receivables	14,344	13,181
Less: Allowance for expected credit losses	(1,062)	(874)
	13,282	12,307
Other receivables	60	43
Interest receivable	7	4
	13,349	12,354

Allowance for expected credit losses
The company has recognised a loss of CU491,000 in profit or loss in respect of the expected credit losses for the year ended 31 December 2022.

Note 9. Current assets - trade and other receivables (continued)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2022 %	2021 %	2022 CU'000	2021 CU'000	2022 CU'000	2021 CU'000
Not overdue	2%	1%	7,334	6,793	147	68
0 to 3 months overdue	7%	5%	5,128	3,951	359	198
3 to 6 months overdue	14%	10%	1,353	1,762	189	176
Over 6 months overdue	50%	50%	734	863	367	432
			14,549	13,369	1,062	874

The company has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic. As a result, the calculation of expected credit losses has been revised as at 31 December 2022 and rates have increased in each category up to 6 months overdue.

Movements in the allowance for expected credit losses are as follows:

	2022 CU'000	2021 CU'000
Opening balance	874	659
Additional provisions recognised	491	432
Receivables written off during the year as uncollectable	(287)	(209)
Unused amounts reversed	(16)	(8)
Closing balance	1,062	874

Note 10. Current assets - contract assets

	2022 CU'000	2021 CU'000
Contract assets	2,617	2,144

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

	2022 CU'000	2021 CU'000
Opening balance	2,144	2,511
Additions	5,687	4,788
Cumulative catch-up adjustments	1,531	1,374
Transfer to trade receivables	(6,745)	(6,529)
Closing balance	2,617	2,144

Note 11. Current assets - inventories

	2022 CU'000	2021 CU'000
Raw materials	6,817	6,081
Work in progress	16,040	17,434
Finished goods	16,464	19,346
Stock in transit	204	187
	39,525	43,048

Note 12. Current assets - financial assets at fair value through profit or loss

	2022 CU'000	2021 CU'000
Listed ordinary shares - designated at fair value through profit or loss	82	-
Listed ordinary shares - held for trading	278	-
	360	-

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2022 CU'000	2021 CU'000
Opening fair value	-	-
Additions	310	-
Revaluation increments	50	-
Closing fair value	360	-

Refer to note 44 for further information on fair value measurement.

Note 13. Current assets - other

	2022 CU'000	2021 CU'000
Prepayments	1,110	903
Security deposits	65	35
Customer acquisition costs	1,417	1,274
Customer fulfilment costs	672	614
Right of return assets	671	618
	3,935	3,444

Note 14. Current assets - non-current assets classified as held for sale

	2022 CU'000	2021 CU'000
Land	6,000	-

The vacant land situated at 22 Smith Street, Cityville is currently for sale and is expected to be sold within five months from the reporting date through an auction process. The proposed development of a head office building on the site has been abandoned and the land is now surplus to requirements.

Note 15. Non-current assets - receivables

	2022 CU'000	2021 CU'000
Other receivables	145	145

The other receivables are due to be repaid by 31 December 2025 and the effect of discounting is considered not to be material. This receivable is not past due nor impaired.

Note 16. Non-current assets - investments accounted for using the equity method

	2022 CU'000	2021 CU'000
Investment in associate	34,192	30,981

Refer to note 49 for further information on interests in associates.

Note 17. Non-current assets - financial assets at fair value through other comprehensive income

	2022 CU'000	2021 CU'000
Unlisted ordinary shares	170	-

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2022 CU'000	2021 CU'000
Opening fair value	-	-
Additions	200	-
Disposals	(80)	-
Revaluation increments	50	-
Closing fair value	170	-

Refer to note 44 for further information on fair value measurement.

Note 18. Non-current assets - investment properties

	2022 CU'000	2021 CU'000
Investment properties - at independent valuation	46,900	47,500

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2022 CU'000	2021 CU'000
Opening fair value	47,500	46,000
Revaluation increments	-	1,500
Revaluation decrements	(600)	-
Closing fair value	46,900	47,500

Refer to note 44 for further information on fair value measurement.

Note 18. Non-current assets - investment properties (continued)

Lessor commitments

	2022 CU'000	2021 CU'000
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	3,723	3,580
Between 1 and 2 years	3,872	3,723
Between 2 and 3 years	4,027	3,872
Between 3 and 4 years	4,188	4,027
Between 4 and 5 years	4,356	4,188
Over 5 years	14,140	18,496
	34,306	37,886

Note 19. Non-current assets - property, plant and equipment

	2022 CU'000	2021 CU'000
Land and buildings - at independent valuation	52,500	58,500
Leasehold improvements - at cost	33,585	27,185
Less: Accumulated depreciation	(18,401)	(13,120)
	15,184	14,065
Plant and equipment - at cost	105,607	100,362
Less: Accumulated depreciation	(56,152)	(44,044)
	49,455	56,318
	117,139	128,883

Reconciliations

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

	Land and buildings CU'000	Leasehold improvements CU'000	Plant and equipment CU'000	Total CU'000
Balance at 1 January 2021	56,500	17,478	69,050	143,028
Additions	-	2,308	740	3,048
Disposals	-	-	(58)	(58)
Revaluation increments	2,000	-	-	2,000
Depreciation expense	-	(5,721)	(13,414)	(19,135)
Balance at 31 December 2021	58,500	14,065	56,318	128,883
Additions	-	6,400	6,425	12,825
Classified as held for sale (note 14)	(6,000)	-	-	(6,000)
Disposals	-	-	(1,089)	(1,089)
Depreciation expense	-	(5,281)	(12,199)	(17,480)
Balance at 31 December 2022	52,500	15,184	49,455	117,139

Refer to note 44 for further information on fair value measurement.

Note 19. Non-current assets - property, plant and equipment (continued)

Land and buildings stated under the historical cost convention
If land and buildings were stated under the historical cost convention, the amounts would be as follows:

	2022 CU'000	2021 CU'000
Land and buildings - at cost	46,000	52,000
Less: Accumulated depreciation	(1,059)	(1,007)
	44,941	50,993

Note 20. Non-current assets - right-of-use assets

	2022 CU'000	2021 CU'000
Land and buildings - right-of-use	271,636	271,636
Less: Accumulated depreciation	(37,350)	(23,768)
	234,286	247,868
Plant and equipment - right-of-use	126,363	120,842
Less: Accumulated depreciation	(55,164)	(36,594)
	71,199	84,248
	305,485	332,116

Additions to the right-of-use assets during the year were CU5,521,000.

The company leases land and buildings for its offices, warehouses and retail outlets under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The company also leases plant and equipment under agreements of between three to seven years.

The company leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 21. Non-current assets - intangibles

	2022 CU'000	2021 CU'000
Development - at cost	3,208	3,208
Less: Accumulated amortisation	(1,605)	(1,284)
	1,603	1,924
Patents and trademarks - at cost	320	320
Less: Accumulated amortisation	(224)	(192)
	96	128
Software - at cost	108	108
Less: Accumulated amortisation	(66)	(44)
	42	64
	1,741	2,116

Note 21. Non-current assets - intangibles (continued)

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

	Development CU'000	Patents and trademarks CU'000	Software CU'000	Total CU'000
Balance at 1 January 2021	2,245	160	86	2,491
Amortisation expense	(321)	(32)	(22)	(375)
Balance at 31 December 2021	1,924	128	64	2,116
Amortisation expense	(321)	(32)	(22)	(375)
Balance at 31 December 2022	1,603	96	42	1,741

Note 22. Non-current assets - deferred tax

	2022 CU'000	2021 CU'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	296	247
Property, plant and equipment	411	-
Contract liabilities	681	641
Employee benefits	5,850	5,699
Leases	5,899	3,853
Provision for legal claims	18	-
Provision for lease make good	512	321
Provision for warranties	961	851
Accrued expenses	343	278
Refund liabilities	296	283
	15,267	12,173
Amounts recognised in equity:		
Transaction costs on share issue	270	356
Derivative financial instruments	37	32
	307	388
Deferred tax asset	15,574	12,561
Movements:		
Opening balance	12,561	8,379
Credited to profit or loss (note 7)	3,008	3,745
Credited to equity (note 7)	5	437
Closing balance	15,574	12,561

Note 23. Non-current assets - other

	2022 CU'000	2021 CU'000
Security deposits	1,260	1,445
Customer acquisition costs	564	517
Customer fulfilment costs	484	443
	2,308	2,405

Note 24. Current liabilities - trade and other payables

	2022 CU'000	2021 CU'000
Trade payables	18,070	15,711
Other payables	1,934	1,595
	20,004	17,306

Refer to note 43 for further information on financial instruments.

Note 25. Current liabilities - contract liabilities

	2022 CU'000	2021 CU'000
Contract liabilities	2,269	2,135

Reconciliation

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

Opening balance	2,135	1,974
Payments received in advance	1,441	1,473
Cumulative catch-up adjustments	174	249
Transfer to revenue - included in the opening balance	(1,141)	(1,236)
Transfer to revenue - performance obligations satisfied in previous periods	(208)	(178)
Transfer to revenue - other balances	(132)	(147)
Closing balance	2,269	2,135

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was CU3,891,000 as at 31 December 2022 (CU3,507,000 as at 31 December 2021) and is expected to be recognised as revenue in future periods as follows:

	2022 CU'000	2021 CU'000
Within 6 months	1,482	1,344
6 to 12 months	1,128	1,032
12 to 18 months	874	817
18 to 24 months	407	314
	3,891	3,507

Note 26. Current liabilities - borrowings

	2022 CU'000	2021 CU'000
Bank overdraft	-	1,273
Bank loans	4,500	2,000
	4,500	3,273

Refer to note 34 for further information on assets pledged as security and financing arrangements.

Refer to note 43 for further information on financial instruments.

Note 27. Current liabilities - lease liabilities

	2022 CU'000	2021 CU'000
Lease liability	22,072	20,905

Refer to note 43 for further information on financial instruments.

Note 28. Current liabilities - derivative financial instruments

	2022 CU'000	2021 CU'000
Forward foreign exchange contracts - cash flow hedges	122	107

Refer to note 43 for further information on financial instruments.

Refer to note 44 for further information on fair value measurement.

Note 29. Current liabilities - income tax

	2022 CU'000	2021 CU'000
Provision for income tax	6,701	2,351

Note 30. Current liabilities - employee benefits

	2022 CU'000	2021 CU'000
Employee benefits	8,352	8,143

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 30. Current liabilities - employee benefits (continued)

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	2022 CU'000	2021 CU'000
Employee benefits obligation expected to be settled after 12 months	1,603	1,292

Note 31. Current liabilities - provisions

	2022 CU'000	2021 CU'000
Lease make good	230	-
Legal claims	60	-
Warranties	3,204	2,837
	3,494	2,837

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the company at the end of the respective lease terms.

Legal claims
The provision represents a claim by a customer of the computer retailing division. This claim is expected to be settled in the next financial year and the outcome of this claim is not expected to exceed the amount provided for, based on independent legal advice.

Warranties
The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

2022	Lease make good CU'000	Legal claims CU'000	Warranties CU'000
Carrying amount at the start of the year	-	-	2,837
Additional provisions recognised	-	60	503
Amounts transferred from non-current	230	-	-
Amounts used	-	-	(91)
Unused amounts reversed	-	-	(45)
Carrying amount at the end of the year	230	60	3,204

Note 32. Current liabilities - other

	2022 CU'000	2021 CU'000
Accrued expenses	1,143	927
Refund liabilities	987	942
	2,130	1,869

Note 33. Current liabilities - liabilities directly associated with assets classified as held for sale

	2022 CU'000	2021 CU'000
Bank loans	4,000	-

The liabilities identified above represents the bank loan secured over the vacant land currently for sale. Refer to note 14 for further information.

Note 34. Non-current liabilities - borrowings

	2022 CU'000	2021 CU'000
Bank loans	19,000	19,000

Refer to note 43 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	2022 CU'000	2021 CU'000
Bank overdraft	-	1,273
Bank loans	27,500	21,000
	27,500	22,273

Assets pledged as security
The bank overdraft and loans are secured by first mortgages over the company's land and buildings.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2022 CU'000	2021 CU'000
Total facilities		
Bank overdraft	5,000	5,000
Bank loans	40,000	25,000
	45,000	30,000
Used at the reporting date		
Bank overdraft	-	1,273
Bank loans	27,500	21,000
	27,500	22,273
Unused at the reporting date		
Bank overdraft	5,000	3,727
Bank loans	12,500	4,000
	17,500	7,727

Note 35. Non-current liabilities - lease liabilities

	2022 CU'000	2021 CU'000
Lease liability	301,714	322,745

Refer to note 43 for further information on financial instruments.

Note 36. Non-current liabilities - deferred tax

	2022 CU'000	2021 CU'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Financial assets at fair value through profit or loss	15	-
Prepayments	302	228
Development costs	481	577
Customer contracts	306	-
Net fair value gain on investment properties	270	450
Contract assets	184	89
Customer acquisition costs	594	537
Customer fulfilment costs	347	317
Right of return assets	201	185
	2,700	2,383
Amounts recognised in equity:		
Revaluation of property, plant and equipment	1,950	1,950
Revaluation of financial assets at fair value through other comprehensive income	15	-
	1,965	1,950
Deferred tax liability	4,665	4,333
Movements:		
Opening balance	4,333	2,143
Charged to profit or loss (note 7)	317	1,590
Charged to equity (note 7)	15	600
Closing balance	4,665	4,333

Note 37. Non-current liabilities - employee benefits

	2022 CU'000	2021 CU'000
Employee benefits	11,149	10,854

Note 38. Non-current liabilities - provisions

	2022 CU'000	2021 CU'000
Lease make good	1,475	1,070

Note 38. Non-current liabilities - provisions (continued)

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the company at the end of the respective lease terms.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

2022	Lease make good CU'000
Carrying amount at the start of the year	1,070
Additional provisions recognised	550
Amounts transferred to current	(230)
Unwinding of discount	85
Carrying amount at the end of the year	1,475

Note 39. Equity - issued capital

	2022 Shares	2021 Shares	2022 CU'000	2021 CU'000
Ordinary shares - fully paid	146,910,000	146,800,000	182,953	182,678

Movements in ordinary share capital

Details	Date	Shares	Issue price	CU'000
Balance	1 January 2021	111,800,000		104,922
Issue of shares	[date]	35,000,000	CU25.25	78,750
Share issue transaction costs, net of tax	[date]	-	CU0.00	(994)
Balance	31 December 2021	146,800,000		182,678
Issue of shares	[date]	10,000	CU2.50	25
Issue of shares	[date]	100,000	CU2.50	250
Balance	31 December 2022	146,910,000		182,953

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 39. Equity - issued capital (continued)

The company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 31 December 2021 Annual Report.

Note 40. Equity - reserves

	2022 CU'000	2021 CU'000
Revaluation surplus reserve	4,550	4,550
Financial assets at fair value through other comprehensive income reserve	35	-
Hedging reserve - cash flow hedges	(85)	(75)
	4,500	4,475

Revaluation surplus reserve
The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

Financial assets at fair value through other comprehensive income reserve
The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Hedging reserve - cash flow hedges
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Revaluation surplus CU'000	Financial assets at fair value through OCI CU'000	Hedging CU'000	Total CU'000
Balance at 1 January 2021	3,150	-	(48)	3,102
Revaluation - gross	2,000	-	(38)	1,962
Deferred tax	(600)	-	11	(589)
Balance at 31 December 2021	4,550	-	(75)	4,475
Revaluation - gross	-	50	(15)	35
Deferred tax	-	(15)	5	(10)
Balance at 31 December 2022	4,550	35	(85)	4,500

Note 41. Equity - retained profits

	2022 CU'000	2021 CU'000
Retained profits at the beginning of the financial year	19,652	21,519
Profit after income tax expense for the year	28,634	15,749
Dividends paid (note 42)	(29,383)	(17,616)
Retained profits at the end of the financial year	18,903	19,652

Note 42. Equity - dividends

Dividends paid during the financial year were as follows:

	2022 CU'000	2021 CU'000
Final dividend for the year ended 31 December 2021 (2021: 31 December 2020) of 15 cents (2021: 8 cents) per ordinary share	22,037	11,744
Interim dividend for the year ended 31 December 2022 (2021: 31 December 2021) of 5 cents (2021: 4 cents) per ordinary share	7,346	5,872
	29,383	17,616

On [date] the directors declared a final dividend for the year ended 31 December 2022 of 17 cents per ordinary share to be paid on [date], a total estimated distribution of CU24,975,000 based on the number of ordinary shares on issue as at [date].

Note 43. Financial instruments

Financial risk management objectives

The company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the company's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the company has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge between 30% and 80% of anticipated foreign currency transactions for the subsequent 4 months.

Note 43. Financial instruments (continued)

The maturity, settlement amounts and the average contractual exchange rates of the company's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell Internationaland currency units		Average exchange rates	
	2022 CU'000	2021 CU'000	2022	2021
Buy US dollars				
Maturity:				
0 - 3 months	121	89	0.9123	0.8132
3 - 6 months	34	23	0.9057	0.8294
Buy Euros				
Maturity:				
0 - 3 months	274	207	0.6342	0.5861
3 - 6 months	86	49	0.6355	0.6082
Buy Neighbourland dollars				
Maturity:				
0 - 3 months	182	163	1.2345	1.2643
3 - 6 months	107	71	1.2407	1.2847

The carrying amount of the company's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2022 CU'000	2021 CU'000	2022 CU'000	2021 CU'000
US dollars	35	18	64	69
Euros	7	21	82	74
Neighbourland dollars	45	32	61	52
	87	71	207	195

The company had net liabilities denominated in foreign currencies of CU120,000 (assets of CU87,000 less liabilities of CU207,000) as at 31 December 2022 (2021: CU124,000 (assets of CU71,000 less liabilities of CU195,000)). Based on this exposure, had the Internationaland currency unit weakened by 10%/strengthened by 5% (2021: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the company's profit before tax for the year would have been CU12,000 lower/CU6,000 higher (2021: CU6,000 lower/CU6,000 higher) and equity would have been CU8,000 lower/CU4,000 higher (2021: CU4,000 lower/CU4,000 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 31 December 2022 was CU13,000 (2021: loss of CU6,000).

Price risk
The company is not exposed to any significant price risk.

Interest rate risk
The company's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the company to interest rate risk. Borrowings obtained at fixed rates expose the company to fair value risk. The policy is to maintain approximately 60% of current borrowings at fixed rates using interest rate swaps to achieve this when necessary.

Note 43. Financial instruments (continued)

The company's bank loans outstanding, totalling CU27,500,000 (2021: CU21,000,000), are principal and interest payment loans. Monthly cash outlays of approximately CU180,000 (2021: CU140,000) per month are required to service the interest payments. An official increase/decrease in interest rates of 100 (2021: 100) basis points would have an adverse/favourable effect on profit before tax of CU275,000 (2021: CU210,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of CU8,500,000 (2021: CU2,000,000) are due during the year ending 31 December 2023 (2021: 31 December 2022).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The company does not hold any collateral.

The company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the company based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 9, due to the Coronavirus (COVID-19) pandemic, the calculation of expected credit losses has been revised as at 31 December 2022 and rates have increased in each category up to 6 months overdue.

The company has a credit risk exposure with a major Internationaland retailer, which as at 31 December 2022 owed the company CU10,680,000 (76% of trade receivables) (2021: CU9,510,000 (74% of trade receivables)). Despite the impact that the Coronavirus (COVID-19) pandemic has had on this major Internationaland retailer, this balance was within its terms of trade and no impairment was made as at 31 December 2022. There are no guarantees against this receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	2022 CU'000	2021 CU'000
Bank overdraft	5,000	3,727
Bank loans	12,500	4,000
	17,500	7,727

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 3 years (2021: 4 years).

Note 43. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2022	Weighted average interest rate %	1 year or less CU'000	Between 1 and 2 years CU'000	Between 2 and 5 years CU'000	Over 5 years CU'000	Remaining contractual maturities CU'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	18,070	-	-	-	18,070
Other payables	-	1,934	-	-	-	1,934
Interest-bearing - fixed rate						
Bank loans	8.20%	10,407	9,710	10,931	-	31,048
Lease liability	5.03%	37,574	37,542	112,415	290,764	478,295
Total non-derivatives		67,985	47,252	123,346	290,764	529,347
Derivatives						
Forward foreign exchange contracts net settled	-	122	-	-	-	122
Total derivatives		122	-	-	-	122

2021	Weighted average interest rate %	1 year or less CU'000	Between 1 and 2 years CU'000	Between 2 and 5 years CU'000	Over 5 years CU'000	Remaining contractual maturities CU'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	15,711	-	-	-	15,711
Other payables	-	1,595	-	-	-	1,595
Interest-bearing - variable						
Bank overdraft	12.80%	1,355	-	-	-	1,355
Interest-bearing - fixed rate						
Bank loans	8.20%	3,640	9,710	11,095	-	24,445
Lease liability	5.03%	37,107	37,574	112,523	328,200	515,404
Total non-derivatives		59,408	47,284	123,618	328,200	558,510
Derivatives						
Forward foreign exchange contracts net settled	-	107	-	-	-	107
Total derivatives		107	-	-	-	107

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 43. Financial instruments (continued)

Hedge accounting

The effects of hedge accounting on the statement of financial position at the reporting date were as follows:

	Nominal amount CU'000	Carrying amount CU'000	Change in fair value CU'000	Hedging reserve CU'000	Cost of reserve CU'000
Forward foreign exchange contracts for purchases at 31 December 2021	602	107	(9)	(75)	(20)
Forward foreign exchange contracts for purchases at 31 December 2022	804	122	4	(85)	(19)

Movements in hedging reserves by risk category during the current and previous financial year are set out below:

	Spot component CU'000	Value of options CU'000	Cost of reserve CU'000	Total CU'000
Balance at 1 January 2021	(76)	46	(18)	(48)
Change in fair value of hedging instrument recognised in other comprehensive income	(73)	64	-	(9)
Costs of hedging deferred and recognised in other comprehensive income	-	-	(17)	(17)
Reclassified to the cost of inventory - recognised in other comprehensive income	(24)	-	14	(10)
Reclassified from other comprehensive income to profit or loss	(2)	-	-	(2)
Deferred tax	29	(19)	1	11
Balance at 31 December 2021	(146)	91	(20)	(75)
Change in fair value of hedging instrument recognised in other comprehensive income	(8)	12	-	4
Costs of hedging deferred and recognised in other comprehensive income	-	-	(15)	(15)
Reclassified to the cost of inventory - recognised in other comprehensive income	(20)	-	16	(4)
Deferred tax	9	(4)	-	5
Balance at 31 December 2022	(165)	99	(19)	(85)

Note 44. Fair value measurement

Fair value hierarchy
The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

2022	Level 1 CU'000	Level 2 CU'000	Level 3 CU'000	Total CU'000
Assets				
Ordinary shares at fair value through profit or loss	360	-	-	360
Ordinary shares at fair value through other comprehensive income	-	-	170	170
Investment properties	-	-	46,900	46,900
Land and buildings	-	-	58,500	58,500
Total assets	360	-	105,570	105,930
Liabilities				
Forward foreign exchange contracts	-	122	-	122
Total liabilities	-	122	-	122

2021	Level 1 CU'000	Level 2 CU'000	Level 3 CU'000	Total CU'000
Assets				
Investment properties	-	-	47,500	47,500
Land and buildings	-	-	58,500	58,500
Total assets	-	-	106,000	106,000
Liabilities				
Forward foreign exchange contracts	-	107	-	107
Total liabilities	-	107	-	107

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Unquoted investments have been valued using a discounted cash flow model.

The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent assessments by a member of the [NAME] having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

Note 44. Fair value measurement (continued)

The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued on 31 December 2021 based on independent assessments by a member of the Internationaland Property Institute having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition.

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Ordinary shares at fair value through OCI CU'000	Investment properties CU'000	Land and buildings CU'000	Total CU'000
Balance at 1 January 2021	-	46,000	56,500	102,500
Gains recognised in profit or loss	-	1,500	-	1,500
Gains recognised in other comprehensive income	-	-	2,000	2,000
Balance at 31 December 2021	-	47,500	58,500	106,000
Losses recognised in profit or loss	-	(600)	-	(600)
Gains recognised in other comprehensive income	50	-	-	50
Additions	200	-	-	200
Disposals	(80)	-	-	(80)
Balance at 31 December 2022	170	46,900	58,500	105,570

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Ordinary shares at fair value through other comprehensive income	Growth rate	2.5% to 3.5% (3.0%)	0.25% change would increase/decrease fair value by CU5,000
	Discount rate	8.0% to 11.0% (9.5%)	1.00% change would increase/decrease fair value by CU14,000
Investment properties	Rental yield	7.5% to 9.0% (8.5%)	0.75% change would increase/decrease fair value by CU352,000
	Rental growth	1.25% to 2.0% (1.75%)	0.25% change would increase/decrease fair value by CU117,000
	Long-term vacancy rate	5.0% to 9.0% (7.5%)	0.75% change would increase/decrease fair value by CU276,000
	Discount rate	4.0% to 6.0% (5.25%)	0.5% change would increase/decrease fair value by CU57,000
Land and buildings	Rental yield	6.0% to 8.0% (7.5%)	0.75% change would increase/decrease fair value by CU440,000
	Discount rate	5.0% to 7.0% (6.25%)	0.5% change would increase/decrease fair value by CU61,000

Note 45. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2022 CU'000	2021 CU'000
Short-term employee benefits	1,618	1,498
Post-employment benefits	129	119
Long-term benefits	10	25
	1,757	1,642

Note 46. Contingent liabilities

During the financial year there was a work related accident involving a member of staff. Although the investigation is still in progress, the directors are of the opinion, based on independent legal advice, that the company will not be found to be at fault and any compensation will be covered by the company's insurance policy. Accordingly, no provision has been provided within these financial statements.

The company has given bank guarantees as at 31 December 2022 of CU3,105,000 (2021: CU2,844,000) to various landlords.

Note 47. Commitments

	2022 CU'000	2021 CU'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Investment properties	170	170
Property, plant and equipment	1,165	1,145
Intangible assets	160	-

Note 48. Related party transactions

Associates
Interests in associates are set out in note 49.

Key management personnel
Disclosures relating to key management personnel are set out in note 45.

Transactions with related parties
The following transactions occurred with related parties:

	2022 CU'000	2021 CU'000
Payment for goods and services:		
Payment for services from associate	3,397	3,235
Payment for marketing services from BE Promotions Limited (director-related entity of Brad Example)	81	68

Note 48. Related party transactions (continued)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2022 CU'000	2021 CU'000
Current payables:		
Trade payables to associate	361	346
Trade payables to BE Promotions Limited (director-related entity of Brad Example)	7	6

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 49. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the company are set out below:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2022 %**	**2021 %**
Compdesign Partnership	Internationaland	35.00%	35.00%

Note 49. Interests in associates (continued)

Summarised financial information

	Compdesign Partnership 2022 CU'000	Compdesign Partnership 2021 CU'000
Summarised statement of financial position		
Current assets	28,994	26,806
Non-current assets	205,203	198,240
Total assets	234,197	225,046
Current liabilities	19,440	16,486
Non-current liabilities	117,066	120,043
Total liabilities	136,506	136,529
Net assets	97,691	88,517
Summarised statement of profit or loss and other comprehensive income		
Revenue	109,706	97,951
Expenses	(96,601)	(87,089)
Profit before income tax	13,105	10,862
Income tax expense	(3,931)	(3,259)
Profit after income tax	9,174	7,603
Other comprehensive income	-	-
Total comprehensive income	9,174	7,603
Reconciliation of the company's carrying amount		
Opening carrying amount	30,981	28,320
Share of profit after income tax	3,211	2,661
Closing carrying amount	34,192	30,981

Contingent liabilities

	2022 CU'000	2021 CU'000
Share of bank guarantees	276	266

Commitments

	2022 CU'000	2021 CU'000
Committed at the reporting date but not recognised as liabilities, payable:		
Share of capital commitments	175	74

Significant restrictions

Compdesign Partnership must reduce its bank loans to under CU50,000,000 and achieve pre-determined profit targets before any cash dividends can be distributed.

Note 50. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the company up to 31 December 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Internationaland Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend declared as disclosed in note 42, no other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 51. Non-cash investing and financing activities

	2022 CU'000	2021 CU'000
Additions to the right-of-use assets	5,521	6,228
Leasehold improvements - lease make good	550	-
	6,071	6,228

Note 52. Changes in liabilities arising from financing activities

	Bank loans CU'000	Lease liability CU'000	Total CU'000
Balance at 1 January 2021	115,000	358,977	473,977
Net cash used in financing activities	(94,000)	(21,555)	(115,555)
Acquisition of leases	-	6,228	6,228
Balance at 31 December 2021	21,000	343,650	364,650
Net cash from/(used in) financing activities	6,500	(25,385)	(18,885)
Acquisition of leases	-	5,521	5,521
Balance at 31 December 2022	27,500	323,786	351,286

[This page has intentionally been left blank for the insertion of page one of the independent auditor's report]

[This page has intentionally been left blank for the insertion of page two of the independent auditor's report]