



# IFRS ILLUSTRATIVE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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# **RSM IFRS Private Company Limited**

IAS1(51)(a)

**Company Number 01234567**

## **Annual Report - 31 December 2023**

Statement of profit or loss and other comprehensive income  
Statement of financial position  
Statement of changes in equity  
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General information

The financial statements cover RSM IFRS Private Company Limited as an individual entity. The financial statements are presented in International currency units, which is RSM IFRS Private Company Limited's functional and presentation currency. <sup>IAS1(51)(b),(d)</sup>

RSM IFRS Private Company Limited is a company limited by shares, incorporated and domiciled in International. Its registered office and principal place of business are: <sup>IAS1(138)(a)</sup>

| Registered office  | Principal place of business  |
|--|--|
| 10th Floor<br>Universal Administration Building<br>12 Highland Street<br>Cityville | 5th Floor<br>RSM Business Centre<br>247 Edward Street<br>Cityville |

During the financial year the principal continuing activities of the company consisted of: <sup>IAS1(138)(b)</sup>

- Computer manufacturing
- Computer retailing
- Computer distribution

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2024. The directors have the power to amend and reissue the financial statements. <sup>IAS10(17)</sup>

**RSM IFRS Private Company Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2023**

 IAS1(10)(b),(81A) 2,3  
IAS1(51)(c)

|  | Note | 2023<br>CU'000 | 2022<br>CU'000 |                        |    |
|--|------|----------------|----------------|------------------------|----|
| <b>Revenue</b>   | 3    | 466,748        | 435,341        | IAS1(82)(a)            |    |
| Share of profits of associates accounted for using the equity method   | 4    | 3,211          | 2,661          | IAS1(82)(c)            |    |
| Other income   | 5    | 692            | 1,692          |                        |    |
| Interest revenue calculated using the effective interest method  |      | 1,087          | 543            | IAS1(82)(a)            |    |
| Net gain on derecognition of financial assets at amortised cost  |      | 50             | -              | IAS1(82)(aa)           |    |
|  |      |                |                | IAS1(97)               | 4  |
| <b>Expenses</b>  |      |                |                |                        |    |
| 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)        |                        | 5  |
| Finance costs  | 6    | (18,930)       | (21,092)       | IAS1(82)(b)            |    |
| <b>Profit before income tax expense</b>  |      | 39,509         | 21,490         |                        | 10 |
| Income tax expense   | 7    | (10,875)       | (5,741)        | IAS1(82)(d), IAS12(77) | 11 |
| <b>Profit after income tax expense for the year attributable to the owners of RSM IFRS Private Company Limited</b> | 41   | 28,634         | 15,749         | IAS1(81A)(a)           | 12 |
| <b>Other comprehensive income</b>  |      |                |                | IAS1(82A)              | 6  |
| <i>Items that will not be reclassified subsequently to profit or loss</i>  |      |                |                | IAS1(82A)(a)(i)        | 7  |
| Gain on the revaluation of land and buildings, net of tax  |      | -              | 1,400          | IAS1(7)(a)             |    |
| Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax         |      | 35             | -              | IAS1(7)(d)             |    |
| <i>Items that may be reclassified subsequently to profit or loss</i>   |      |                |                | IAS1(82A)(a)(iii)      | 7  |
| Cash flow hedges transferred to profit or loss, net of tax   |      | -              | (2)            | IAS1(7)(e)             |    |
| Cash flow hedges transferred to inventory in the statement of financial position, net of tax                       |      | (3)            | (7)            | IAS1(7)(e)             |    |
| Net change in the fair value of cash flow hedges taken to equity, net of tax                                       |      | (7)            | (18)           | IAS1(7)(e)             |    |
| Other comprehensive income for the year, net of tax  |      | 25             | 1,373          | IAS1(81A)(b)           | 8  |
| <b>Total comprehensive income for the year attributable to the owners of RSM IFRS Private Company Limited</b>      |      | 28,659         | 17,122         | IAS1(81A)(c)           | 9  |

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

|   | Note | 2023<br>CU'000 | 2022<br>CU'000 |                   |
|---|------|----------------|----------------|-------------------|
| <b>Assets</b>   |      |                |                |                   |
| <b>Current assets</b>   |      |                |                |                   |
| Cash and cash equivalents   | 8    | 28,563         | 6,036          | IAS 1(60),(66)    |
| Trade and other receivables   | 9    | 13,349         | 12,354         | IAS 1(54)(i)      |
| Contract assets   | 10   | 2,617          | 2,144          | IAS 1(54)(h)      |
| Inventories   | 11   | 39,525         | 43,048         | IFRS 15(105)      |
| Financial assets at fair value through profit or loss                   | 12   | 360            | -              | IAS 1(54)(g)      |
| Other   | 13   | 3,935          | 3,444          | IAS 1(54)(d)      |
|   |      | 88,349         | 67,026         |                   |
| Non-current assets classified as held for sale                          | 14   | 6,000          | -              | IAS 1(54)(j)      |
| Total current assets  |      | 94,349         | 67,026         |                   |
| <b>Non-current assets</b>   |      |                |                |                   |
| Receivables   | 15   | 145            | 145            | IAS 1(60),(66)    |
| Investments accounted for using the equity method                       | 16   | 34,192         | 30,981         | IAS 1(54)(h)      |
| Financial assets at fair value through other comprehensive income       | 17   | 170            | -              | IAS 1(54)(e)      |
| Investment properties   | 18   | 46,900         | 47,500         | IAS 1(54)(d)      |
| Property, plant and equipment   | 19   | 117,139        | 128,883        | IAS 1(54)(b)      |
| Right-of-use assets   | 20   | 305,485        | 332,116        | IAS 1(54)(a)      |
| Intangibles   | 21   | 1,741          | 2,116          | IFRS 16(47)(a)    |
| Deferred tax  | 22   | 15,574         | 12,561         | IAS 1(54)(c)      |
| Other   | 23   | 2,308          | 2,405          | IAS 1(54)(o),(56) |
| Total non-current assets  |      | 523,654        | 556,707        |                   |
| <b>Total assets</b>   |      | <b>618,003</b> | <b>623,733</b> |                   |
| <b>Liabilities</b>  |      |                |                |                   |
| <b>Current liabilities</b>  |      |                |                |                   |
| Trade and other payables  | 24   | 20,004         | 17,306         | IAS 1(60),(69)    |
| Contract liabilities  | 25   | 2,269          | 2,135          | IAS 1(54)(k)      |
| Borrowings  | 26   | 4,500          | 3,273          | IFRS 15(105)      |
| Lease liabilities   | 27   | 22,072         | 20,905         | IAS 1(54)(m)      |
| Derivative financial instruments  | 28   | 122            | 107            | IFRS 16(47)(b)    |
| Income tax  | 29   | 6,701          | 2,351          | IAS 1(54)(m)      |
| Employee benefits   | 30   | 8,352          | 8,143          | IAS 1(54)(n)      |
| Provisions  | 31   | 3,494          | 2,837          | IAS 1(54)(l)      |
| Other   | 32   | 2,130          | 1,869          | IAS 1(54)(l)      |
|   |      | 69,644         | 58,926         |                   |
| Liabilities directly associated with assets classified as held for sale | 33   | 4,000          | -              | IAS 1(54)(p)      |
| Total current liabilities   |      | 73,644         | 58,926         |                   |
| <b>Non-current liabilities</b>  |      |                |                |                   |
| Borrowings  | 34   | 19,000         | 19,000         | IAS 1(60),(69)    |
| Lease liabilities   | 35   | 301,714        | 322,745        | IAS 1(54)(m)      |
| Deferred tax  | 36   | 4,665          | 4,333          | IFRS 16(47)(b)    |
| Employee benefits   | 37   | 11,149         | 10,854         | IAS 1(54)(o),(56) |
| Provisions  | 38   | 1,475          | 1,070          | IAS 1(54)(l)      |
| Total non-current liabilities   |      | 338,003        | 358,002        |                   |
| <b>Total liabilities</b>  |      | <b>411,647</b> | <b>416,928</b> |                   |
| <b>Net assets</b>   |      | <b>206,356</b> | <b>206,805</b> | 15                |
| <b>Equity</b>   |      |                |                |                   |
| Issued capital  | 39   | 182,953        | 182,678        | IAS 1(54)(r)      |
| Reserves  | 40   | 4,500          | 4,475          | IAS 1(54)(r)      |
| Retained profits  | 41   | 18,903         | 19,652         | 16                |
| <b>Total equity</b>   |      | <b>206,356</b> | <b>206,805</b> | 17                |

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

|  | Issued<br>capital<br>CU'000 | Reserves<br>CU'000 | Retained<br>profits<br>CU'000 | Total equity<br>CU'000 |                   |
|--|-----------------------------|--------------------|-------------------------------|------------------------|-------------------|
| Balance at 1 January 2022                                    | 104,922                     | 3,102              | 21,519                        | 129,543                | IAS1(106)(d)      |
| Profit after income tax expense for the year                 | -                           | -                  | 15,749                        | 15,749                 | IAS1(106)(d)(i)   |
| Other comprehensive income for the year, net of tax          | -                           | 1,373              | -                             | 1,373                  | IAS1(106)(d)(ii)  |
| Total comprehensive income for the year                      | -                           | 1,373              | 15,749                        | 17,122                 | IAS1(106)(a)      |
| <i>Transactions with owners in their capacity as owners:</i> |                             |                    |                               |                        | IAS1(106)(d)(iii) |
| Contributions of equity, net of transaction costs (note 39)  | 77,756                      | -                  | -                             | 77,756                 |                   |
| Dividends paid (note 42)                                     | -                           | -                  | (17,616)                      | (17,616)               | IAS1(107)         |
| Balance at 31 December 2022                                  | 182,678                     | 4,475              | 19,652                        | 206,805                | IAS1(106)(d)      |
|  | Issued<br>capital<br>CU'000 | Reserves<br>CU'000 | Retained<br>profits<br>CU'000 | Total equity<br>CU'000 |                   |
| Balance at 1 January 2023                                    | 182,678                     | 4,475              | 19,652                        | 206,805                | IAS1(106)(d)      |
| Profit after income tax expense for the year                 | -                           | -                  | 28,634                        | 28,634                 | IAS1(106)(d)(i)   |
| Other comprehensive income for the year, net of tax          | -                           | 25                 | -                             | 25                     | IAS1(106)(d)(ii)  |
| Total comprehensive income for the year                      | -                           | 25                 | 28,634                        | 28,659                 | IAS1(106)(a)      |
| <i>Transactions with owners in their capacity as owners:</i> |                             |                    |                               |                        | IAS1(106)(d)(iii) |
| Contributions of equity, net of transaction costs (note 39)  | 275                         | -                  | -                             | 275                    |                   |
| Dividends paid (note 42)                                     | -                           | -                  | (29,383)                      | (29,383)               | IAS1(107)         |
| Balance at 31 December 2023                                  | 182,953                     | 4,500              | 18,903                        | 206,356                | IAS1(106)(d)      |

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

**RSM IFRS Private Company Limited**  
**Statement of cash flows**  
**For the year ended 31 December 2023**



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|  | Note | 2023<br>CU'000 | 2022<br>CU'000 |                       |    |
|--|------|----------------|----------------|-----------------------|----|
| <b>Cash flows from operating activities</b>                      |      |                |                | IAS7(10),(18)(a)      | 20 |
| Receipts from customers  |      | 507,218        | 474,832        | IAS7(14)(a)           |    |
| Payments to suppliers and employees                              |      | (401,373)      | (390,710)      | IAS7(14)(c),(d)       |    |
|  |      | 105,845        | 84,122         |                       |    |
| Interest received  |      | 1,084          | 540            | IAS7(31),(33)         |    |
| Other revenue  |      | 3,964          | 3,358          | IAS7(14)(b)           |    |
| Interest and other finance costs paid                            |      | (18,845)       | (21,030)       | IAS7(31),(33)         |    |
| Income taxes paid  |      | (9,216)        | (8,461)        | IAS7(14)(f),(35),(36) |    |
| Net cash from operating activities                               |      | 82,832         | 58,529         |                       | 21 |
| <b>Cash flows from investing activities</b>                      |      |                |                | IAS7(10),(21)         |    |
| Payments for investments   |      | (510)          | -              | IAS7(16)(a)           |    |
| Payments for property, plant and equipment                       |      | (12,275)       | (3,048)        | IAS7(16)(a)           |    |
| Proceeds from disposal of investments                            |      | 80             | -              | IAS7(16)(b)           |    |
| Proceeds from disposal of property, plant and equipment          |      | 1,511          | 250            | IAS7(16)(b)           |    |
| Proceeds from release of security deposits                       |      | 155            | -              |                       |    |
| Net cash used in investing activities                            |      | (11,039)       | (2,798)        |                       | 22 |
| <b>Cash flows from financing activities</b>                      |      |                |                | IAS7(10),(21)         |    |
| Proceeds from issue of shares                                    | 39   | 275            | 78,750         | IAS7(17)(a)           |    |
| Proceeds from borrowings   |      | 12,000         | -              | IAS7(17)(c)           |    |
| Share issue transaction costs                                    |      | -              | (1,420)        |                       |    |
| Dividends paid   | 42   | (29,383)       | (17,616)       | IAS7(31),(34)         |    |
| Repayment of borrowings  |      | (5,500)        | (94,000)       | IAS7(17)(d)           |    |
| Repayment of lease liabilities                                   |      | (25,385)       | (21,555)       | IFRS16(53)(g)         |    |
| Net cash used in financing activities                            |      | (47,993)       | (55,841)       |                       | 23 |
| Net increase/(decrease) in cash and cash equivalents             |      | 23,800         | (110)          |                       | 24 |
| 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. Material accounting policy information**

IAS1(112)(a),(117) 25

The accounting policies that are material to the company are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated. IAS8(13)

### **New or amended Accounting Standards and Interpretations adopted**

IAS1(45)(a)

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.

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### **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. IAS1(16)

#### **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. IAS1(117)(a)

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#### **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. IAS1(122),(125)

### **Foreign currency translation**

The financial statements are presented in International currency units, which is RSM IFRS Private Company Limited's functional and presentation currency. IAS1(51)(d)

#### **Foreign currency transactions**

Foreign currency transactions are translated into International 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. IAS21(21),(28)

### **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. IFRS15(119),(126)

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. IFRS15(119),(126)

#### **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. IFRS15(119)(a)

#### **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. IFRS15(119)(a),(124)

#### **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. IFRS9(5.4.1)

## **Note 1. Material accounting policy information (continued)**

### **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. IAS12(46)

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: IAS12(15),(24),(47)

- 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. IAS12(24),(34)

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. IAS12(56)

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. IAS12(74)

### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. IAS1(60)

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. IAS1(66)

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. IAS1(69)

Deferred tax assets and liabilities are always classified as non-current. IAS1(56)

### **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. IAS7(6),(8),(46)

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### **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. IFRS9(5.1.3)

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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. IFRS7(35F)(c)

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. IFRS9(5.1.1)

### **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. IFRS15(107),(117)

## **Note 1. Material accounting policy information (continued)**

### **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. IFRS15(91),(92),(127)

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. IFRS15(93),(94)

### **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. IFRS15(95),(127)

### **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. IFRS15(126)(d)

### **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. IAS2(36)(a) 32 IAS2(9),(10),(25)

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. IAS2(9)

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. IAS2(6)

### **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. IFRS9(5.5.1)

#### **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. IAS39(95),(97),(98)

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. IAS39(AG105), (AG106)

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. IAS39(101)

### **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. IFRS5(6),(15)

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. IFRS5(20)-(22)

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. IFRS5(25)

## **Note 1. Material accounting policy information (continued)**

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. IFRS5(38)

### **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. IAS28(10),(32)

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. IAS28(38),(39)

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. IAS28(22)

### **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. IFRS9(5.1.1)

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, its carrying value is written off. IFRS9(3.2.3)

#### **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. IFRS9(4.1.4)

#### **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. IFRS9(4.1.2A), IFRS7(11A)(b)

#### **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. IFRS9(5.5.1),(5.5.9)

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. IFRS9(5.5.3)

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. IFRS9(5.5.2)

### **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. IAS40(75)(a)

Investment properties are derecognised when disposed of or when there is no future economic benefit expected. IAS40(66)

## Note 1. Material accounting policy information (continued)

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. <sup>IAS40(57)</sup>

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.

### 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. <sup>IAS16(73)(a)</sup>

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. <sup>IAS16(73)(a)</sup>

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: <sup>IAS16(73)(b),(c)</sup>

|                        |            |
|------------------------|------------|
| 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. <sup>IAS16(51)</sup>

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. <sup>IAS16(67)</sup>

### 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. <sup>IFRS16(23),(24)</sup>

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. <sup>IFRS16(30),(32)</sup>

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. <sup>IFRS16(5),(6)</sup>

### 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. <sup>IAS38(24),(33),(74),(89)</sup>

### 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. <sup>IAS38(54),(57),(118)(a),(b)</sup>

## **Note 1. Material accounting policy information (continued)**

### **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. IAS38(118)(a),(b)

### **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. IAS38(118)(a),(b)

### **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. IAS36(9),(10)

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. IAS36(18),(66)

### **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. IFRS9(5.1.1)

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### **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. IFRS15(106),(117)

### **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. IFRS15(126)(d)

### **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. IFRS9(5.1.1)

### **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. IFRS16(26),(27),(38)

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. IFRS16(39),(40),(42)

### **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. IAS23(8)

### **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. IAS37(14),(36),(45),(47),(60)



## **Note 1. Material accounting policy information (continued)**

### **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. IAS19(11),(13)

#### *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. IAS19(154)

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred. IAS19(51)

### **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. IFRS13(9),(16)

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. IFRS13(22),(27),(61)

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. IFRS13(72),(95)

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. IFRS13(93)(g)

### **Issued capital**

Ordinary shares are classified as equity. IAS32(11)

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. IAS32(35),(37)

### **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. IAS37(41)

### **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. IAS1(51)(e)

### **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 2023. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations. IAS8(30)

## **Note 2. Critical accounting judgements, estimates and assumptions**

IAS1(122),(125)

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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.

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### **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. IFRS15(123),(125)

### **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. IFRS15(123),(125)

### **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 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. IFRS9(5.5.17)

### **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.

### **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.



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

### *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**

|  | <b>2023</b><br><b>CU'000</b> | <b>2022</b><br><b>CU'000</b> |                 |
|--|------------------------------|------------------------------|-----------------|
| <i>Revenue from contracts with customers</i> |                              |                              | IFRS15(113)(a)  |
| Sale of goods                                | 459,358                      | 428,115                      |                 |
| Rendering of services                        | 3,696                        | 3,868                        |                 |
|  | <u>463,054</u>               | <u>431,983</u>               |                 |
| <i>Other revenue</i>                         |                              |                              |                 |
| Rent from investment properties              | 3,623                        | 3,310                        | IAS40(75)(f)(i) |
| Other revenue                                | 71                           | 48                           |                 |
|  | <u>3,694</u>                 | <u>3,358</u>                 |                 |
| Revenue                                      | <u>466,748</u>               | <u>435,341</u>               |                 |

### Note 3. Revenue (continued)

#### Disaggregation of revenue

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

#### Major product lines

Laptops

Desktops

Components

**2023**  
**CU'000**

**2022**  
**CU'000**

IFRS15(114)

376,696 344,285

51,844 58,921

34,514 28,777

463,054 431,983

#### Geographical regions

Internationaland

Neighbourland

Rest of the World

409,946 389,460

39,020 32,567

14,088 9,956

463,054 431,983

#### Timing of revenue recognition

Goods transferred at a point in time

Services transferred over time

459,358 428,115

3,696 3,868

463,054 431,983

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

**2023**  
**CU'000**

**2022**  
**CU'000**

Share of profit - associates

3,211

2,661

### Note 5. Other income

**2023**  
**CU'000**

**2022**  
**CU'000**

Net fair value gain on investment properties

Net gain on disposal of property, plant and equipment

Insurance recoveries

- 1,500

422 192

270 -

692 1,692

## Note 6. Expenses

Profit before income tax includes the following specific expenses:

### Cost of sales

Cost of sales

| 2023<br>CU'000 | 2022<br>CU'000 |             |
|----------------|----------------|-------------|
| 284,451        | 277,984        | IAS2(36)(d) |

### Depreciation

Leasehold improvements  
Plant and equipment  
Buildings right-of-use assets  
Plant and equipment right-of-use assets

| 2023<br>CU'000 | 2022<br>CU'000 |               |
|----------------|----------------|---------------|
| 5,281          | 5,721          | IAS16(75)(a)  |
| 12,199         | 13,414         |               |
| 13,582         | 13,582         | IFRS16(53)(a) |
| 18,570         | 17,468         | IFRS16(53)(a) |

Total depreciation

| 2023<br>CU'000 | 2022<br>CU'000 |
|----------------|----------------|
| 49,632         | 50,185         |

### Amortisation

Development  
Patents and trademarks  
Software  
Customer acquisition costs  
Customer fulfilment costs

| 2023<br>CU'000 | 2022<br>CU'000 |                |
|----------------|----------------|----------------|
| 321            | 321            |                |
| 32             | 32             |                |
| 22             | 22             |                |
| 1,288          | 1,164          | IFRS15(128)(b) |
| 752            | 687            | IFRS15(128)(b) |

Total amortisation

| 2023<br>CU'000 | 2022<br>CU'000 |
|----------------|----------------|
| 2,415          | 2,226          |

Total depreciation and amortisation

| 2023<br>CU'000 | 2022<br>CU'000 |
|----------------|----------------|
| 52,047         | 52,411         |

### Finance costs

Interest and finance charges paid/payable on borrowings  
Interest and finance charges paid/payable on lease liabilities  
Unwinding of the discount on provisions

| 2023<br>CU'000 | 2022<br>CU'000 |               |
|----------------|----------------|---------------|
| 1,799          | 3,021          | IFRS7(20)(b)  |
| 17,046         | 18,009         | IFRS16(53)(b) |
| 85             | 62             | IAS37(60)     |

Finance costs expensed

| 2023<br>CU'000 | 2022<br>CU'000 |
|----------------|----------------|
| 18,930         | 21,092         |

### Net foreign exchange loss

Net foreign exchange loss

| 2023<br>CU'000 | 2022<br>CU'000 |              |
|----------------|----------------|--------------|
| 13             | 6              | IAS21(52)(a) |

### Net fair value loss

Net fair value loss on investment properties

| 2023<br>CU'000 | 2022<br>CU'000 |          |
|----------------|----------------|----------|
| 600            | -              | IAS1(97) |

### Cash flow hedge ineffectiveness

Cash flow hedge ineffectiveness

| 2023<br>CU'000 | 2022<br>CU'000 |                   |
|----------------|----------------|-------------------|
| 4              | 2              | IFRS7(24C)(b)(ii) |

### Leases

Variable lease payments  
Short-term lease payments  
Low-value assets lease payments

| 2023<br>CU'000 | 2022<br>CU'000 |               |
|----------------|----------------|---------------|
| 1,167          | 1,098          | IFRS16(53)(e) |
| 102            | 127            | IFRS16(53)(c) |
| 135            | 119            | IFRS16(53)(d) |

| 2023<br>CU'000 | 2022<br>CU'000 |
|----------------|----------------|
| 1,404          | 1,344          |

### Superannuation expense

Defined contribution superannuation expense

| 2023<br>CU'000 | 2022<br>CU'000 |           |
|----------------|----------------|-----------|
| 18,089         | 17,629         | IAS19(53) |

### Research costs

Research costs

| 2023<br>CU'000 | 2022<br>CU'000 |            |
|----------------|----------------|------------|
| 124            | 107            | IAS38(126) |

### Write off of assets

Inventories

| 2023<br>CU'000 | 2022<br>CU'000 |          |
|----------------|----------------|----------|
| 538            | 112            | IAS1(98) |

### Expenses on investment properties

Direct operating expenses from property that generated rental income  
Direct operating expenses from property that did not generate rental income

| 2023<br>CU'000 | 2022<br>CU'000 |                   |
|----------------|----------------|-------------------|
| 61             | 59             | IAS40(75)(f)(ii)  |
| 8              | 3              | IAS40(75)(f)(iii) |

Total expenses on investment properties

| 2023<br>CU'000 | 2022<br>CU'000 |
|----------------|----------------|
| 69             | 62             |

## Note 7. Income tax expense

### Income tax expense

Current tax  
Deferred tax - origination and reversal of temporary differences  
Adjustment recognised for prior periods

Aggregate income tax expense

Deferred tax included in income tax expense comprises:

Increase in deferred tax assets (note 22)  
Increase in deferred tax liabilities (note 36)

Deferred tax - origination and reversal of temporary differences

### Numerical reconciliation of income tax expense and tax at the statutory rate

Profit before income tax expense

Tax at the statutory tax rate of 30%

Tax effect amounts which are not deductible/(taxable) in calculating taxable income:

Entertainment expenses  
Share of profits - associates  
Sundry items

Adjustment recognised for prior periods

Income tax expense

**2023**  
**CU'000**

**2022**  
**CU'000**

|                |                |                 |
|----------------|----------------|-----------------|
|                |                | IAS12(79)       |
| 13,669         | 7,896          | IAS12(80)(a)    |
| (2,691)        | (2,155)        | IAS12(80)(c)    |
| (103)          | -              | IAS12(80)(b)    |
| <u>10,875</u>  | <u>5,741</u>   |                 |
|                |                |                 |
| (3,008)        | (3,745)        |                 |
| 317            | 1,590          |                 |
| <u>(2,691)</u> | <u>(2,155)</u> |                 |
|                |                | IAS12(81)(c)(i) |
| 39,509         | 21,490         |                 |
|                |                |                 |
| 11,853         | 6,447          |                 |
|                |                |                 |
| 32             | 41             |                 |
| (963)          | (798)          |                 |
| 56             | 51             |                 |
| <u>10,978</u>  | <u>5,741</u>   |                 |
| (103)          | -              | IAS12(80)(b)    |
| <u>10,875</u>  | <u>5,741</u>   |                 |

**2023**  
**CU'000**

**2022**  
**CU'000**

### Amounts charged/(credited) directly to equity

Deferred tax assets (note 22)  
Deferred tax liabilities (note 36)

|           |            |              |
|-----------|------------|--------------|
|           |            | IAS12(81)(a) |
| (5)       | (437)      |              |
| 15        | 600        |              |
| <u>10</u> | <u>163</u> |              |

## Note 8. Current assets - cash and cash equivalents

Cash on hand  
Cash at bank  
Cash on deposit

**2023**  
**CU'000**

**2022**  
**CU'000**

|               |              |          |
|---------------|--------------|----------|
| 123           | 107          | IAS7(45) |
| 16,540        | 5,529        | IAS7(45) |
| 11,900        | 400          | IAS7(45) |
| <u>28,563</u> | <u>6,036</u> |          |

### 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  
Bank overdraft (note 26)

Balance as per statement of cash flows

|               |              |          |
|---------------|--------------|----------|
|               |              | IAS7(45) |
| 28,563        | 6,036        |          |
| -             | (1,273)      |          |
| <u>28,563</u> | <u>4,763</u> |          |

## Note 9. Current assets - trade and other receivables

|  | 2023<br>CU'000 | 2022<br>CU'000 |          |
|--|----------------|----------------|----------|
| Trade receivables                          | 14,344         | 13,181         | IFRS7(6) |
| Less: Allowance for expected credit losses | (1,062)        | (874)          |          |
|  | <u>13,282</u>  | <u>12,307</u>  |          |
| Other receivables                          | 60             | 43             | IFRS7(6) |
| Interest receivable                        | 7              | 4              |          |
|  | <u>13,349</u>  | <u>12,354</u>  |          |

### 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 2023. IFRS15(113)(b)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows: IFRS7(35N)

|                       | Expected credit loss rate |           | Carrying amount |                | Allowance for expected credit losses |                |
|-----------------------|---------------------------|-----------|-----------------|----------------|--------------------------------------|----------------|
|                       | 2023<br>%                 | 2022<br>% | 2023<br>CU'000  | 2022<br>CU'000 | 2023<br>CU'000                       | 2022<br>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            |
|                       |                           |           | <u>14,549</u>   | <u>13,369</u>  | <u>1,062</u>                         | <u>874</u>     |

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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 current environment. As a result, the calculation of expected credit losses has been revised as at 31 December 2023 and rates have increased in each category up to 6 months overdue.

Movements in the allowance for expected credit losses are as follows: IFRS7(35H)

|  | 2023<br>CU'000 | 2022<br>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)            |
|  | <u>1,062</u>   | <u>874</u>     |
| Closing balance  | <u>1,062</u>   | <u>874</u>     |

## Note 10. Current assets - contract assets

|                 | 2023<br>CU'000 | 2022<br>CU'000 |                |
|-----------------|----------------|----------------|----------------|
| Contract assets | <u>2,617</u>   | <u>2,144</u>   | IFRS15(116)(a) |

### Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below: IFRS15(118)

|                                 |              |              |
|---------------------------------|--------------|--------------|
| 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)      |
|                                 | <u>2,617</u> | <u>2,144</u> |
| Closing balance                 | <u>2,617</u> | <u>2,144</u> |

## Note 11. Current assets - inventories

|                  | 2023<br>CU'000 | 2022<br>CU'000 |             |
|------------------|----------------|----------------|-------------|
| Raw materials    | 6,817          | 6,081          | IAS2(36)(b) |
| Work in progress | 16,040         | 17,434         | IAS2(36)(b) |
| Finished goods   | 16,464         | 19,346         | IAS2(36)(c) |
| Stock in transit | 204            | 187            | IAS2(36)(b) |
|                  | <u>39,525</u>  | <u>43,048</u>  |             |

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

IFRS7(8)(a)

|  | 2023<br>CU'000 | 2022<br>CU'000 |          |
|--|----------------|----------------|----------|
| Listed ordinary shares - designated at fair value through profit or loss | 82             | -              | IFRS7(6) |
| Listed ordinary shares - held for trading                                | 278            | -              |          |
|  | <u>360</u>     | <u>-</u>       |          |

### Reconciliation

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

|                        |            |          |
|------------------------|------------|----------|
| Opening fair value     | -          | -        |
| Additions              | 310        | -        |
| Revaluation increments | 50         | -        |
|                        | <u>360</u> | <u>-</u> |

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

## Note 13. Current assets - other

|                            | 2023<br>CU'000 | 2022<br>CU'000 |                |
|----------------------------|----------------|----------------|----------------|
| Prepayments                | 1,110          | 903            |                |
| Security deposits          | 65             | 35             |                |
| Customer acquisition costs | 1,417          | 1,274          | IFRS15(128)(a) |
| Customer fulfilment costs  | 672            | 614            | IFRS15(128)(a) |
| Right of return assets     | 671            | 618            | IFRS15(B21)(c) |
|                            | <u>3,935</u>   | <u>3,444</u>   |                |

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

IFRS5(38)

|      | 2023<br>CU'000 | 2022<br>CU'000 |
|------|----------------|----------------|
| Land | <u>6,000</u>   | <u>-</u>       |

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.

IFRS5(41)(a)

## Note 15. Non-current assets - receivables

|                   | 2023<br>CU'000 | 2022<br>CU'000 |          |
|-------------------|----------------|----------------|----------|
| Other receivables | <u>145</u>     | <u>145</u>     | IFRS7(6) |

The other receivables are due to be repaid by 31 December 2026 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**

|                         | 2023<br>CU'000 | 2022<br>CU'000 |           |
|-------------------------|----------------|----------------|-----------|
| Investment in associate | 34,192         | 30,981         | IAS28(27) |

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** IFRS7(8)(h)

|                          | 2023<br>CU'000 | 2022<br>CU'000 |                   |
|--------------------------|----------------|----------------|-------------------|
| Unlisted ordinary shares | 170            | -              | IFRS7(11A)(a),(c) |

**Reconciliation**

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

|                        |      |   |
|------------------------|------|---|
| 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**

|  | 2023<br>CU'000 | 2022<br>CU'000 |           |
|--|----------------|----------------|-----------|
| Investment properties - at independent valuation | 46,900         | 47,500         | IAS40(76) |

**Reconciliation**

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

|                        |        |        |
|------------------------|--------|--------|
| 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.

**Lessor commitments**

IFRS16(97)

|  | 2023<br>CU'000 | 2022<br>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

|   | 2023<br>CU'000 | 2022<br>CU'000 |              |
|---|----------------|----------------|--------------|
| Land and buildings - at independent valuation | 52,500         | 58,500         | IAS16(73)(d) |
| Leasehold improvements - at cost              | 33,585         | 27,185         | IAS16(73)(d) |
| Less: Accumulated depreciation                | (18,401)       | (13,120)       | IAS16(73)(d) |
|   | 15,184         | 14,065         |              |
| Plant and equipment - at cost                 | 105,607        | 100,362        | IAS16(73)(d) |
| Less: Accumulated depreciation                | (56,152)       | (44,044)       | IAS16(73)(d) |
|   | 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<br>buildings<br>CU'000 | Leasehold<br>improvements<br>CU'000 | Plant and<br>equipment<br>CU'000 | Total<br>CU'000 |  |
|---------------------------------------|---------------------------------|-------------------------------------|----------------------------------|-----------------|--|
| Balance at 1 January 2022             | 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 2022           | 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 2023           | 52,500                          | 15,184                              | 49,455                           | 117,139         |  |

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

### 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:

|                                | 2023<br>CU'000 | 2022<br>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

|                                    | 2023<br>CU'000 | 2022<br>CU'000 |               |
|------------------------------------|----------------|----------------|---------------|
| Land and buildings - right-of-use  | 271,636        | 271,636        |               |
| Less: Accumulated depreciation     | (37,350)       | (23,768)       |               |
|                                    | 234,286        | 247,868        | IFRS16(53)(i) |
| Plant and equipment - right-of-use | 126,363        | 120,842        |               |
| Less: Accumulated depreciation     | (55,164)       | (36,594)       |               |
|                                    | 71,199         | 84,248         | IFRS16(53)(i) |
|                                    | 305,485        | 332,116        |               |

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

IFRS16(53)(h)



## Note 20. Non-current assets - right-of-use assets (continued)

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. IFRS16(59)

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. IFRS16(60)

## Note 21. Non-current assets - intangibles

|                                  | 2023<br>CU'000 | 2022<br>CU'000 |               |
|----------------------------------|----------------|----------------|---------------|
| Development - at cost            | 3,208          | 3,208          | IAS38(118)(c) |
| Less: Accumulated amortisation   | (1,605)        | (1,284)        | IAS38(118)(c) |
|                                  | <u>1,603</u>   | <u>1,924</u>   |               |
| Patents and trademarks - at cost | 320            | 320            | IAS38(118)(c) |
| Less: Accumulated amortisation   | (224)          | (192)          | IAS38(118)(c) |
|                                  | <u>96</u>      | <u>128</u>     |               |
| Software - at cost               | 108            | 108            | IAS38(118)(c) |
| Less: Accumulated amortisation   | (66)           | (44)           | IAS38(118)(c) |
|                                  | <u>42</u>      | <u>64</u>      |               |
|                                  | <u>1,741</u>   | <u>2,116</u>   |               |

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below: IAS38(118)(e)

|                             | Development<br>CU'000 | Patents and<br>trademarks<br>CU'000 | Software<br>CU'000 | Total<br>CU'000 |
|-----------------------------|-----------------------|-------------------------------------|--------------------|-----------------|
| Balance at 1 January 2022   | 2,245                 | 160                                 | 86                 | 2,491           |
| Amortisation expense        | <u>(321)</u>          | <u>(32)</u>                         | <u>(22)</u>        | <u>(375)</u>    |
| Balance at 31 December 2022 | 1,924                 | 128                                 | 64                 | 2,116           |
| Amortisation expense        | <u>(321)</u>          | <u>(32)</u>                         | <u>(22)</u>        | <u>(375)</u>    |
| Balance at 31 December 2023 | <u>1,603</u>          | <u>96</u>                           | <u>42</u>          | <u>1,741</u>    |

## Note 22. Non-current assets - deferred tax

*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           |
|                                      | <u>15,267</u> | <u>12,173</u> |

Amounts recognised in equity:

|                                  |            |            |
|----------------------------------|------------|------------|
| Transaction costs on share issue | 270        | 356        |
| Derivative financial instruments | 37         | 32         |
|                                  | <u>307</u> | <u>388</u> |

Deferred tax asset

|               |               |                 |
|---------------|---------------|-----------------|
| <u>15,574</u> | <u>12,561</u> | IAS12(81)(g)(i) |
|---------------|---------------|-----------------|

*Movements:*

|                                     |               |               |                     |
|-------------------------------------|---------------|---------------|---------------------|
| Opening balance                     | 12,561        | 8,379         |                     |
| Credited to profit or loss (note 7) | 3,008         | 3,745         | IAS12(81)(g)(ii) 52 |
| Credited to equity (note 7)         | 5             | 437           | IAS12(81)(a) 53     |
|                                     | <u>15,574</u> | <u>12,561</u> |                     |

## Note 23. Non-current assets - other

|                            | 2023<br>CU'000 | 2022<br>CU'000 |                |
|----------------------------|----------------|----------------|----------------|
| Security deposits          | 1,260          | 1,445          |                |
| Customer acquisition costs | 564            | 517            | IFRS15(128)(a) |
| Customer fulfilment costs  | 484            | 443            | IFRS15(128)(a) |
|                            | <u>2,308</u>   | <u>2,405</u>   |                |

## Note 24. Current liabilities - trade and other payables

|                | 2023<br>CU'000 | 2022<br>CU'000 |          |
|----------------|----------------|----------------|----------|
| Trade payables | 18,070         | 15,711         | IFRS7(6) |
| Other payables | 1,934          | 1,595          | IFRS7(6) |
|                | <u>20,004</u>  | <u>17,306</u>  |          |

Refer to note 43 for further information on financial instruments.

## Note 25. Current liabilities - contract liabilities

|  | 2023<br>CU'000 | 2022<br>CU'000 |                |
|--|----------------|----------------|----------------|
| Contract liabilities   | 2,269          | 2,135          | IFRS15(116)(a) |
| <b>Reconciliation</b>  |                |                |                |
| Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below: |                |                | IFRS15(118)    |
| 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)        | IFRS15(116)(b) |
| Transfer to revenue - performance obligations satisfied in previous periods  | (208)          | (178)          | IFRS15(116)(c) |
| 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 2023 (CU3,507,000 as at 31 December 2022) and is expected to be recognised as revenue in future periods as follows:

|                 | 2023<br>CU'000 | 2022<br>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

|                | 2023<br>CU'000 | 2022<br>CU'000 |             |
|----------------|----------------|----------------|-------------|
| Bank overdraft | -              | 1,273          | IFRS7(8)(g) |
| Bank loans     | 4,500          | 2,000          | IFRS7(8)(g) |
|                | 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

|                 | 2023<br>CU'000 | 2022<br>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

|   | 2023<br>CU'000 | 2022<br>CU'000 |               |
|---|----------------|----------------|---------------|
| Forward foreign exchange contracts - cash flow hedges | 122            | 107            | IFRS7(24A)(a) |

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

|                          | 2023<br>CU'000 | 2022<br>CU'000 |
|--------------------------|----------------|----------------|
| Provision for income tax | 6,701          | 2,351          |

## Note 30. Current liabilities - employee benefits

|                   | 2023<br>CU'000 | 2022<br>CU'000 |
|-------------------|----------------|----------------|
| Employee benefits | 8,352          | 8,143          |

### *Amounts not expected to be settled within the next 12 months*

IAS1(61)

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.

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

|   | 2023<br>CU'000 | 2022<br>CU'000 |
|---|----------------|----------------|
| Employee benefits obligation expected to be settled after 12 months | 1,603          | 1,292          |

## Note 31. Current liabilities - provisions

|                 | 2023<br>CU'000 | 2022<br>CU'000 |
|-----------------|----------------|----------------|
| Lease make good | 230            | -              |
| Legal claims    | 60             | -              |
| Warranties      | 3,204          | 2,837          |
|                 | 3,494          | 2,837          |

### *Lease make good*

IAS37(85)

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*

IAS37(85)

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*

IAS37(85)

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*

IAS37(84)

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

|  | Lease<br>make good<br>CU'000 | Legal<br>claims<br>CU'000 | Warranties<br>CU'000 |
|--|------------------------------|---------------------------|----------------------|
| 2023                                     |                              |                           |                      |
| 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

|                    | 2023<br>CU'000 | 2022<br>CU'000 |                |
|--------------------|----------------|----------------|----------------|
| Accrued expenses   | 1,143          | 927            |                |
| Refund liabilities | 987            | 942            | IFRS15(B21)(b) |
|                    | <u>2,130</u>   | <u>1,869</u>   |                |

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

|            | 2023<br>CU'000 | 2022<br>CU'000 |  |
|------------|----------------|----------------|--|
| Bank loans | <u>4,000</u>   | <u>-</u>       |  |

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

|            | 2023<br>CU'000 | 2022<br>CU'000 |             |
|------------|----------------|----------------|-------------|
| Bank loans | <u>19,000</u>  | <u>19,000</u>  | IFRS7(8)(g) |

Refer to note 43 for further information on financial instruments.

### Total secured liabilities

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

|                | 2023<br>CU'000 | 2022<br>CU'000 |  |
|----------------|----------------|----------------|--|
| Bank overdraft | -              | 1,273          |  |
| Bank loans     | <u>27,500</u>  | <u>21,000</u>  |  |
|                | <u>27,500</u>  | <u>22,273</u>  |  |

### Assets pledged as security

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

IFRS7(14)(a)

### Financing arrangements

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

IFRS7(39)(c)

|                              | 2023<br>CU'000 | 2022<br>CU'000 |             |
|------------------------------|----------------|----------------|-------------|
| Total facilities             |                |                |             |
| Bank overdraft               | 5,000          | 5,000          |             |
| Bank loans                   | <u>40,000</u>  | <u>25,000</u>  |             |
|                              | <u>45,000</u>  | <u>30,000</u>  |             |
| Used at the reporting date   |                |                |             |
| Bank overdraft               | -              | 1,273          |             |
| Bank loans                   | <u>27,500</u>  | <u>21,000</u>  |             |
|                              | <u>27,500</u>  | <u>22,273</u>  |             |
| Unused at the reporting date |                |                | IAS7(50)(a) |
| Bank overdraft               | 5,000          | 3,727          |             |
| Bank loans                   | <u>12,500</u>  | <u>4,000</u>   |             |
|                              | <u>17,500</u>  | <u>7,727</u>   |             |

## Note 35. Non-current liabilities - lease liabilities

|                 | 2023<br>CU'000 | 2022<br>CU'000 |  |
|-----------------|----------------|----------------|--|
| Lease liability | <u>301,714</u> | <u>322,745</u> |  |

## Note 35. Non-current liabilities - lease liabilities (continued)

Refer to note 43 for further information on financial instruments.

## Note 36. Non-current liabilities - deferred tax

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|  | 2023<br>CU'000 | 2022<br>CU'000 |                     |
|--|----------------|----------------|---------------------|
| <i>Deferred tax liability comprises temporary differences attributable to:</i>   |                |                |                     |
| 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            |                     |
|  | <u>2,700</u>   | <u>2,383</u>   |                     |
| 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             | -              |                     |
|  | <u>1,965</u>   | <u>1,950</u>   |                     |
| Deferred tax liability   | <u>4,665</u>   | <u>4,333</u>   | IAS12(81)(g)(i)     |
| <i>Movements:</i>  |                |                |                     |
| Opening balance  | 4,333          | 2,143          |                     |
| Charged to profit or loss (note 7)   | 317            | 1,590          | IAS12(81)(g)(ii) 58 |
| Charged to equity (note 7)   | 15             | 600            | IAS12(81)(a) 59     |
| Closing balance  | <u>4,665</u>   | <u>4,333</u>   |                     |

## Note 37. Non-current liabilities - employee benefits

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|                   | 2023<br>CU'000 | 2022<br>CU'000 |
|-------------------|----------------|----------------|
| Employee benefits | <u>11,149</u>  | <u>10,854</u>  |

## Note 38. Non-current liabilities - provisions

|                 | 2023<br>CU'000 | 2022<br>CU'000 |
|-----------------|----------------|----------------|
| Lease make good | <u>1,475</u>   | <u>1,070</u>   |

### *Lease make good*

IAS37(85)

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*

IAS37(84)

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

|  | Lease<br>make good<br>CU'000 |
|--|------------------------------|
| <b>2023</b>                              |                              |
| Carrying amount at the start of the year | 1,070                        |
| Additional provisions recognised         | 550                          |
| Amounts transferred to current           | (230)                        |
| Unwinding of discount                    | <u>85</u>                    |
| Carrying amount at the end of the year   | <u>1,475</u>                 |

## Note 39. Equity - issued capital

|                              | 2023<br>Shares | 2022<br>Shares | 2023<br>CU'000 | 2022<br>CU'000 |                 |
|------------------------------|----------------|----------------|----------------|----------------|-----------------|
| Ordinary shares - fully paid | 146,910,000    | 146,800,000    | 182,953        | 182,678        | IAS1(79)(a)(ii) |

### Movements in ordinary share capital

IAS1(79)(a)(iv)

| Details                                   | Date             | Shares      | Issue price | CU'000  |
|---|------------------|-------------|-------------|---------|
| Balance                                   | 1 January 2022   | 111,800,000 |             | 104,922 |
| Issue of shares                           | [date]           | 35,000,000  | CU2.25      | 78,750  |
| Share issue transaction costs, net of tax | [date]           |             |             | (994)   |
| Balance                                   | 31 December 2022 | 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 2023 | 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. IAS1(79)(a)(i),(iii),(v)

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. IAS1(79)(a)(v)

### 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. IAS1(134)

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. IAS1(135)(a)

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. IAS1(135)(a)

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. IAS1(135)(d)

The capital risk management policy remains unchanged from the 31 December 2022 Annual Report. IAS1(135)(c)

## Note 40. Equity - reserves

|   | 2023<br>CU'000 | 2022<br>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)           |
|   | <u>4,500</u>   | <u>4,475</u>   |

### Revaluation surplus reserve

IAS1(79)(b)

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

IAS1(79)(b)

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

IAS1(79)(b)

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.

## Note 40. Equity - reserves (continued)

### Movements in reserves

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

|                             | Revaluation<br>surplus<br>CU'000 | Financial<br>assets at fair<br>value<br>through OCI<br>CU'000 | Hedging<br>CU'000 | Total<br>CU'000 |                         |
|-----------------------------|----------------------------------|---|-------------------|-----------------|-------------------------|
| Balance at 1 January 2022   | 3,150                            | -   | (48)              | 3,102           |                         |
| Revaluation - gross         | 2,000                            | -   | (38)              | 1,962           | IAS1(106A)              |
| Deferred tax                | (600)                            | -   | 11                | (589)           | IAS1(90), IAS12(81)(ab) |
| Balance at 31 December 2022 | 4,550                            | -   | (75)              | 4,475           |                         |
| Revaluation - gross         | -                                | 50  | (15)              | 35              | IAS1(106A)              |
| Deferred tax                | -                                | (15)  | 5                 | (10)            | IAS1(90), IAS12(81)(ab) |
| Balance at 31 December 2023 | 4,550                            | 35  | (85)              | 4,500           |                         |

## Note 41. Equity - retained profits

62,63

|   | 2023<br>CU'000 | 2022<br>CU'000 |    |
|---|----------------|----------------|----|
| Retained profits at the beginning of the financial year | 19,652         | 21,519         | 64 |
| 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         | 65 |

## Note 42. Equity - dividends

Dividends paid during the financial year were as follows:

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|   | 2023<br>CU'000 | 2022<br>CU'000 |           |
|---|----------------|----------------|-----------|
| Final dividend for the year ended 31 December 2022 (2022: 31 December 2021) of 15 cents (2022: 8 cents) per ordinary share  | 22,037         | 11,744         | IAS1(107) |
| Interim dividend for the year ended 31 December 2023 (2022: 31 December 2022) of 5 cents (2022: 4 cents) per ordinary share | 7,346          | 5,872          | IAS1(107) |
|   | 29,383         | 17,616         |           |

On [date] the directors declared a final dividend for the year ended 31 December 2023 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].

IAS1(137)(a), IAS10(13),  
IAS12(81)(i)

## Note 43. Financial instruments

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### Financial risk management objectives

IFRS7(31),(33)(a)

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.

IFRS7(31),(33)(a)

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.

IFRS7(31),(33)(b)



## Note 43. Financial instruments (continued)

### 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. IFRS7(33)(a)

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. IFRS7(33)(a)

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. IFRS7(33)(b),(21A), (22A)

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: IFRS7(23B)

|                                  | Sell Internationaland<br>currency units |                | Average exchange rates |        |
|----------------------------------|---|----------------|------------------------|--------|
|                                  | 2023<br>CU'000                          | 2022<br>CU'000 | 2023                   | 2022   |
| <b>Buy US dollars</b>            |   |                |                        |        |
| Maturity:                        |   |                |                        |        |
| 0 - 3 months                     | 121                                     | 89             | 0.9123                 | 0.8132 |
| 3 - 6 months                     | 34                                      | 23             | 0.9057                 | 0.8294 |
| <b>Buy Euros</b>                 |   |                |                        |        |
| Maturity:                        |   |                |                        |        |
| 0 - 3 months                     | 274                                     | 207            | 0.6342                 | 0.5861 |
| 3 - 6 months                     | 86                                      | 49             | 0.6355                 | 0.6082 |
| <b>Buy Neighbourland dollars</b> |   |                |                        |        |
| 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: IFRS7(34)(a)

|                       | Assets         |                | Liabilities    |                |
|-----------------------|----------------|----------------|----------------|----------------|
|                       | 2023<br>CU'000 | 2022<br>CU'000 | 2023<br>CU'000 | 2022<br>CU'000 |
| US dollars            | 35             | 18             | 64             | 69             |
| Euros                 | 7              | 21             | 82             | 74             |
| Neighbourland dollars | 45             | 32             | 61             | 52             |
|                       | <u>87</u>      | <u>71</u>      | <u>207</u>     | <u>195</u>     |

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 2023 (2022: 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% (2022: 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 (2022: CU6,000 lower/CU6,000 higher) and equity would have been CU8,000 lower/CU4,000 higher (2022: 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 2023 was CU13,000 (2022: loss of CU6,000). IFRS7(40)

#### Price risk

The company is not exposed to any significant price risk. IFRS7(33)(a),(34)(a)

#### 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. IFRS7(33)(a),(b)

## Note 43. Financial instruments (continued)

The company's bank loans outstanding, totalling CU27,500,000 (2022: CU21,000,000), are principal and interest payment loans. Monthly cash outlays of approximately CU180,000 (2022: CU140,000) per month are required to service the interest payments. An official increase/decrease in interest rates of 100 (2022: 100) basis points would have an adverse/favourable effect on profit before tax of CU275,000 (2022: 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 (2022: CU2,000,000) are due during the year ending 31 December 2024 (2022: 31 December 2023).

### 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 current environment, the calculation of expected credit losses has been revised as at 31 December 2023 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 2023 owed the company CU10,680,000 (76% of trade receivables) (2022: CU9,510,000 (74% of trade receivables)). This balance was within its terms of trade and no impairment was made as at 31 December 2023. 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:

|                | 2023<br>CU'000 | 2022<br>CU'000 |
|----------------|----------------|----------------|
| Bank overdraft | 5,000          | 3,727          |
| Bank loans     | 12,500         | 4,000          |
|                | <u>17,500</u>  | <u>7,727</u>   |

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 (2022: 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.

| 2023   | 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 | IFRS7(39)(a) |
|--|----------------------------------|-----------------------|------------------------------|------------------------------|---------------------|---|--------------|
| <b>Non-derivatives</b>                         |                                  |                       |                              |                              |                     |   |              |
| <i>Non-interest bearing</i>                    |                                  |                       |                              |                              |                     |   |              |
| Trade payables                                 | -                                | 18,070                | -                            | -                            | -                   | 18,070                                  |              |
| Other payables                                 | -                                | 1,934                 | -                            | -                            | -                   | 1,934                                   |              |
| <i>Interest-bearing - fixed rate</i>           |                                  |                       |                              |                              |                     |   |              |
| 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                                 |              |
| <b>Derivatives</b>                             |                                  |                       |                              |                              |                     |   | IFRS7(39)(b) |
| Forward foreign exchange contracts net settled | -                                | 122                   | -                            | -                            | -                   | 122                                     |              |
| Total derivatives                              |                                  | 122                   | -                            | -                            | -                   | 122                                     |              |

| 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 | IFRS7(39)(a) |
|--|----------------------------------|-----------------------|------------------------------|------------------------------|---------------------|---|--------------|
| <b>Non-derivatives</b>                         |                                  |                       |                              |                              |                     |   |              |
| <i>Non-interest bearing</i>                    |                                  |                       |                              |                              |                     |   |              |
| Trade payables                                 | -                                | 15,711                | -                            | -                            | -                   | 15,711                                  |              |
| Other payables                                 | -                                | 1,595                 | -                            | -                            | -                   | 1,595                                   |              |
| <i>Interest-bearing - variable</i>             |                                  |                       |                              |                              |                     |   |              |
| Bank overdraft                                 | 12.80%                           | 1,355                 | -                            | -                            | -                   | 1,355                                   |              |
| <i>Interest-bearing - fixed rate</i>           |                                  |                       |                              |                              |                     |   |              |
| 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                                 |              |
| <b>Derivatives</b>                             |                                  |                       |                              |                              |                     |   | IFRS7(39)(b) |
| 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. IFRS7(B10A)

### Fair value of financial instruments

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

### 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 2022 | 602                   | 107                    | (9)                         | (75)                   | (20)                   |
| Forward foreign exchange contracts for purchases at 31 December 2023 | 804                   | 122                    | 4                           | (85)                   | (19)                   |

## Note 43. Financial instruments (continued)

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

IFRS7(24E),(24F)

|   | Spot<br>component<br>CU'000 | Value of<br>options<br>CU'000 | Cost of<br>reserve<br>CU'000 | Total<br>CU'000 |
|---|-----------------------------|-------------------------------|------------------------------|-----------------|
| Balance at 1 January 2022   | (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 2022   | (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 2023   | (165)                       | 99                            | (19)                         | (85)            |

## Note 44. Fair value measurement

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### 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:

IFRS13(93)(a),(b)

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

IFRS13(76)

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

IFRS13(81)

Level 3: Unobservable inputs for the asset or liability

IFRS13(86)

| 2023   | Level 1<br>CU'000 | Level 2<br>CU'000 | Level 3<br>CU'000 | Total<br>CU'000 |
|--|-------------------|-------------------|-------------------|-----------------|
| <b>Assets</b>  |                   |                   |                   |                 |
| 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         |

IFRS13(93)(a),(b)

### Liabilities

|                                    |   |     |   |     |
|------------------------------------|---|-----|---|-----|
| Forward foreign exchange contracts | - | 122 | - | 122 |
| Total liabilities                  | - | 122 | - | 122 |

| 2022                  | Level 1<br>CU'000 | Level 2<br>CU'000 | Level 3<br>CU'000 | Total<br>CU'000 |
|-----------------------|-------------------|-------------------|-------------------|-----------------|
| <b>Assets</b>         |                   |                   |                   |                 |
| Investment properties | -                 | -                 | 47,500            | 47,500          |
| Land and buildings    | -                 | -                 | 58,500            | 58,500          |
| Total assets          | -                 | -                 | 106,000           | 106,000         |

IFRS13(93)(a),(b)

### 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.

IFRS13(93)(a)

There were no transfers between levels during the financial year.

IFRS13(93)(c)

#### Note 44. Fair value measurement (continued)

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. IFRS13(93)(d)

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. IFRS13(93)(d)

##### Valuation techniques for fair value measurements categorised within level 2 and level 3

Unquoted investments have been valued using a discounted cash flow model. IFRS13(93)(d)

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 Internationaland Property Institute 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. IFRS13(91)(a), IFRS13(93)(d), IAS40(75)(e)

The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued on 31 December 2022 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. IFRS13(91)(a), IFRS13(93)(d), IAS16(77)(a),(b)

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. IFRS13(93)(d)

##### Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below: IFRS13(93)(e)

|  | Ordinary<br>shares at fair<br>value<br>through OCI<br>CU'000 | Investment<br>properties<br>CU'000 | Land and<br>buildings<br>CU'000 | Total<br>CU'000 |                    |
|--|--|------------------------------------|---------------------------------|-----------------|--------------------|
| Balance at 1 January 2022                      | -  | 46,000                             | 56,500                          | 102,500         |                    |
| Gains recognised in profit or loss             | -  | 1,500                              | -                               | 1,500           | IFRS13(93)(e)(i)   |
| Gains recognised in other comprehensive income | -  | -                                  | 2,000                           | 2,000           | IFRS13(93)(e)(ii)  |
| Balance at 31 December 2022                    | -  | 47,500                             | 58,500                          | 106,000         |                    |
| Losses recognised in profit or loss            | -  | (600)                              | -                               | (600)           | IFRS13(93)(e)(i)   |
| Gains recognised in other comprehensive income | 50   | -                                  | -                               | 50              | IFRS13(93)(e)(ii)  |
| Additions                                      | 200  | -                                  | -                               | 200             | IFRS13(93)(e)(iii) |
| Disposals                                      | (80)   | -                                  | -                               | (80)            | IFRS13(93)(e)(iii) |
| Balance at 31 December 2023                    | 170  | 46,900                             | 58,500                          | 105,570         |                    |

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows: IFRS13(93)(h)

| Description  | Unobservable inputs    | Range<br>(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:

|                              | 2023<br>CU'000 | 2022<br>CU'000 |              |
|------------------------------|----------------|----------------|--------------|
| Short-term employee benefits | 1,618          | 1,498          | IAS24(17)(a) |
| Post-employment benefits     | 129            | 119            | IAS24(17)(b) |
| Long-term benefits           | 10             | 25             | IAS24(17)(c) |
|                              | <u>1,757</u>   | <u>1,642</u>   |              |

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## 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 2023 of CU3,105,000 (2022: CU2,844,000) to various landlords.

IAS37(86)

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## Note 47. Commitments

### Capital commitments

Committed at the reporting date but not recognised as liabilities, payable:

|                               | 2023<br>CU'000 | 2022<br>CU'000 |               |
|-------------------------------|----------------|----------------|---------------|
| Investment properties         | 170            | 170            | IAS40(75)(h)  |
| Property, plant and equipment | 1,165          | 1,145          | IAS16(74)(c)  |
| Intangible assets             | 160            | -              | IAS38(122)(e) |

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## 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:

IAS24(18)(a)

|   | 2023<br>CU'000 | 2022<br>CU'000 |              |
|---|----------------|----------------|--------------|
| Payment for goods and services:   |                |                |              |
| Payment for services from associate   | 3,397          | 3,235          | IAS24(19)(d) |
| Payment for marketing services from BE Promotions Limited (director-related entity of Brad Example) | 81             | 68             | IAS24(19)(f) |

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### Receivable from and payable to related parties

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

IAS24(18)(b)

|   | 2023<br>CU'000 | 2022<br>CU'000 |              |
|---|----------------|----------------|--------------|
| Current payables:   |                |                |              |
| Trade payables to associate   | 361            | 346            | IAS24(19)(d) |
| Trade payables to BE Promotions Limited (director-related entity of Brad Example) | 7              | 6              | IAS24(19)(f) |

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### Loans to/from related parties

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

IAS24(18)(b)

### Terms and conditions

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

IAS24(18)(b)(i)

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## 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: IFRS12(21)(a),(b)(i)

| Name   | Principal place of business /<br>Country of incorporation | Ownership interest  |           |
|--|---|---|-----------|
|  |   | 2023<br>%   | 2022<br>% |
| Compdesign Partnership   | Internationaland  | 35.00%  | 35.00%    |
| <i>Summarised financial information</i>                                      |   | IFRS12(21)(b)(ii)   |           |
|  |   | 79  |           |
|  |   | <b>Compdesign Partnership</b><br><b>2023</b><br><b>CU'000</b>   |           |
|  |   | <b>2022</b><br><b>CU'000</b>  |           |
| <i>Summarised statement of financial position</i>                            |   | IFRS12(B12)(b)  |           |
| 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    |
| <i>Summarised statement of profit or loss and other comprehensive income</i> |   | IFRS12(B12)(b)  |           |
| 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     |
| <i>Reconciliation of the company's carrying amount</i>                       |   | IFRS12(B12)(b)(v)   |           |
| Opening carrying amount  |   | 30,981  | 28,320    |
| Share of profit after income tax   |   | 3,211   | 2,661     |
| Closing carrying amount  |   | 34,192  | 30,981    |
| <i>Contingent liabilities</i>  |   | IFRS12(B12)(b)(vi)  |           |
|  |   | IFRS12(B12)(b)(viii)  |           |
|  |   | IFRS12(B12)(b)(ix)  |           |
|  |   | IFRS12(B14)(b)  |           |
|  |   | 80  |           |
|  |   | <b>2023</b><br><b>CU'000</b>  |           |
|  |   | <b>2022</b><br><b>CU'000</b>  |           |
| Share of bank guarantees   |   | 276   | 266       |
| <i>Commitments</i>   |   | IFRS12(23)(b)   |           |
|  |   | IFRS12(23)(a)   |           |
|  |   | <b>2023</b><br><b>CU'000</b>  |           |
|  |   | <b>2022</b><br><b>CU'000</b>  |           |
| Committed at the reporting date but not recognised as liabilities, payable:  |   |   |           |
| Share of capital commitments   |   | 175   | 74        |
| <i>Significant restrictions</i>  |   | IFRS12(22)(a)   |           |
|  |   | 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

IAS10(21)

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Apart from the dividend declared as disclosed in note 42, no other matter or circumstance has arisen since 31 December 2023 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

IAS7(43)

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|  | 2023<br>CU'000 | 2022<br>CU'000 |
|--|----------------|----------------|
| Additions to the right-of-use assets     | 5,521          | 6,228          |
| Leasehold improvements - lease make good | 550            | -              |
|  | <u>6,071</u>   | <u>6,228</u>   |

## Note 52. Changes in liabilities arising from financing activities

IAS7(44A)

|  | Bank<br>loans<br>CU'000 | Lease<br>liability<br>CU'000 | Total<br>CU'000 |
|--|-------------------------|------------------------------|-----------------|
| Balance at 1 January 2022                    | 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           |
|  | <u>21,000</u>           | <u>343,650</u>               | <u>364,650</u>  |
| Balance at 31 December 2022                  | 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           |
|  | <u>27,500</u>           | <u>323,786</u>               | <u>351,286</u>  |
| Balance at 31 December 2023                  | 27,500                  | 323,786                      | 351,286         |



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## Contents

### 1 *Power to amend and reissue the financial statements*

Under IAS10(17), disclosure is required if the directors have the power to amend and reissue the financial statements. Refer to your company constitution to confirm if this is correct. If the directors do not have the power, remove the sentence or state:  
The directors do not have the power to amend and reissue the financial statements.

## Statement of profit or loss and other comprehensive income

### 2 *Alternative names*

In accordance with IAS1(10), an entity may use titles for the statements other than those used in the Accounting Standards. The titles in the Accounting Standards change from time to time, but a consistent approach should be applied. An alternative is 'Statement of comprehensive income'.

### 3 *Two separate statements*

In accordance with IAS1(10A) and IAS1(81A), an entity may present the components of profit or loss either as part of a single statement of profit or loss and other comprehensive income or in a separate income statement. When a separate income statement is presented, it is part of a complete set of financial statements and shall be displayed immediately before the statement of comprehensive income.

### 4 *Expenses by function*

Instead of disclosing expenses by nature as illustrated, you can present expenses by function, for instance (with finance costs being mandatory, thus still by nature):

Cost of sales  
Distribution  
Marketing  
Administration  
Other expenses  
Finance costs

If expenses are disclosed by function in the statement of profit or loss and other comprehensive income, then depreciation, amortisation, impairment and employee benefits expenses must be disclosed in the expenses note.

Avoid mixing expenses by both 'nature' and 'function'. There is no hybrid approach available as IAS1(99) states 'either their nature or their function'.

### 5 *Other expenses*

Other expenses should be less than 10% of total expenses.

### 6 *Other comprehensive income - gross with tax separately identified*

Instead of disclosing other comprehensive income net of tax as illustrated, you can present the individual components as gross with tax separately identified. If tax is only disclosed as an aggregate in other comprehensive income, the tax relating to each component must be disclosed separately in the notes.

### 7 *Other comprehensive income - grouped*

Other comprehensive income is grouped into two sections:

Items that will not be reclassified subsequently to profit or loss (such as 'gain or loss on the revaluation of land and buildings' or 'actuarial gain or loss on defined benefit plans')

Items that may be reclassified subsequently to profit or loss

### 8 *Other comprehensive income - no alternative descriptions adopted*

Although IAS1(8) states that other terms may be used as long as the meaning is clear, it is common practice to only state 'Other comprehensive income' even when there is a loss, for reasons including consistency with the statement name. Other alternatives include 'Other comprehensive loss', 'Other comprehensive expense' and 'Other comprehensive income/(expense)'.

### 9 *Total comprehensive income - no alternative descriptions adopted*

Although IAS1(8) states that other terms may be used as long as the meaning is clear, it is common practice to only state 'Total comprehensive income' even when there is a loss. Other alternatives include 'Total comprehensive loss', 'Total comprehensive expense' and 'Total comprehensive income/(expense)'.

### *Alternative descriptions*

- 10 Profit before income tax expense  
Loss before income tax expense  
Profit/(loss) before income tax expense  
Profit before income tax benefit  
Loss before income tax benefit  
Profit/(loss) before income tax benefit  
Profit before income tax (expense)/benefit  
Loss before income tax (expense)/benefit  
Profit/(loss) before income tax (expense)/benefit

- 11 Income tax expense  
Income tax benefit  
Income tax (expense)/benefit
- 12 Profit after income tax expense  
Loss after income tax expense  
Profit/(loss) after income tax expense  
Profit after income tax benefit  
Loss after income tax benefit  
Profit/(loss) after income tax benefit  
Profit after income tax (expense)/benefit  
Loss after income tax (expense)/benefit  
Profit/(loss) after income tax (expense)/benefit

## Statement of financial position

- 13 **Alternative names**  
In accordance with IAS1(10), an entity may use titles for the statements other than those used in the Accounting Standards. The titles in the Accounting Standards change from time to time, but a consistent approach should be applied. An alternative is 'Balance sheet'.
- 14 **Current/non-current distinction and presentation based on liquidity as an alternative**  
An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, all assets and liabilities shall be presented broadly in order of liquidity.  
  
If the alternative presentation based on liquidity is adopted, each asset and liability note will need to disclose the amount expected to be recovered (for assets) or settled (for liabilities):  
(a) no more than 12 months after the reporting period; and  
(b) more than 12 months after the reporting period.  
  
For assets shown on the statement of financial position, a note would be required that discloses:  
Amount expected to be recovered within 12 months  
Amount expected to be recovered after more than 12 months  
  
For liabilities shown on the statement of financial position, a note would be required that discloses:  
Amount expected to be settled within 12 months  
Amount expected to be settled after more than 12 months

### Alternative descriptions

- 15 Net assets  
Net liabilities  
Net assets/(liabilities)
- 16 Retained profits  
Accumulated losses  
Retained profits/(accumulated losses)
- 17 Total equity  
Total deficiency in equity  
Total equity/(deficiency)

## Statement of changes in equity

- 18 **Alternative names**  
In accordance with IAS1(10), an entity may use titles for the statements other than those used in the Accounting Standards. The titles in the Accounting Standards change from time to time, but a consistent approach should be applied.

## Statement of cash flows

- 19 **Alternative names**  
In accordance with IAS1(10), an entity may use titles for the statements other than those used in the Accounting Standards. The titles in the Accounting Standards change from time to time, but a consistent approach should be applied.
- 20 **Cash flows from operating activities - indirect method**  
An alternative is to apply the indirect method.  
  
**Alternative descriptions**
- 21 Net cash from operating activities  
Net cash used in operating activities  
Net cash from/(used in) operating activities

- 22 Net cash from investing activities  
Net cash used in investing activities  
Net cash from/(used in) investing activities
- 23 Net cash from financing activities  
Net cash used in financing activities  
Net cash from/(used in) financing activities
- 24 Net increase in cash and cash equivalents  
Net decrease in cash and cash equivalents  
Net increase/(decrease) in cash and cash equivalents

## Notes to the financial statements

### *Material accounting policy information*

- 25 Review if accounting policies are material:  
This example includes all accounting policies applicable, so all wording is illustrated. However, entities are to disclose material accounting policy information. As what is 'material' is subjective and unique to the entity and all accounting policies should reviewed and removed if they are not considered material to the entity.
- 26 New or amended Accounting Standards and Interpretations adopted:  
If a new or amended Accounting Standard or Interpretation has been early adopted, replace the paragraph with:  
The company has early adopted IFRS XXX 'XXXX'. No other new or amended Accounting Standards or Interpretations that are not yet mandatory have been early adopted.
- 27 Going concern:  
In practical terms, a current asset deficiency or net asset deficiency will raise a going concern issue. However, in accordance with IAS1(25), when preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.  
  
A simple example of a going concern note is as follows:  
As at 31 December 2023 the company had a net asset deficiency of CUX,XXX,XXX, which included related party loans of CUX,XXX,XXX. However, the financial statements have been prepared on a going concern basis as Financial Assistance Pty Limited, a commonly controlled entity, has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements.
- 28 Accounting period:  
Where the current or prior financial periods are not full year's, include a disclosure, for example:  
The company's current accounting period is the year ended 31 December 2023 and its comparative accounting period is from 2 September 2022 (date of incorporation) to 31 December 2022. Therefore, the results are not directly comparable.  
  
Basis of preparation:  
Historical cost convention:  
Modify where applicable and if no assets or liabilities were revalued or held at fair value, state:  
The financial statements have been prepared under the historical cost convention.
- 30 Cash and cash equivalents:  
Where there is no bank overdraft, state:  
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.
- 31 Trade and other receivables:  
Change the number of days if applicable.
- 32 Inventories:  
Change 'first in first out' to 'weighted average' or 'specific identification' if applicable. Note that 'last in first out' is not permitted.
- 33 Property, plant and equipment:  
Delete references to 'land and buildings' if not applicable.  
Valuations, by external independent valuers, of land and buildings must occur at least every 5 years.  
In addition to the straight-line basis, other depreciation methods are diminishing balance and the units of production.  
Match the listed items to the categories in the property, plant and equipment note.
- 34 Trade and other payables:  
Change the number of days if applicable.

- 35 New Accounting Standards and Interpretations not yet mandatory or early adopted:  
The short form paragraph has been adopted. However, consider the needs of the users, as detailing the new Accounting Standards and Interpretations not yet mandatory or early adopted may be more appropriate.

*Critical accounting judgements, estimates and assumptions*

- 36 This note will be required to be significantly modified to reflect the relevant critical accounting judgements, estimates and assumptions of each entity.

- 37 Where you have no significant critical accounting judgements, estimates and assumptions, state:  
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. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

38 *Restatement of comparatives*

There can be a restatement of comparatives through either a correction of error, a change in accounting policy or a reclassification.

*Revenue*

- 39 Disaggregation of revenue:  
An entity shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Categories that could be used as basis for disaggregation include:  
Type of good or service (for example, major product lines)  
Geographical region (for example, country or region)  
Market or type of customer (for example, government and non-government customers)  
Type of contract (for example, fixed-price and time-and-materials contracts)  
Contract duration (for example, short-term and long-term contracts)  
Timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time)  
Sales channels (for example, goods sold directly to consumers and goods sold through intermediaries)

*Share of profits of associates accounted for using the equity method*

Alternative descriptions:

- 40 Share of profits of associates and joint ventures accounted for using the equity method  
Share of losses of associates and joint ventures accounted for using the equity method  
Share of profits/(losses) of associates and joint ventures accounted for using the equity method  
Share of profits of associates accounted for using the equity method  
Share of losses of associates accounted for using the equity method  
Share of profits/(losses) of associates accounted for using the equity method  
Share of profits of joint ventures accounted for using the equity method  
Share of losses of joint ventures accounted for using the equity method  
Share of profits/(losses) of joint ventures accounted for using the equity method

*Income tax expense*

Alternative descriptions:

- 41 Income tax expense  
Income tax benefit  
Income tax expense/(benefit)
- 42 Decrease in deferred tax assets  
Increase in deferred tax assets  
Decrease/(increase) in deferred tax assets
- 43 Decrease in deferred tax liabilities  
Increase in deferred tax liabilities  
Decrease/(increase) in deferred tax liabilities
- 44 Amounts charged directly to equity  
Amounts credited directly to equity  
Amounts charged/(credited) directly to equity
- 45 Where applicable, the following should be disclosed:  
Unused tax losses for which no deferred tax asset has been recognised  
Potential tax benefit @ 30%

Deferred tax assets not recognised

*Current assets - trade and other receivables*

- 46 Allowance for expected credit losses:  
These are shown as months overdue, but can be days or weeks overdue as most appropriate to the receivables.

*Non-current assets - right-of-use assets*

- 47 IFRS16(47)(a)(i) implies that the right-of-use assets should be classified as non-current, like property, plant and equipment. However, it does not specifically prohibit a portion of the right-of-use assets to be classified as current, usually to offset the current portion of lease liabilities to balance net current assets.
- 48 An alternative is to classify 'non-current assets - right-of-use assets' in 'non-current assets - property, plant and equipment'. The right-of-use assets need to be separately identified by class and be included in the reconciliation (which is an additional disclosure as opposed to when a separate note).
- 49 Only the net carrying amounts by class are required, but the gross amounts and accumulated depreciation amounts have been disclosed to be consistent with property, plant and equipment.

*Non-current assets - deferred tax*

- 50 Deferred tax assets are always classified as non-current in the statement of financial position. IAS1(56) specifically states an entity 'shall not classify deferred tax assets (liabilities) as current assets (liabilities)'.
- 51 An alternative is to offset deferred tax assets and liabilities, as explained in the income tax accounting policy:  
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.

Alternative descriptions:

- 52 Credited to profit or loss  
Charged to profit or loss  
Credited/(charged) to profit or loss
- 53 Credited to equity  
Charged to equity  
Credited/(charged) to equity

*Current liabilities - lease liabilities*

- 54 An alternative is to classify 'current liabilities - lease liabilities' in 'current liabilities - borrowings'.

*Current liabilities - employee benefits*

- 55 An alternative is to classify 'current liabilities - employee benefits' in 'current liabilities - provisions'.

*Non-current liabilities - lease liabilities*

- 56 An alternative is to classify 'non-current liabilities - lease liabilities' in 'non-current liabilities - borrowings'.

*Non-current liabilities - deferred tax*

- 57 Deferred tax liabilities are always classified as non-current in the statement of financial position. IAS1(56) specifically states an entity 'shall not classify deferred tax assets (liabilities) as current assets (liabilities)'.

Alternative descriptions:

- 58 Charged to profit or loss  
Credited to profit or loss  
Charged/(credited) to profit or loss
- 59 Charged to equity  
Credited to equity  
Charged/(credited) to equity

*Non-current liabilities - employee benefits*

- 60 An alternative is to classify 'non-current liabilities - employee benefits' in 'non-current liabilities - provisions'.

**Equity - issued capital**

61 Capital risk management:

An alternative is to apply the gearing ratio as follows:

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'trade and other payables' and 'borrowings' as shown in the statement of financial position) less 'cash and cash equivalents' as shown in the statement of financial position. Total capital is calculated as 'total equity' as shown in the statement of financial position (including non-controlling interest) plus net debt.

The gearing ratio at the reporting date was as follows:

|  | 2023<br>CU'000 | 2022<br>CU'000 |
|--|----------------|----------------|
| Current liabilities - trade and other payables (note 24)   | 20,004         | 17,306         |
| Current liabilities - borrowings (note 26)                 | 4,500          | 3,273          |
| Current liabilities - borrowings (held for sale) (note 33) | 4,000          | -              |
| Non-current liabilities - borrowings (note 34)             | 19,000         | 19,000         |
| Total borrowings   | 47,504         | 39,579         |
| Current assets - cash and cash equivalents (note 8)        | (28,563)       | (6,036)        |
| Net debt   | 18,941         | 33,543         |
| Total equity   | 206,356        | 206,805        |
| Total capital  | 225,297        | 240,348        |
| Gearing ratio  | 8%             | 14%            |
| Gearing ratio - target                                     | 10%            | 10%            |

**Equity - retained profits**

62 The retained profits note is not mandatory but its inclusion should be considered.

Alternative descriptions:

63 Equity - retained profits

Equity - accumulated losses

Equity - retained profits/(accumulated losses)

64 Retained profits at the beginning of the financial year

Accumulated losses at the beginning of the financial year

Retained profits/(accumulated losses) at the beginning of the financial year

65 Retained profits at the end of the financial year

Accumulated losses at the end of the financial year

Retained profits/(accumulated losses) at the end of the financial year

66 **Equity - dividends**

Where there were no dividends paid, recommended or declared during the current or previous financial year, remove the table and state:

There were no dividends paid, recommended or declared during the current financial year.

67 **Financial instruments**

This note will be required to be significantly modified to reflect the disclosures of each entity, as IFRS7 is both qualitative and quantitative.

In order to keep relevant information together, further disclosures on receivables and other financial assets are contained within their respective notes.

68 Credit risk:

If collateral is held, an explanation is required that describes how this mitigates the credit risk.

Where there are no significant credit risks, consider the following:

There are no significant concentration of credit risks, whether through exposure to individual customers, specific industry sectors or regions.

69 Remaining contractual maturities bandings:

These are shown as '1 year or less', 'Between 1 and 2 years', 'Between 2 and 5 years' and 'Over 5 years'; but the bandings can be changed to 'Within 6 months', '6-12 months', etc as most appropriate to the financial instrument liabilities.

70 Fair value of financial instruments:

If carrying amounts of financial instruments significantly differs from their respective fair values, then disclosure of 'carrying amount' versus 'fair value' is required.

71 **Fair value measurement**

This note will be required to be significantly modified to reflect the disclosures of each entity, as IFRS13 is both qualitative and quantitative.



*Key management personnel disclosures*

- 72 Compensation:  
 There are five subclasses of compensation:  
 Short-term employee benefits  
 Post-employment benefits  
 Long-term benefits  
 Termination benefits  
 Share-based payments

*Contingent liabilities*

- 73 When you have no contingent liabilities, either remove the note, or state:  
 The company had no contingent liabilities as at 31 December 2023 and 31 December 2022.

*Commitments*

- 74 When you have no commitments, either remove the note, or state:  
 The company had no commitments as at 31 December 2023 and 31 December 2022.

*Related party transactions*

- 75 Significant influence:  
 An additional class of related party is significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement. A party with significant influence typically holds more than 20% of the voting rights in the entity.
- 76 Transactions with related parties:  
 Where there were no transactions with related parties, state:  
 There were no transactions with related parties during the current and previous financial year.
- 77 Receivable from and payable to related parties:  
 Where there were no receivable from and payable to related parties, state:  
 There were no trade receivables from or trade payables to related parties at the current and previous reporting date.
- 78 Terms and conditions:  
 Modify terms and conditions wording as required. An example is as follows:  
 Transactions involving the sale of goods and purchase of goods between related parties are made in accordance with a transfer pricing agreement. Interest received and interest paid on loans is calculated monthly on LIBOR + 1.25%. There is no security held or guarantees given on related party loans.

*Interests in associates*

- 79 Summarised financial information on associates is required when material to the company.
- 80 The 'Reconciliation of the company's carrying amount' is considered a grey area. The intention is to provide information that is meaningful to the company's carrying amount. An alternative would be to reconcile the net assets to the carrying amount, deducting for instance the portion of net assets that is not the company's share and adding adjustments like goodwill.

81 *Events after the reporting period*

Where there were no matters subsequent to the end of the financial year, state:  
 No matter or circumstance has arisen since 31 December 2023 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.

Where there were matters subsequent to the end of the financial year disclosed, state the following below these matters:  
 No other matter or circumstance has arisen since 31 December 2023 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.

82 *Non-cash investing and financing activities*

Additional examples of non-cash investing and financing activities are as follows:  
 Acquisition of plant and equipment by means of leases  
 Shares issued under employee share plan  
 Shares issued under dividend reinvestment plan  
 Shares issued in relation to business combinations  
 Shares issued on conversion of loan  
 Loans from banks  
 Loans from related parties  
 Loans to related parties